

IBOR Transition Newsletter

QUARTERLY NEWSLETTER | DECEMBER 2022

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.

For additional information on the IBOR and CDOR transitions please visit [BMO's IBOR Transition Website](#).

CANADA

- CARR's [initiative](#) for inter-dealer linear derivatives to move from CDOR to CORRA will begin on January 9, 2023 while inter-dealers in non-linear derivatives and cross-currency swaps will do same on March 27, 2023.
- CARR [agrees](#) to begin developing a forward-looking Term CORRA benchmark and expects administrators to begin publishing the benchmark by the end of Q3 2023. Further publications on Term CORRA expected in Q1 2023.

UNITED STATES

- The Federal Reserve Board [adopts](#) final rule that implements the Adjustable Interest Rate (LIBOR) Act by identifying benchmark rates based on SOFR to replace LIBOR in certain financial contracts after June 30, 2023.
- [Fannie Mae](#) and [Freddie Mac](#) have formally announced the replacements for LIBOR in their loans, MBS/CRT, and swaps, based on the Secured Overnight Financing Rate (SOFR).
- The Financial Stability Board (FSB) [encourages](#) final transition to robust reference rates as cessation of remaining LIBOR panels approaches.
- Fitch Ratings [downgraded](#) 17 UK RMBS following FCA's announcement that the three-month synthetic sterling LIBOR setting will cease by the end of March 2024.
- Tradeweb [announces](#) first fully electronic SOFR swaption trade to provide market participants a more efficient way to access market rates liquidity in SOFR.
- CME Group to [convert](#) all eligible Eurodollar futures and options to SOFR equivalent contracts on April 14, 2023 subject to regulatory review.
- SOFR [remains](#) elusive in US dollar collateral agreements for non-cleared derivatives due to low efforts in switching from fed fund rates.
- Collateralized loan obligations (CLOs) equity investors are [impacted](#) by rate hikes caused by a widening basis between LIBOR rates.
- ICE Benchmark Administration [announced](#) it will cease the publication of all USD LIBOR ICE Swap Rate "runs" for all tenors immediately after publication on June 30, 2023.
- ARRC [released](#) loan remediation survey results which revealed an encouraging transition process but emphasizes need for timely action.

INTERNATIONAL

- The UK Financial Conduct Authority (FCA) [published](#) a consultation on 'synthetic' US dollar LIBOR in November, requesting responses to the [online survey](#) by January 6, 2023.
- FCA's [plan](#) to publish a synthetic version of US dollar LIBOR may lead to legal disputes over international tough legacy contracts not covered by a US legal fix.
- Eurex to [launch](#) a 3-month Euro STR futures referencing €STR and expand the exchange's EUR-denominated fixed income product offering.

FOR MORE INFORMATION ON THESE TOPICS, OR TO BE ADDED TO THIS QUARTERLY DISTRIBUTION LIST, PLEASE CONTACT IBOR.TRANSITIONOFFICE@BMO.COM | IBOR TRANSITION OFFICE