

IBOR Transition Newsletter

QUARTERLY NEWSLETTER | JUNE 2023

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 issued a [Market Notice](#) reiterating the limited activities referencing CDOR that will still be permitted after June 30, 2023.
- Bank of Canada [reported](#) derivative liquidity is moving quickly from CDOR to CORRA indicating progress in transition ahead of June 2024 cessation event.
- CARR and TMX [released](#) a series of webcasts with topics including how to create an IOSCO compliant Term CORRA rate and the transition of Canadian cash securities to CORRA.
- CARR [published](#) an impact assessment [checklist](#) which includes a practical implementation guide to support firms in mitigating CDOR exposures. While it might be helpful for other types of users, this checklist is focused on asset managers and asset owners.

UNITED STATES

- ARRC [issued](#) an update of its Term SOFR scope of use recommendations and added a limited refinement with respect to Term SOFR Scope of Use.
- Bid/offer spreads widen as dealers price counterparty risk into [non-cleared Term SOFR swaps](#).
- LCH SwapClear [completed](#) its final conversion event by having 600,000 USD LIBOR contracts converted into SOFR.
- Tradeweb [filed](#) a request with CFTC to mandate SOFR and Sonia swaps be traded on a swap execution facility (Sef).
- Reuters [highlighted](#) that SOFR may increase bank risks as the benchmark has no credit component and tends to fall in times of financial stress.
- DTCC [launched](#) a LIBOR Benchmark Replacement Index solution to facilitate efficient communication of rate changes in LIBOR contracts following June 30, 2023.
- BMO is set to successfully transition all remaining in-scope LIBOR contracts heading into the benchmark cessation. Through many outreaches, BMO collaborated with our clients to ensure a smooth transition of their contracts away from LIBOR prior to this date. The remaining OTC derivative contracts will transition from LIBOR to SOFR over June 30th, 2023, using the [ISDA 2020 IBOR Fallback Protocol](#).

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