

Transitioning from Interbank Offered Rates (IBORs) to new Risk Free Rates (RFRs)*

June 2020



afme/

asifma

sifma

In recent years, international and domestic authorities alike have actively worked with the private sector to address LIBOR's shortcomings and to find alternative rates. In 2013, the International Organization of Securities Commissions (IOSCO) developed an [international set of principles for financial benchmarks](#). These principles—which include 19 specific standards across governance, benchmark quality, methodology, and accountability—have emerged as the international standard. IOSCO has rightly focused on tying benchmarks more closely to observable, arms-length transactions.

The [Financial Stability Board \(FSB\)](#) and its members have published proposals, plans, and timelines for reference rate reform and have promoted the strengthening of the major interest rate benchmarks. The FSB and its members have been carrying out work on the development and introduction of alternative benchmarks, developing a plan to accomplish a transition to new benchmarks, encouraging work by the private sector on contract robustness, and reporting regularly on the progress made.

To aid in the awareness of the IBOR transition processes impacting globally-active financial institutions, the Global Financial Markets Association (GFMA) has created the following documents outlining the various parts and players. This information is organized into the enclosed four products:

1. Key Timelines and Milestones for the transition from IBORs to RFRs;
2. 2020 Objectives and Milestones;
3. Snapshot of the IBOR and RFR variables associated with each currency;
4. 'At a Glance' Tracker of each official sector working group activities and near-term expected actions.

These documents have been updated from their previous versions (September 2019) to provide the latest information regarding rates for major currencies including the Australian dollar, Canadian dollar, Euro, Hong Kong dollar, Japanese yen, Singapore dollar, Swiss franc, UK pound sterling and U.S. dollar. This version also includes a new document highlighting 2020 objectives and milestones published by the UK and US working groups.

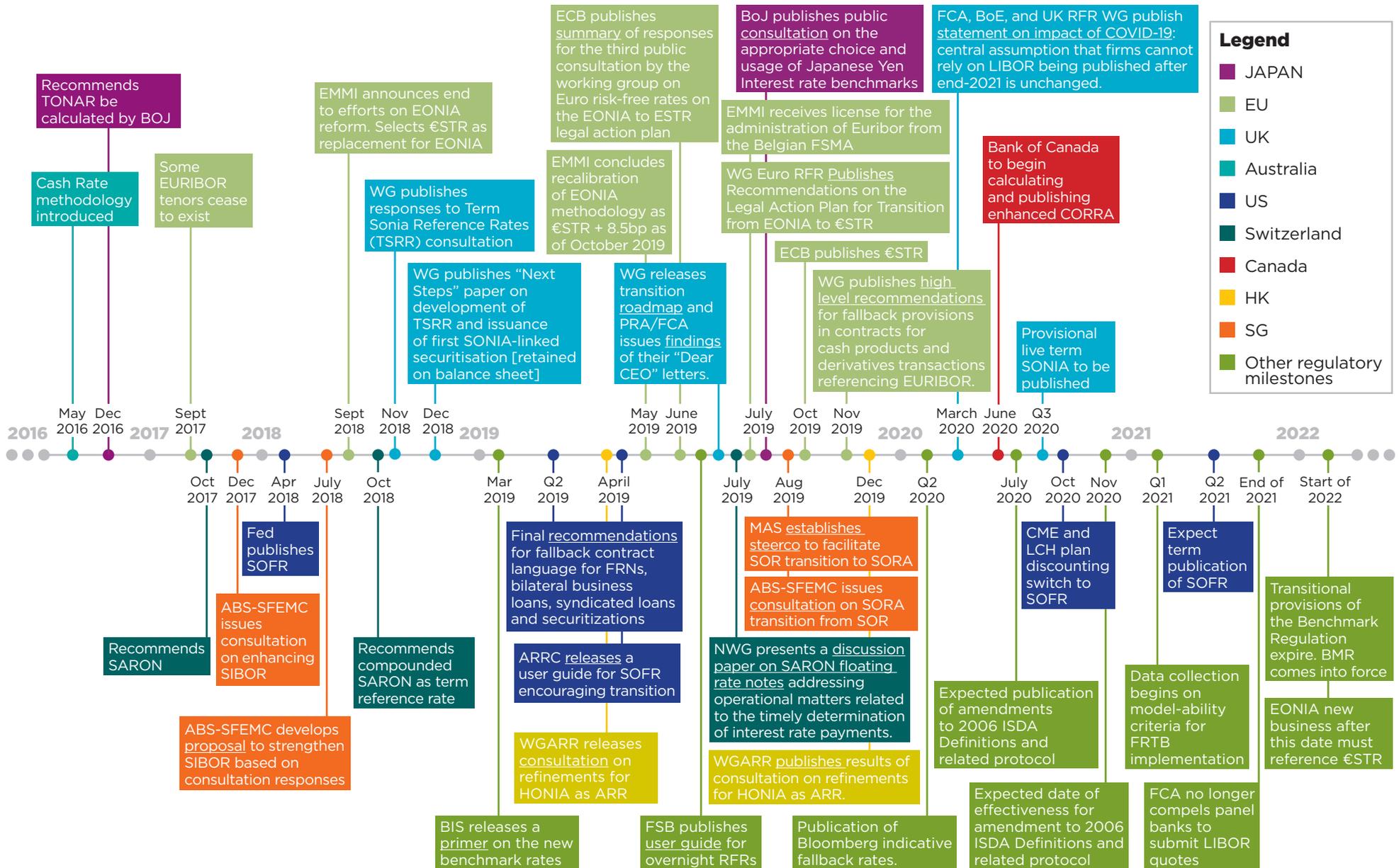
The information contained herein is based on the work of the FSB through the OSSG as well as other publicly available information. For ongoing IBOR transition updates, please reference the individual central bank working groups:

