

Key Milestone Dates (see roadmap)

- December 2021** ▪ Continued active transition of legacy exposures. The FCA and PRA [have said](#) they will continue to monitor firms' efforts to remove any remaining dependencies on LIBOR across asset classes, both leading up to and after end-2021.
- 17 December 2021** ▪ [LCH](#) and [CME](#) cleared GBP LIBOR swap conversion date
- End-Q4 2021** ▪ Working Group milestone for market participants to be **fully prepared for the end of GBP LIBOR.**

UK Official Sector Updates

- The FCA [confirmed](#) that it would allow legacy use of synthetic LIBOR rates as a temporary bridging solution in all contracts, except cleared derivatives. It also confirmed it would allow no new use of USD LIBOR past end-2021, with some limited exceptions for risk management purposes.

Market Developments

- The LMA [published](#) updated Exposure Draft of Standard Terms and Conditions for secondary debt trading, together with an accompanying Explanatory Note (and Example Settlement Calculations) and updated Trade Confirmations. These were updated following engagement and feedback from market participants and system providers.
- ISDA [published](#) standalone Forms of Agreement for use in adding the new fallbacks for JPY LIBOR Tokyo Swap Rate and USD LIBOR ICE Swap Rate. Earlier in the month, it also published a second Form of Amendment to enable parties to amend one or more existing confirmations to incorporate the GBP and USD LIBOR ICE Swap Rate Fallback Provisions, and/or the JPY LIBOR Tokyo Swap Rate Fallback Provisions.

Non-Sterling RFR Updates

- ESMA [published](#) its final report on the clearing and derivative trading obligations to accompany the benchmark transition. It sets out proposed draft Regulatory Technical Standards that amend the scope of the clearing and derivative trading obligations for OTC interest rate derivatives denominated in EUR, GBP, JPY and USD, to support the transition away from EONIA and LIBOR.
- The CFTC [issued](#) a request for information and comment related to the swap clearing requirement under Part 50 of the CFTC's regulations. It invited public feedback regarding changes to the swap clearing requirement in order to address the forthcoming cessation or non-representativeness of LIBOR and other IBORS, as well as the market adoption of alternative reference rates such as SOFR.
- The Chairman of the Euro Risk Free Rates Working group sent a [letter](#) to the European Commission regarding discussions on the potential designation of statutory replacement rates for GBP LIBOR and JPY LIBOR.
- The US Federal Reserve [provided](#) additional FAQs in response to questions from institutions regarding the transition away from LIBOR as a reference rate and supervisory guidance on no new use of USD LIBOR after end-2021

Key Market Indicators

ISDA Protocol adherence – 14,840 entities at end-November (+237 compared to end-October)

Loans - see [LMA](#) website for its updated list of publicly disclosed RFR-referencing loans to date.

Floating Rate Notes (provided by ICMA using Bloomberg L.P)
The cumulative subtotal of SONIA-linked FRNs issued (2018, 2019, 2020 and 2021) is 225 deals, totalling c.£104bn.

Listed Futures (data provided by futures exchanges)

	Aggregated across all products as at end-October (£bns)			
	Monthly traded value	Change since last month	Value of outstanding contracts	Change since last month
GBP LIBOR	6,407	-307 (-5%)	2,121	-145 (-6%)
SONIA	3,959	+748 (+23%)	1174	+134 (+32%)
% SONIA	38%	+6 p.p	36%	+7 p.p

Non-Sterling RFR Updates (Continued)

- "SOFR First" for non-linear derivatives [launched](#) on 08 November, which encouraged interdealer brokers to change USD non-linear derivative trading conventions to SOFR.
- ICE Benchmark Administration [launched](#) the USD SOFR ICE Swap Rate for use as a benchmark. The launch of the USD SOFR ICE Swap Rate benchmark follows its successful publication on an indicative 'Beta' basis since October.
- The FSB [published](#) a statement to support preparations for LIBOR cessation. It emphasised that completion of the steps laid out in its [Global Transition Roadmap](#) is now critical and market participants need to act urgently to ensure they are fully prepared for LIBOR cessation by the end of this year.
- Japan's Financial Services Agency and the Bank of Japan [published](#) the key results of their brief survey on the use of JPY LIBOR. The survey asked large financial institutions about their number of contracts referencing JPY LIBOR and incorporation of fallback provisions, and their challenges and policies for the transition with regard to legacy contracts as of end-September 2021.
- In Australia, the AFMA [issued](#) a Market Notice advising the market that its Swaps Committee agreed that the Australian swaps market will begin trading BBSW/SOFR cross currency basis swaps as the primary basis swap in AUD/USD cross currency swap transactions from Monday 29 November 2021.
- The ARRC [welcomed](#) Refinitiv's [announcement](#) that its USD IBOR Institutional Cash Fallbacks are now available for immediate use as production benchmarks and that, pending final approvals, its USD IBOR Consumer Cash Fallbacks for 1-week and 2-month settings would launch on January 3, 2022.

LCH Swaps Statistics (from [LCH website](#))

	As at end-October (£bns)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	1,319	-986 (-43%)	14054	+3,648 (+35%)
SONIA	16,187	+6,207 (+62%)	21,452	+4,927 (+30%)
% SONIA	92%	+14 p.p	60%	+ 7 p.p

** Includes IRS and FRAs only



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