

IBOR Transition Newsletter

NEWSLETTER | DECEMBER 2021

The purpose of this newsletter is to provide the latest updates and industry developments regarding the transition from Interbank Offered Rates (IBORs) to alternative reference rates (ARRs). In this issue, you will find summarized jurisdictional highlights from the global regulatory community, industry working groups, and various industry news sources.

INTERNATIONAL

- BMO successfully transitioned all in-scope contracts to Alternative Reference Rates ahead of the December 31st cessation date. The IBOR Transition Office collaborated with front office for outreaches to Global market counterparties with OTC derivatives in-scope for the cessation. As at December 31st, 2021, approximately 200 OTC derivatives with 25 counterparties were transitioned to the new ARR using the fallback language.
- The International Swaps and Derivatives Association (ISDA) [published](#) a new set of fallbacks for additional interbank offered rates (IBORs) not covered by ISDA's initial fallbacks rollout. The new fallbacks cover IBORs in India (MIFOR), Malaysia (KLIBOR), New Zealand (BKBM), Norway (NIBOR), the Philippines (PHIREF) and Sweden (STIBOR).

UNITED STATES

- The United States House of Representatives [passed](#) H.R. 4616, the Adjustable Interest Rate (LIBOR) Act of 2021. The bill directs the Federal Reserve Board to issue regulations on the appropriate SOFR or adjusted SOFR replacement reference interest rates for LIBOR-based contracts.
- The Division of Clearing and Risk (DCR), Division of Market Oversight (DMO), and Market Participants Division (MPD) of the Commodity Futures Trading Commission (CFTC) each [revised](#) no-action letters ([21-26](#), [21-27](#), [21-28](#)) to swap dealers and market participants related to the transition from swaps that reference LIBOR/IBOR to swaps that reference RFRs. The revised letters extend/ revise no action relief granted in August 2020 and are effective until June 30, 2023.
- The Bureau of Consumer Financial Protection (Bureau) [amended](#) the Regulation Z (Truth in Lending Act) in light of LIBOR's transition. The final rule will become effective on April 1, 2022, with a mandatory compliance date for revisions to the change-in-terms notice provisions of October 1, 2022.
- The U.S. Securities and Exchange Commission (SEC) [released](#) a statement reminding investment professionals, companies and issuers of asset-backed securities of their obligations regarding LIBOR transition disclosures.
- Pursuant to the approval of the [SOFR First Initiative](#), the Commodity Futures Trading Commission (CFTC) [issued](#) a User Guide for transition of exchange-traded derivatives activity to Secured Overnight Financing Rate (SOFR).
- Cboe Global Markets, Inc. [announced](#) plans to launch futures on the American Interbank Offered Rate (AMERIBOR) Term-90 interest rate benchmark. These new futures are expected to begin trading on Cboe Futures Exchange, LLC (CFE) by January 24, 2022

UNITED KINGDOM

- The Bank of England [released](#) a policy statement for the proposal to add Overnight Index Swaps (OIS) that reference TONA for contracts subject to the derivatives clearing obligation.
- The Critical Benchmarks (References and Administrators' Liability) bill [received](#) royal assent on December 15, 2021. The Critical Benchmarks (References and Administrators' Liability) Act 2021 was passed in efforts to minimize disruptions to LIBOR contracts in situations where counterparties have not agreed to move to RFR before LIBOR's cessation on December 31, 2021.

CANADA

- The Canadian Alternative Reference Rate working group (CARR) published a [white paper](#) outlining recommendation and a timeline for the transition from the Canadian Dollar Offered Rate (CDOR) to the Canadian Overnight Repo Rate Average (CORRA). These recommendations are being made to ensure Canada has a robust benchmark regime for the years ahead, and one that is consistent with the global reforms that have been taking place across all major currency jurisdictions.