- Japanese yen: [Study Group on Risk-Free Reference Rates](#) and the Bank of Japan [Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks](#)
- Euro: [Working Group on Euro Risk-Free Rates](#)
- UK pound sterling: [Working Group on Sterling Risk-Free Rates](#)
- U.S. dollar: [Alternative Reference Rates Committee](#)
- Swiss franc: [National Working Group on Swiss Franc Reference Rates](#)
- Australian dollar: [Reserve Bank of Australia Market Operations Resources](#)
- Canadian dollar: [Canadian Alternative Reference Rate Working Group](#)
- Singapore dollar: [Steering Committee for SOR Transition to SORA](#)

*Current as of June 2020

IBORs to RFRs Transition Timeline

This timeline lists key dates and milestones associated with the transition from IBORs to risk free rates for the Japanese yen, Euro, UK pound sterling, U.S. dollar, Swiss franc, Australian dollar, Canadian dollar, Hong Kong dollar and Singapore dollar.



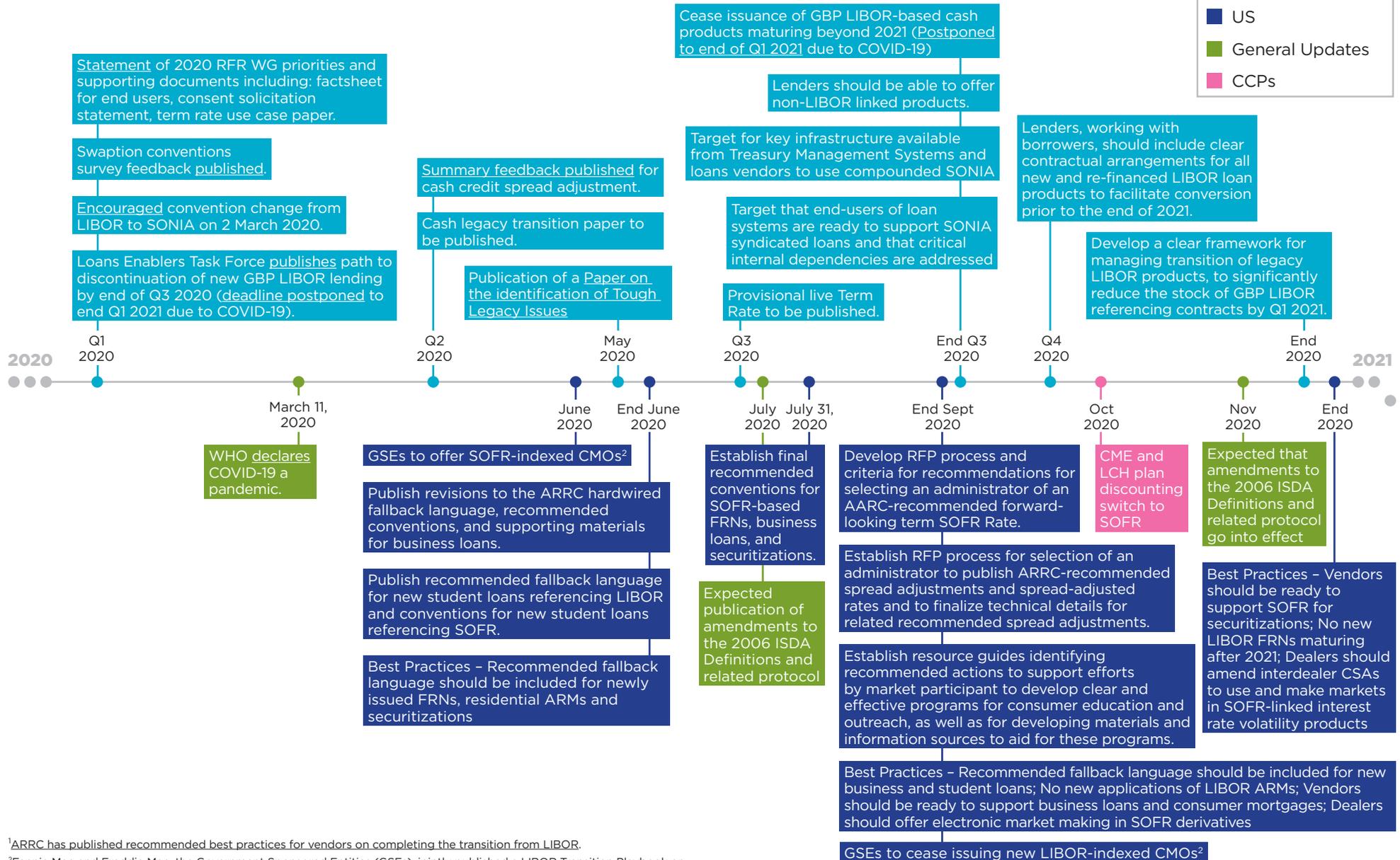
2020 Objectives and Milestones



This timeline highlights the key objectives and milestones published by the risk free rates working groups from the United Kingdom and United States. Achieving these milestones and completing the transition in 2021 will require coordinated efforts from all financial market participants, including sell- and buy-side firms, infrastructure vendors¹, lenders, borrowers, investors and Financial Market Infrastructure firms (FMI). The information captured below is aimed to help clarify the near-term milestones that all financial market participants should be managing towards.

Legend

- UK
- US
- General Updates
- CCPs



¹ARRC has published recommended best practices for vendors on completing the transition from LIBOR.

