



## **GFMA, AFME, ASIFMA and SIFMA**

### **[Rick Watson, Managing Director, Head of Capital Markets at AFME Authors Op-Ed Detailing Challenges related to the EU Benchmark Reform and its Impact on IBOR Transition \(July 8, 2019\)](#)**

Rick Watson, Managing Director, Head of Capital Markets at AFME authored an Op-Ed describing the challenges relating to EU Benchmark Reform (EU BMR) and its impacts on the global IBOR transition. The article provides an overview of EU BMR and details its effects on both EU and third-country benchmarks. It also outlines the steps needed to be taken before EU BMR rules go into effect and references resources that can be used to assist firms preparing for the transition.

## **NORTH AMERICA**

### **USD**

### **[ARRC Releases Guiding Principles for Fallback Contract Language in Cash Products \(July 9, 2019\)](#)**

The Alternative Reference Rates Committee (ARRC) released guiding principles for the development of fallback language for new financial contracts for cash products. The guiding principles are intended for market participants' voluntary use and are related to usage of successor rates, spread adjustments and trigger events. The text of the guidelines can be found [here](#).

### **[ARRC Releases Initial Report on Potential Conventions for Interdealer Cross-Currency Swap Market \(June 24, 2019\)](#)**

The Alternative Reference Rates Committee (ARRC) released a preliminary report considering the use of risk-free rates (RFRs) in interdealer cross-currency swaps. The report details potential conventions for interdealer trading of RFR-RFR and RFR-IBOR cross-currency swaps. The Cross-Currency Swaps Subgroup of the ARRC's Market Structures and Paced Transition Working Group developed the report with cooperation from other currency working groups (including groups from Canada, the euro area, Japan, Switzerland and the United Kingdom), trade associations, clearing and settlement infrastructure providers and other market participants.

### **[ARRC Welcomes Ford Motor Company's Use of Recommended Fallback Language in Securitization for Auto Loans \(June 21, 2019\)](#)**

The Alternative Reference Rates Committee (ARRC) officially welcomed the Ford Motor Company's decision to adopt ARRC's recommended fallback language for its asset backed securitization program. Ford completed the sale of its first notes referencing the language on June 21. The ARRC encourages the use of this language in new contracts and supports additional use by other market participants.

### **[FASB Takes Steps to Approve Accounting Relief for Contracts Modified due to Reference Rate Reform \(June 19, 2019\)](#)**

The Financial Accounting Standards Board (FASB) tentatively decided that if a contract meets certain criteria, a change in the contract's reference interest rate would be considered a continuation of the original contract rather than the creation of a new contract. Contracts in scope include loans, debt, leases and other arrangements. FASB Chairman Russell G. Golden detailed that this decision would "ease, from an accounting standpoint, the transition to a new reference rate for all organizations, thereby reducing accounting cost and complexity."

### **[CFTC Market Risk Advisory Committee Provides Overview of IBOR Transition Focus Areas and Progress to Date \(June 12, 2019\)](#)**

The Commodity Futures Trading Commission's (CFTC) Market Risk Advisory Committee (MRAC) held a meeting in which their Interest Rate Benchmark Reform Subcommittee provided an update on the state of the IBOR transition and its progress to date. The update was presented by Tom Wipf, Vice Chairman of Institutional Securities at Morgan Stanley and Chairman of the ARRC. The update focused on three key topics including uncleared margin, clearing and disclosures. The subcommittee provided background information and recommendations relating to each of the topics. Meeting materials including the Subcommittee Report and Framework can be found [here](#).

## **EUROPE**

### **CHF**

### **[National Working Group on Swiss Franc Reference Rates Publishes Details from June 13 Meeting \(June 14, 2019\)](#)**

The National Working Group on Swiss Franc Reference Rates published detailed minutes and reference materials from their June 13 meeting. Meeting topics included updates on the status of IBOR transition globally as well as locally to the CHF market, decisions relating to increasing the visibility of SARON and discussions focused on publications related to the transition.

### **EUR**

### **[EMMI Receives License for the Administration of EURIBOR from the Belgian FSMA \(July 2, 2019\)](#)**

The European Money Markets Institute (EMMI) was approved as the authorized administrator for EURIBOR by the Belgian Financial Services and Markets Authority (FSMA) under the EU Benchmarks Regulation (EU BMR). EMMI has also expressed interest to the FSMA on becoming Administrator for the EONIA benchmark. The official release from the EMMI can be found [here](#).

