

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

- **18 January 2021** – deadline for responses to FCA [consultations](#) on its proposed powers under Articles 23A and 23D of the Financial Services Bill
- **25 January 2021** – amendments to ISDA 2006 Definitions and related [protocol](#) expected to take effect
- **End-Q1 2021** – lenders and borrowers should have taken necessary steps to cease issuance of LIBOR-linked loan products that expire after end-2021
- **End-Q1 2021** – market participants should be in a position to cease new issuance of LIBOR-linked bonds and securitisations, and initiation of new LIBOR-linked linear derivatives (except for the risk management of existing positions), where expiring after 2021
- **End-Q1 2021** – market participants should have completed an assessment of all post-2021 contracts that can be actively converted and be in a position to accelerate the active conversion of cash products, where viable, to reduce the legacy volume of LIBOR

Working Group on Sterling Risk-Free Reference Rate Updates

- On 26 November, the Working Group published a [paper](#) providing considerations on how a non-linear derivatives market based on a risk-free rate could be structured using compounded in arrears SONIA.
- The Working Group published [minutes](#) from the September meeting, including an update on lender readiness, the SONIA-first convention and ISDA protocol initiatives in the derivatives space, and summary publications on [beta Term Sonia Reference Rates](#) and [freely available RFR calculators](#) (which were published in October).

Market Developments

- In two separate statements, ICE Benchmark Administration (IBA) announced its intention to consult on cessation dates for [GBP, EUR, CHF, JPY & USD](#) LIBOR, including:
 - GBP, EUR, CHF and JPY LIBOR on 31 December 2021
 - 1-week and 2-month USD LIBOR settings on 31 December 2021
 - All remaining USD LIBOR settings on 30 June 2023
- ISDA confirmed that neither statements from IBA or FCA, on [GBP, EUR, CHF, JPY & USD](#) LIBOR currencies, constitute an index cessation event under the IBOR Fallbacks Supplement or the ISDA 2020 IBOR Fallbacks Protocol.

Key Market Indicators

ISDA Protocol adherence - 1365 entities as at end-November (+290% compared to end-October which was 350)

Loans referencing risk-free rates - see [LMA](#) website

Floating Rate Notes (provided by ICMA using Bloomberg L.P)
The cumulative subtotal of SONIA-linked FRNs (2018, 2019 and 2020) is 153 deals, totalling c.£66bn.

Listed Futures (data provided by futures exchanges)

	Aggregated across all products as at end-Oct			
	Monthly traded volume	Change since last month	Number of contracts outstanding (Open Interest)	Change since last month
GBP LIBOR	11,226,154	-5,179,163 (-32%)	4,728,750	-17,752 (0%)
SONIA	1,243,352	577,756 (87%)	156,679	25,316 (19%)

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

	As at end-Oct (£billions)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	4,358	-941 (-17.8%)	17,217	-45 (-0.3%)
SONIA	8,151	-3,338 (-29.1%)	15,629	1599 (11.4%)

** Including FRAs

Official Sector Updates

- On [18](#) and [30](#) November, the FCA published statements acknowledging IBA's intention to consult and set out its potential approach to the use of proposed new powers under the [Financial Services Bill](#), to ensure an orderly wind down of LIBOR
- The FCA also published two [consultations](#) on its proposed policy in relation to some of its new powers. This includes the power to require the continued publication of critical benchmarks (such as LIBOR) on the basis of a changed methodology, in certain circumstances.
- The FCA updated its [existing page](#) on conduct risk during LIBOR transition with two new Q&As, regarding 'replacing LIBOR with alternative rates in existing contracts/products'.
- On 25 November, FCA and HMT co-hosted a roundtable answering questions regarding the Financial Services Bill and proposed FCA powers to support an orderly wind down of LIBOR. This included how the proposed powers would work, as well as what the FCA will do before exercising powers. The FCA intends to use questions submitted to the roundtable to inform updates to its existing Q&A page as appropriate.
- The Financial Stability Board published its annual Reforming Major Interest Rate Benchmarks [2020 Progress report](#), noting headway made across currency areas and highlighting that transition away from LIBOR remains a significant priority and requires continued preparation and engagement from all market participants.

Non-Sterling RFR Updates

- The [Fed](#) and [US regulators](#) welcomed IBA's announcement and encouraged banks to transition from USD LIBOR as soon as practicable and set clear expectations that new use of USD LIBOR after end-2021 should be very limited.
- The Fed, OCC and FDIC issued a [statement](#) which reiterated they are not endorsing a specific LIBOR replacement rate for loans, and stressed the need to include fallback language in lending contracts.
- The ARRC released [conventions](#) for using SOFR in arrears in bilateral business loans and [FAQs](#) related to recommended fallback language for business loans, including worked examples.
- The New York State Senate introduced a [bill](#) with provisions to provide legal certainty for issues resulting from the permanent discontinuance of LIBOR.
- The Working Group on Euro Risk-Free Rates published public consultations on [EURIBOR fallback trigger events](#) and [€STR-based EURIBOR fallback rates](#).
- The [Reserve Bank of India](#) noted its intention to develop an alternative benchmark in place of the Mumbai Interbank Forward Outright Rate (MIFOR), due to its dependency on USD LIBOR.
- The Singapore Steering committee for SOR Transition to SORA (SC-STs) announced [timelines](#) for cessation of issuance of SOR-linked financial products and a set of market [guides](#) to aid the transition to SORA
- Refinitiv [announced](#) the permanent cessation of publication of 6-month and 12-month CDOR tenors from 17 May 2021.