²Fannie Mae and Freddie Mac, the Government Sponsored Entities (GSEs), jointly published a LIBOR Transition Playbook on their respective LIBOR websites. These websites also include additional key resources focusing on various GSE products.

Snapshot: Variables of each IBOR and RFR by Jurisdiction



The following lists out the key factors to be aware of in each IBOR and risk-free reference rate.

Jurisdiction	Benchmark IR	Administrator	Reformed IBOR include waterfall approach?	Alternative RFR	Alternative RFR Administrator	Transaction based?	Overnight rate?	Secured/ Unsecured	Underlying Transactions	Rates Published
 Japan	JBA TIBOR EUROYEN TIBOR	JBA TIBOR Administration	Yes	TONA / TIBOR	Bank of Japan	Yes	Yes	Unsecured	Money Markets	July 1985
	JPY LIBOR	ICE Benchmark Administration (IBA)	Yes			Yes				
 EU	EONIA/ EURIBOR	European Money Markets Institute (EMMI)	Yes	Euro short- term rate (€STR)	European Central Bank (ECB)	Yes	Yes (€STR)	Unsecured	Money Markets	October 2019 (€STR)
				Reformed EURIBOR		Partly				
 UK	GBP LIBOR	ICE Benchmark Administration (IBA)	Yes	Reformed sterling overnight index average (SONIA)	Bank of England	Yes	Yes	Unsecured	Money Markets	23 April 2018
 US	USD LIBOR	ICE Benchmark Administration (IBA)	Yes	Secured overnight financing rate (SOFR)	Federal Reserve Bank of New York (FRBNY)	Yes	Yes	Secured	Repo Transactions	3 April 2018
 Switzerland	CHF LIBOR	ICE Benchmark Administration (IBA)	Yes	Swiss average rate overnight (SARON)	SIX Swiss Exchange	Yes	Yes	Secured	Repo Transactions	25 August 2009

Snapshot: Variables of each IBOR and RFR by Jurisdiction



The following lists out the key factors to be aware of in each IBOR and risk-free reference rate.

