



# **IBOR TRANSITION**

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Market Update - October 2022

## GLOBAL MARKET DEVELOPMENTS

### CME GROUP: EURODOLLAR CONVERSION TO SOFR (OCTOBER 4)

Based on initial client feedback, CME Group [is proposing](#) to convert on April 14<sup>th</sup>, 2023, all Eurodollar futures and options expiring after June 30, 2023 to corresponding SOFR contracts.

### ARRC: LOAN REMEDIATION SURVEY RESULTS (OCTOBER 13)

[Most borrowers responding](#) to the survey indicated they have been contacted by their lenders regarding LIBOR transition. They plan to migrate their LIBOR loans early, with only about 15% of respondent borrowers reporting plans to fallback at LIBOR cessation through existing contract terms or updated replacement provisions.

### FCA UPDATED ITS NEXT STEPS LIBOR PUBLICATION (NOVEMBER 8)

[The FCA updated its website](#) to indicate that they expect to publish further information on LIBOR wind-down in late November 2022, of which the review of their decision to compel continued publication of the 3M sterling LIBOR setting and the decision whether they should require continued publication of USD LIBOR on a Synthetic basis after its cessation.

## EU MARKET DEVELOPMENTS

### TERM €STR: LAUNCH OF THE EMMI EURO FORWARD-LOOKING TERM RATE EFTERM (OCTOBER 10) & REFINITIV TERM €STR PROTOTYPE (OCTOBER 26)

The two following announcements are noticeable as a forward-looking methodology is part of the EUR RFR WG recommendation on €STR-based EURIBOR fallback rate:

- [The European Money Markets Institute \(EMMI\)](#) announced the launch of EFTERM on November 14<sup>th</sup>, 2022.
- [Refinitiv](#) commenced the publication of a prototype forward-looking €STR term rate, available in multiple tenors.

## US & NORTH AMERICAN MARKET DEVELOPMENTS

### BANK OF CANADA: TERM CORRA BENCHMARK (OCTOBER 7)

CARR is planning to begin the process of developing [Term CORRA benchmark](#). Still its licensing agreement will likely be limited to only certain financial contracts (i.e. loans and associated products). The publishing of Term CORRA benchmark is expected by end-Q3 2023.

## ASIAN MARKET DEVELOPMENTS

### BANK OF JAPAN: LAUNCH OF TONA FUTURES (OCTOBER 20)

Futures linked to Japan's Tokyo Overnight Average (TONA) rate, expected to be launched next year on the country's two principal exchanges, could provide an [additional source of data](#) for calculating the Tokyo Term Risk Free Rate (TORF).

### LCH SwapClear THBFX Consultation (October 21)

LCH SwapClear has just launched a [consultation for THBFX cessation](#), as a direct result of USD LIBOR cessation.

## MARKET NEWS

- The [ISDA-Clarus RFR Adoption Indicator](#) increased to a monthly average of 49.7% in the third quarter of 2022 compared to 45.5% in the second quarter of 2022.
- For the week ending on November 4<sup>th</sup>, ISDA Swap Info analysis shows that SOFR trade count totaled 12.2 thousand (including 0.8 thousand basis swaps), vs 3.5 thousand for USD LIBOR.
- [SOFR volumes](#) are now higher than Eurodollars for options and futures, with open interest (OI) rapidly shifting to SOFR.

- LSTA has announced that [a calculator](#) programmed to compute the Cost of Carry Rate is now accessible on its website.
- According to [Eris SOFR Swap Futures](#) open interest stands at more than 40K contracts as of October 31<sup>st</sup>, setting a daily record.

## STAY INFORMED ON THE IBOR TRANSITION

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](mailto:sgcib-regulatory-support.par@sgcib.com).

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