



IBOR TRANSITION

Market Update – November / December 2022

GLOBAL MARKET DEVELOPMENTS

FCA CONSULTATION AND ANNOUNCEMENT ON THE WIND-DOWN OF LIBOR (NOVEMBER 23)

The FCA announced the cessation of the 3-m synthetic GBP LIBOR for end-March 2024 and proposed to require LIBOR's administrator, IBA, to continue to publish the 1-, 3- and 6-m USD LIBOR settings under an unrepresentative "synthetic" methodology until end-September 2024. FCA proposed using CME's Term SOFR for Synthetic USD LIBOR and ISDA spread for synthetic USD LIBOR.

ISDA REGIONAL IBOR FALLBACKS MODULE (NOVEMBER 21)

ISDA published a [Benchmark Module for purposes of the ISDA 2021 Fallbacks Protocol](#) and shall be binding with respect to each Adhering Party. The relevant benchmarks are CIBOR, MosPrime and TELBOR.

IBA TO CEASE PUBLICATION OF USD LIBOR ICE SWAP RATE BENCHMARK RUNS (NOVEMBER 22)

ICE Benchmark Administration (IBA) decided to cease publishing USD LIBOR ICE swap rate "runs" for all tenors immediately after publication of the rates on June 30, 2023.

EU MARKET DEVELOPMENTS

CME GROUP LAUNCHES NEW €STR FUTURES (NOVEMBER 1)

CME Group has launched a suite of [overnight index futures based on €STR](#). The contracts are designed to provide a way to hedge European money market rates and enable granular price discovery across the forward curve.

EUREX WILL LAUNCH 3-MONTH €STR FUTURES (DECEMBER 1)

EUREX plans to start trading [three-month €STR futures](#). The contracts are based on the compounded €STR over a 3-m period, and available for trading from January 23, 2023.

US & NORTH AMERICAN MARKET DEVELOPMENTS

FEDERAL RESERVE ADOPTS FINAL RULE IMPLEMENTING THE LIBOR ACT (DECEMBER 16)

The Fed adopted a [final rule](#) that implements the Adjustable Interest Rate (LIBOR) Act by identifying benchmark rates based on SOFR that will replace LIBOR in certain financial contracts after June 30, 2023. The final rule is substantially similar to the proposal with certain clarifying changes made in response to comments. The press release and Board memo may be found [here](#).

ARRC READOUT FOR NOVEMBER 9 MEETING (NOVEMBER 14)

The ARRC published the [readout](#) of its latest meeting. They discussed the following topics: updates on momentum towards SOFR, **no modification of the existing ARRC best practice recommendations on the scope of the use of Term SOFR**, the results from both the latest sentiment survey of ARRC members as well as the publicly available loan remediation survey, another loan remediation survey will be conducted in early Q1-2023 which will seek to gauge progress made on remediation plans.

ASIAN MARKET DEVELOPMENTS

LCH THB THBFX Conversion Consultation: Outcome (DECEMBER 07)

LCH plans to convert outstanding THBFX contracts to THOR trades over the weekend following close of business on June 9, 2023. LCH [circular No 4244](#) provides more details on the consultation outcome.

SC-STIS SUPPLEMENTARY GUIDANCE ON ADJUSTMENT SPREADS FOR THE CONVERSION OF LEGACY SOR LOANS TO SORA (DECEMBER 14)

SC-STIS published [supplementary guidance](#) on adjustment spreads for the conversion of SOR contracts to SORA as outlined in [Consultation Feedback: Adjustment Spreads for the Conversion of Legacy SOR Contracts to SORA](#). This includes: (1) the formula and computation of MAS Recommended Rate ("MRR") Adjustment Spreads; (2) the formula and computation of the Reference Spot Spreads ("RSS"); (3) the formula for interpolation between the RSS and MRR Adjustment Spreads, for use in the active transition of unhedged loans from SOR to SORA; and (4) a user manual for the use of the [Adjustment Spread Calculator](#).

MARKET NEWS

- New statistics for reference [CME Term SOFR](#).
- The ISDA-Clarus [RFR Adoption Indicator](#) increased to 51.4% in November 2022 compared to 51.3% the prior month.
- For the week ending on December 9th, ISDA Swap Info analysis shows that SOFR trade count totaled 13.3 thousand (including 1 thousand basis swaps), vs 3.9 thousand for USD LIBOR.
- At the [SONIA Stakeholder Advisory Group's latest meeting](#), the Bank of England (BoE) presented statistics displaying that volumes in SONIA reached a record high in October 2022.
- At Bloomberg's event on "[The Final Chapter For USD LIBOR - The Finish Line Is In Sight](#)" the CFTC Chairman Rostin Benham discussed progress made in the LIBOR transition along with remaining challenges.

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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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