

Key Milestone Dates (see [roadmap](#))

- End-Q3 2021**
 - Working Group milestone for market participants to complete active conversion of all legacy GBP LIBOR contracts expiring after end-2021 where viable and, if not viable, ensure robust fallbacks are adopted where possible.
 - The FCA and PRA have [said](#) they will continue to monitor firms' efforts to actively convert legacy contracts both leading up to and after end-2021.
- 20 October 2021**
 - Deadline for responses to the FCA's [consultation paper](#) CP21/29, on its proposed decisions on the use of LIBOR (Articles 23C and 21A Benchmark Regulation)
- 17 December 2021**
 - [LCH](#) and [CME](#) cleared GBP LIBOR swap conversion date (LCH dress rehearsal on 30 October 2021; CME practice runs on 5 and 15 November 2021)
- 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](#) its decisions to compel the continued publication of 6 sterling and Japanese yen LIBOR settings for a limited time period after end-2021, using a 'synthetic' methodology which it also confirmed.
- The FCA also published a [consultation paper](#) on its proposed decision to permit legacy use of these synthetic rates in all contracts except cleared derivatives, and its proposed decision to prohibit most new use of US dollar LIBOR after end-2021, in line with [US guidance](#) and existing PRA and FCA [supervisory expectations](#). The FCA emphasised that users of LIBOR should continue to focus on active transition rather than relying on synthetic LIBOR, as it is not a permanent solution.
- The Critical Benchmarks Bill was [introduced](#) to UK Parliament, alongside [explanatory notes](#), to address issues identified in a previous HM Treasury consultation.
- HM Treasury and the FCA will hold a joint webinar on 8 October 14:30-15:30 BST on the Critical Benchmarks Bill and its impact, and preparations for the end of LIBOR. The event will include an audience Q&A – HM Treasury and the FCA advise that questions for the Q&A should be submitted in advance and by 4 October to MarketConduct@hmtreasury.gov.uk. A link to the event can be found [here](#).
- The Bank of England published its [final policy](#) on its proposal to modify the scope of contracts subject to the derivatives clearing obligation. The final policy maintains the modifications proposed in its May consultation paper. The Bank has also published a further [consultation paper](#) which proposes to introduce a clearing obligation for OIS that reference TONA, to come into force on or shortly after 6 December. The consultation closes for comments on 27 October.
- The [FCA](#) and [Federal Reserve Board](#) wrote to ISDA to request it removes a provision in fallback language for the Bloomberg Short-Term Bank Yield Index (BSBY) that would in some situations see a replacement rate recommended by a committee convened by the FCA or Federal Reserve Board. The FCA noted the wording may provide inappropriate confidence in the fallback arrangement, and its view that reliance on ISDA standard documentation as drafted would not satisfy Benchmark Regulation (BMR) requirements for [robust](#) fallback arrangements. In response to the letters, ISDA [announced](#) it would remove this language during October 2021 and undertake further work to address feedback regarding the UK BMR and related implications for its interest rate derivative fallbacks more generally.

Key Market Indicators

ISDA Protocol adherence – 14,604 entities at end-September (+128 compared to end-August)

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 220 deals, totalling c.£99.2bn.

Listed Futures (data provided by futures exchanges)

Aggregated across all products as at end-August (£bns)

	Monthly traded value	Change since last month	Value of outstanding contracts	Change since last month
GBP LIBOR	4,396	-2,758 (-39%)	2,432	+102 (+4%)
SONIA	2,066	-1,753 (-46%)	652	+134 (+26%)
% SONIA	32%	-3 p.p	21%	+3 p.p

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

	As at end-August (£bns)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	1,329	-95 (-7%)	12,717	-1,404 (-10%)
SONIA	4,623	-43 (-1%)	14,571	+649 (+5%)
% SONIA	78%	+1 p.p	53%	+4 p.p

** Including FRAs

Market Developments

- Market participants were encouraged to switch to risk-free rates in the LIBOR cross-currency swaps market from 21 September. This global initiative was supported by the [CFTC](#), [FCA & Bank of England](#), and national working groups in the [US](#), [Japan](#) and [Switzerland](#).

Non-Sterling RFR Updates

- The Board of the International Organization of Securities Commissions (IOSCO) published a [statement](#) on credit sensitive rates, calling on their administrators to consider how they would continue to meet IOSCO Principles over time, if use of their benchmark became widespread. The statement noted that SOFR provides a robust rate suitable for use in most products, with underlying transaction volumes that are unmatched by other alternatives.
- The US ARRC held its [fifth event](#) in its 'SOFR Symposium' series, which included remarks from Gary Gensler, Chairman of the US SEC, on credit sensitive rates. A recording can be found [here](#).
- The Federal Reserve Bank of New York's Executive Vice President and General Counsel, Michael Held, delivered a [speech](#) which covered topics including the end-2021 milestone to cease new use of USD LIBOR, headwinds in loan market transition and the benefits of SOFR.
- Swiss financial market supervisor FINMA issued further [guidance](#) on the transition away from LIBOR. It re-iterated its call on market participants, particularly in the syndicated loan market, to continue to accord top priority to the necessary preparations.
- ICE Benchmark Administration (IBA) [launched](#) its ICE RFR Indexes in USD (SOFR), EUR (€STR) and JPY (TONA), following the launch of ICE SONIA Index in April 2021.



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