Jurisdiction	Benchmark IR	Administrator	Reformed IBOR include waterfall approach?	Alternative RFR	Alternative RFR Administrator	Transaction based?	Overnight rate?	Secured/ Unsecured	Underlying Transactions	Rates Published
 Australia	Bank Bill Swap Rate (BBSW)	Australian Securities Exchange (ASX)	Yes	RBA Cash Rate (AONIA)	Reserve Bank of Australia (RBA)	Yes	Yes	Unsecured	Cash Market Transactions	Current Methodology Introduced May 2016
 Canada	CDOR	Thomson Reuters – Refinitiv Benchmark Services	No	CORRA	Refinitiv transferring to Bank of Canada in 2020	Yes	Yes	Secured	Repo Transactions	Enhanced CORRA to be Published Q2 2020
 Hong Kong	HIBOR	Hong Kong Treasury Markets Association (TMA)	No	HONIA	Hong Kong Treasury Markets Association (TMA)	Yes	Yes	Unsecured	Overnight Interbank Deals Routed Through Money Brokers	Enhanced HONIA yet to be published
 Singapore	SIBOR	The Association of Banks in Singapore (ABS)	Yes	Enhanced SIBOR to be published in place of RFR						Enhanced SIBOR expected in 2020
	SOR	The Association of Banks in Singapore (ABS)		SORA	Monetary Authority of Singapore (MAS)	Yes	Yes	Unsecured	Unsecured overnight interbank SGD transactions brokered in Singapore	Published daily by MAS since July 2005

At a Glance: Official Sector Working Group Activities and Near-Term Expectations



This tracker follows the official sector working group activities, near-term expected actions, industry actions around cash fallback language, term rate statuses, and issuance of alternate RFRs to date.

Working Group	Working Group Structure	Alternative/New RFR Status	Cash Fallback Language Status	Term Rate Status	Near Term Expected Actions	Issuance to Date
 <p>Bank of Japan Study Group on Risk-Free Reference Rates</p> <p>Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks</p>	<p>The Cross-Industry Committee on Yen Interest Rate Benchmarks is divided into three subgroups and one working group focusing on:</p> <ol style="list-style-type: none"> Loans Bonds Development of term reference rates Currency Swaps 	<p>December 2016: Recommended Tokyo Overnight Average Rate (TONA) calculated by the Bank of Japan.</p>		<p>Future work plan for term reference rate based on Swaps and Futures is discussed in the subgroup for the development of term reference rates. In February 2020, Quick Corp was selected to prepare for calculating and publishing prototype term rates. The subgroup considers possible timing of the implementation is around mid-2021.</p>	<p>The term reference rate is expected to be developed throughout 2020 with plans for implementation in mid-2021.</p>	
 <p>Working Group on Euro Risk-Free Rates</p>	<p>The Euro Working Group (WG) currently has four sub-groups, focusing on:</p> <ol style="list-style-type: none"> Contract robustness Cash products and derivatives Financial accounting and risk management Communication and education 	<p>September 2018: Recommended €STR to replace EONIA.</p> <p>February 2019: Euro WG confirms EURIBOR will continue for the medium term.</p>	<p>Euro WG “Guiding principles for fallback provisions in new contracts for euro-denominated cash products” published in 2019 to promote effective fallback provisions in new contracts for euro-denominated cash products.</p> <p>In 2020, two public consultations are expected on €STR-based fallbacks for EURIBOR.</p>	<p>On 25 February 2019, the WG published a summary of responses to the second public consultation on determining an €STR-based term structure methodology as a fallback in euro interbank offered rate (EURIBOR) linked contracts.</p> <p>The ECB has announced a call to benchmark administrators for expressions of interest in administering an €STR-based forward-looking term structure.</p> <p>The WG may seek further input from market participants through additional consultations.</p>	<p>In March 2020, the WG launched a public consultation on swaptions impacted by the CCP discounting transition from EONIA to €STR. Based on the responses received, the WG will evaluate potential recommendations.</p> <p>Transition from EONIA to €STR discounting regime now due late July 2020.</p>	<p>There have been 6 issues of euro floating rate notes which reference €STR with total volume of €3.85BN.</p>