### [ECB Publishes Summary of Responses for the Third Public Consultation by the Working Group on Euro Risk-Free Rates on the EONIA to €STR Legal Action Plan \(June 27, 2019\)](#)

Almost all respondents agreed with the working group's recommendation that €STR plus a spread should be the primary fallback rate to be included in new and legacy contracts referencing EONIA, also concurring with the working group's recommendation that ISDA considers amending the definition of EONIA in the 2006 ISDA Definitions so as to include a fallback to €STR plus a spread which is triggered by the cessation of EONIA.

### [ECB Provides a One-Off Spread Between €STR and EONIA \(May 31, 2019\)](#)

The European Central Bank has calculated the spread between €STR and EONIA based on the methodology as recommended by the Working Group on euro risk-free rates and adopted by the European Money Market Institute (EMMI) for the recalibration of the EONIA methodology as of 2 October 2019 and until its discontinuation by EMMI. The ECB has calculated this spread at 0.085% (8.5 basis points) on the basis of daily EONIA and pre-€STR data from 17 April 2018 to 16 April 2019. The International Securities Identification Number assigned to €STR is EU000A2X2A25. The Financial Instrument Short Name (FISN) is ECB/EUR EURO SHORT-TERM RATE IR.

## **GBP**

### [Bank of England Publishes Discussion Paper on its Risk Management Approach to Collateral Referencing LIBOR in the Sterling Monetary Framework \(June 27, 2019\)](#)

The Bank of England Published a discussion paper requesting feedback on the Bank's approach to risk management of collateral referencing LIBOR for use in the Sterling Monetary Framework (SMF). The paper provides an overview of the risk management approaches currently under consideration by the Bank and a list of relevant questions relating to the approaches. The comment period for the discussion paper ends September 27, 2019.

### [Andrew Hauser Delivers Speech on post-LIBOR Opportunities in the Market and the Bank of England's Progress on Adapting to SONIA \(June 27, 2019\)](#)

Andrew Hauser, Executive Director for Markets at the Bank of England delivered a speech promoting the transition from LIBOR to risk-free rates. The speech highlighted the opportunities and advantages of the post-LIBOR risk-free market encouraging firms to switch to SONIA in order to more quickly realize its benefits. The speech also provided an update on the Bank of England's progress on adapting to SONIA and its preparation for the end of LIBOR publication. As a part of this preparation, the Bank has stopped using LIBOR swaps with fixings falling after 2021 per instructions of the HM Treasury.

### [Working Group on Sterling Risk-Free Reference Rates Develops Roadmap on Transition to Risk-Free Rates \(June 2019\)](#)

The Working Group on Sterling Risk-Free Reference Rates published their transition to risk-free rates roadmap for 2019-2021. The roadmap notes that there have been over 40 sterling bond issues referencing SONIA with a total value of circa £26bn and there have been 6 securitisations referencing SONIA so far with the first publicly distributed securitisation being issued in April 2019.

### **[Working Group on Sterling Risk-Free Reference Rates Publishes Newsletter \(June 2019\)](#)**

The Working Group on Sterling Risk-Free Reference Rates released its latest newsletter for June 2019. The newsletter provides an update from the Working Group regarding the RFR transition in the GBP market with a focus on market developments, official sector updates, key liquidity indicators and key milestone dates. Previous editions of the Newsletter can be found on the Bank of England [site](#).

## **APAC**

### **JPY**

#### **[Bank of Japan Publishes Public Consultation on the Appropriate Choice and Usage of Japanese Yen Interest Rate Benchmarks \(July 2, 2019\)](#)**

The Bank of Japan published a Public Consultation on the Appropriate Choice and Usage of Japanese Yen Interest Rate Benchmarks. The paper provides an overview of the past deliberations of the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks and requests comments regarding the future structure of JPY interest rate benchmarks from various private sector participants. The submission deadline for feedback is September 30, 2019. An overview deck for the paper can also be found [here](#).

#### **[JBA TIBOR Administration Publishes Result of Public Consultation on the Approach for Integrating Japanese Yen TIBOR and Euroyen TIBOR \(May 30, 2019\)](#)**

The JBA TIBOR Administration (JBATA) published the result of its public consultation entitled “1<sup>st</sup> Consultative Document / Approach for Integrating Japanese Yen TIBOR and Euroyen TIBOR.” Based on comments received for the consultation, JBATA determined it would contemplate further actions and that the most likely option moving forward would be retaining Japanese Yen TIBOR and discontinuing Euroyen TIBOR. JBATA announced it plans to seek comments on the details and timing of the reform through a second consultation.

\*All information collected and provided for this report is public