

The Working Group on Sterling Risk-Free Reference Rates

October 2020

Statement welcoming the announcement by ISDA on its IBOR Fallbacks Protocol and IBOR Fallbacks Supplement

The Working Group on Sterling Risk-Free Reference Rates (the "**Working Group**"), the Financial Conduct Authority (the "**FCA**") and the Bank of England (the "**Bank**") welcome the [announcement](#) today by the International Swaps and Derivatives Association ("**ISDA**") that its IBOR Fallbacks Protocol (the "**Protocol**") and IBOR Fallbacks Supplement (the "**Supplement**") will be launched on 23 October 2020, with an effective date of 25 January 2021.

The Working Group strongly encourages early adherence to the Protocol by both financial and non-financial firms.¹ Market participants that intend to adhere to the Protocol are encouraged to do so during the escrow period, if possible, to support broader adoption.² Details of how to adhere to the Protocol can be found on ISDA's [website](#).

Firms cannot rely on LIBOR being published after the end of 2021. In its [statement](#) also welcoming today's announcement, the Financial Stability Board encourages adherence to the Protocol as a tangible step that can be taken to avoid disruptions to derivatives contracts if LIBOR is discontinued or becomes non-representative. As outlined in the Working Group milestones and [roadmap](#), ensuring widespread adoption of appropriate fallback language in derivatives contracts is a key priority for transition away from LIBOR and in addressing risks arising from the stock of legacy LIBOR contracts.

As end-2021 approaches, the Working Group, the FCA and the Bank call for market participants to accelerate efforts to transition from LIBOR in the time available.

¹ Subject to individual firms' usual governance procedures and negotiations with counterparties as necessary. Where the Protocol is not used, other appropriate arrangements will need to be considered to mitigate risks.

² ISDA has introduced a [process](#) whereby regulated entities and other key market participants can adhere to the Protocol in escrow during the two weeks prior to the launch of the formal adherence period.