Working Group	Working Group Structure	Alternative/New RFR Status	Cash Fallback Language Status	Term Rate Status	Near Term Expected Actions	Issuance to Date
 <p>Bank of England Working Group on Sterling Risk-Free Rates (RFRWG)</p>	<p>The WG is broken down into sub-groups focusing on:</p> <ol style="list-style-type: none"> 1. Bonds 2. Loans 3. Communications & Outreach 4. Pension Funds & Insurance Companies 5. Infrastructure 6. Term Rates (Task Force) 7. Accounting/Tax (Task Force) 8. Regulatory Dependencies (Task Force) 	<p>April 2017: Recommended reformed Sterling Overnight Index Average (SONIA).</p>	<p>In March 2020, the WG published the results of a consultation on credit adjustment spread methodologies for fallbacks in cash products.</p> <p>The WG also established a Tough Legacy Task Force to provide market input regarding products that may prove unable to be converted or amended to include robust fallbacks.</p>	<p>The RFRWG have confirmed FTSE Russell, ICE Benchmark Administration, Refinitiv and HIS Markit are working on development of a Term SONIA Reference Rate.</p> <p>In January 2020, the WG published “Use Cases of Benchmark Rates: Compounded in Arrears, Term Rate and Further Alternatives.”</p>	<p>In January 2020, the WG published its priorities and milestones for 2020.</p> <p>In March and April 2020, the WG issued statements regarding the impact of COVID-19 on the timeline for firms’ transition plans including impacts to the 2020 objectives.</p>	<p>There have been 130 issues of sterling floating rate notes which reference SONIA with total volume of £60.2BN, this is in addition to 44 securitisation deals referencing SONIA with total volume £26.6BN.</p> <p>There is now numerous originations of SONIA-referenced loans in the sterling market, after the market opened in July 2019.</p>
 <p>Alternative Reference Rates Committee (ARRC)</p>	<p>The WG is broken down into sub-groups focusing on:</p> <ol style="list-style-type: none"> 1. Accounting/Tax 2. Business Loans 3. Consumer Products 4. Floating Rate Notes 5. Legal 6. Market Structure and Paced Transition 7. Operations/Infrastructure 8. Outreach/ Communications 9. Regulatory Issues 10. Securitizations 11. Term Rates 	<p>June 2017: Recommended Secured Overnight Financing Rate (SOFR) as the RFR to replace U.S. dollar LIBOR.</p> <p>April 2018: New York Federal Reserve Bank (NYFRB) began publication of SOFR.</p>	<p>ARRC agreed on principles for fallback language, published late Sept 2018.</p> <p>To date, the ARRC has released recommended fallback contract language for ARMs, bilateral business loans, FRNs, securitizations and syndicated loans.</p> <p>In March 2020, a consultation was also released relating to variable rate private student loans.</p> <p>In March 2020, the ARRC published responses to a consultation on “Spread Adjustment Methodologies for Fallbacks in Cash Products Referencing USD LIBOR.”</p>	<p>ARRC’s Paced Transition Plan sets Q2 2021 goal to create “a term reference rate based on SOFR derivatives markets once liquidity has developed sufficiently to produce a robust rate.</p> <p>The FRB published various sets of data on indicative forward-looking SOFR term rate data (last update April 2019)</p>	<p>In April 2020, the WG published its key objectives and milestones for 2020.</p>	<p>There have been 735 issuances for a combined total amount of USD 736.72BN.</p>

