



IBOR TRANSITION

Market Update – March 2022

GLOBAL MARKET DEVELOPMENTS

US LIBOR REPLACEMENT FRAMEWORK (15 MARCH)

The legislation addressing LIBOR tough legacy contracts was part of the omnibus spending bill passed by US Congress on 10 March was [signed](#) by President Joe Biden on 15 March. This new federal LIBOR law was [welcomed](#) by the ARRC and takes a similar approach to the legislation that was initially [proposed by the ARRC in 2020](#).

FSB WELCOMES SMOOTH TRANSITION FROM LIBOR (05 APRIL)

The FSB published a [statement welcoming the smooth transition away from LIBOR](#), mentioning that end of 2021 marked a major milestone in the transition away from LIBOR, without any significant market disruptions. And emphasizing that firms must have plans to ensure their preparedness for the cessation of the USD LIBOR panel.

The board plans to conduct a follow-up assessment in H2 2022 to identify any supervisory challenges to support the LIBOR transition. The FSB's Official Sector Steering Group (OSSG) will continue to serve as a forum in 2022 and 2023 for authorities that have leading roles in interest rate benchmark reforms and transition preparedness.

US MARKET DEVELOPMENTS

ARRC READOUT - MARCH MEETING (23 MARCH)

The ARRC [published](#) the readout from its March meeting. Discussed topics included federal LIBOR legislation, momentum towards the SOFR (with SOFR swaps now presenting +/- 80% of interest rate risk traded in the outright linear swaps market, and the daily SOFR futures volumes increased by 50% month-over-month in February), results from the latest sentiment survey of ARRC members, and work evaluating 12M Term SOFR.

EURO MARKET DEVELOPMENTS

EU RFR WG WORK PROGRAM FOR 2022/23 (03 MARCH)

The EU RFR WG [published](#) its Work Program for 2022/23, focusing on the use of €STR in financial products, and on assessing the level of implementation to adoption of EURIBOR fallback provisions by EU supervised entities.

The WG also [published](#) a call for expression of interest issued towards administrators developing €STR-based forward-looking term structures as a fallback in EURIBOR-linked contracts.

UK MARKET DEVELOPMENTS

ICE TERM SOFR (16 MARCH)

ICE Benchmark Administration [announced](#) launching ICE Term SOFR Reference Rates as a benchmark for use in financial instruments by licensees. The launch of ICE Term SOFR benchmark follows the end of a successful testing period during which IBA made available a Beta version of ICE Term SOFR.

FCA CONSULTATION ON GBP SYNTHETIC LIBOR (09 FEBRUARY)

As announced in its [joint press release](#) with BOE and UK RFR WG, as well as in various meetings; the FCA will seek views on retiring 1M and 6M synthetic GBP LIBOR at the end of 2022, and on when to retire 3M GBP synthetic LIBOR.

MINUTES OF THE UK RFR WG - JANUARY MEETING (09 MARCH)

The UK RFR WG [published](#) the minutes of their January 2022 meeting. The minutes include details on standing items, official sector updates, a final look back on end-2021, the future of the WG, and concluding remarks.

ASIAN MARKET DEVELOPMENTS

MINUTES OF CROSS-INDUSTRY COMMITTEE ON JPY INTEREST RATE BENCHMARKS - FEBRUARY MEETING (16 MARCH)

The Cross-Industry Committee on JPY Interest Rate Benchmarks [published](#) the minutes from their February 16th meeting. Meeting topics included an update on international discussions on interest rate benchmarks, progress of the LIBOR transition in Japan, initiatives to be taken by the committee, and any other business.

MARKET NEWS

- SIFMA released statements welcoming the passage of federal LIBOR legislation by the [US House of Representatives](#) and [US Senate](#).
- Eurodollar futures contracts tied to SOFR accounted for more than 50% of the trading volume cleared by [CME Group](#) in the two weeks to 8 March.
- Refinitiv shared the [presentation](#) from a webinar entitled “Moving to a Post-LIBOR World: Lessons Learned From Successful Transitions to RFRs”, held on March 31st.
- LCH [published](#) a Q&A where Philip Whitehurst, head of service development, rates at LCH, addresses what’s ahead for the final US dollar Libor transition to risk-free rates, what has and hasn’t been achieved so far, and the outlook between now and the final mid-2023 deadline.

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More information on our website: [click here to access our dedicated IBOR transition webpage](#).

Contact us for any queries: sgcib-regulatory-support.par@sgcib.com.

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