Working Group	Working Group Structure	Alternative/New RFR Status	Cash Fallback Language Status	Term Rate Status	Near Term Expected Actions	Issuance to Date
 National Working Group on Swiss Franc Reference Rates	<p>The WG is broken down into sub-groups focusing on:</p> <ol style="list-style-type: none"> 1. Derivatives & Capital Markets 2. Loan and Deposit Markets 	<p>October 2017: Recommended Swiss Overnight Average Rate (SARON).</p>	<p>May 2020: The NWG discussed LIBOR end-scenarios and fallback language. The NWG recommended “to use the lookback method for CHF syndicated loans with an offset of 5 business days.”</p>	<p>WG has recommended using compounded SARON wherever possible</p>	<p>Publication of a cross currency basis swap (CCBS) term sheet and updated cap (floor) term sheet were identified as next steps following the May 2020 NWG meeting.</p>	<p>The first SARON-linked public issuance was in August 2019 with Credit Agricole issuing CHF 525 mm in perpetual tier 1 notes.</p> <p>In April / May 2020, multiple Swiss retail banks began offering SARON-linked residential mortgage loans.</p>
 Reserve Bank of Australia Interest Rate Benchmark Reform Page	<p>RBA recognizes three working groups related to interest rate benchmark reform.</p> <ol style="list-style-type: none"> 1. ASX BBSW Advisory Committee focuses on BBSW Benchmark 2. Australian Financial Markets Association (AFMA) focuses on promoting industry dialogue and information sharing 3. Australian Securitisation Forum (ASF) established a working group to consider benchmark reform on the Australian Securitisation Market 	<p>BBSW has been strengthened and will continue to be published going forward.</p> <p>AONIA is being published as an RFR as part of a “multiple rates” approach.</p>		<p>BBSW has been strengthened and will continue to be published.</p> <p>RBA evaluated that there are enough transactions to determine BBSW and that it will continue to exist as part of a multi-rates approach.</p>	<p>RBA and relevant regulators will continue to monitor both BBSW and AONIA.</p>	<p>There have been three issuances for a combined total amount of AUD 1.41BN.</p>
 Canadian Alternative Reference Rate Working Group	<p>The Canadian Alternative Reference Rate Working Group (CARR) is sponsored by the Canadian Fixed-Income Forum (CFIF) which is a group set up by the Bank of Canada. Both groups are comprised of market participants and Bank of Canada representatives.</p>	<p>CARR endorses an enhanced CORRA based on the recommendations outlined in their consultation paper with no changes based on responses.</p> <p>CFIF endorses monitoring and reviewing issues for transition by the transition subgroup and by the benchmark admin.</p>	<p>CARR developed Principles for Enhancements to Fallback Language.</p>	<p>CDOR will continue to exist as a part of a multiple rates approach.</p>	<p>Fallback language will be finalized after ISDA finishes its consultation on fallback language for CDOR and other rates.</p> <p>CARR and CFIF will monitor and review issues for transition from CORRA to an enhanced CORRA.</p>	

Working Group	Working Group Structure	Alternative/New RFR Status	Cash Fallback Language Status	Term Rate Status	Near Term Expected Actions	Issuance to Date
 <p>Hong Kong Treasury Markets Association Working Group on Alternative Reference Rates “WGARR”</p>	<p>As HONIA’s administrator, the TMA established an internal Working Group on Alternative Reference Rates (WGARR).</p>	<p>The WGARR has proposed technical refinements to HONIA outlined in an April 2019 consultation paper.</p> <p>Refinements relate to the rate’s data source, reporting window and publication time.</p> <p>In December 2019, TMA and WGARR published the conclusion of the April 2019 consultation paper.</p>		<p>HIBOR will continue to exist as a part of a multiple rates approach.</p> <p>TMA may also try to develop an OIS curve for HONIA depending on market conditions and demand.</p>	<p>Technical adjustments may be made to HONIA based upon industry feedback to the consultation paper.</p> <p>There are no plans to discontinue HIBOR and a multi rate approach will be adopted using both HONIA and HIBOR.</p> <p>Fallback language will be developed after ISDA finishes its consultation on fallback language for HIBOR and other rates.</p>	
 <p>Steering Committee for SOR Transition to SORA (SC-STS)</p>	<p>SC-STS was established by the Monetary Authority of Singapore (MAS) with the Association of Banks in Singapore (ABS) providing administrative support. SC-STS has four subgroups focusing on:</p> <ol style="list-style-type: none"> 1. Derivatives 2. Bonds / Perpetual Securities 3. Business / Syndicated Loans 4. Consumer Products 	<p>The ABS Benchmarks Co Pte td and the Singapore Foreign Exchange Market Committee (ABS-SFEMC) have worked together to develop a proposal to strengthen SIBOR.</p> <p>ABS-SFEMC has also identified SORA as the alternative reference rate for SOR.</p>		<p>SIBOR will continue to be published.</p> <p>An enhanced SIBOR is expected to be implemented in 2020. ABS-SFEMC published a consultation and announcements regarding the development of these enhancements.</p>	<p>Enhanced SIBOR is expected to go through testing and transition in 2020.</p> <p>SC-STS published a transition roadmap for SOR to SORA highlighting key priorities and milestones.</p>	<p>The first DBS bond tied to SORA was issued on 14 May 2020.</p>