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IBOR Aware

FEBRUARY 2020 – 1ST EDITION

Contents

WELCOME TO THE INAUGURAL EDITION OF IBOR AWARE

With LIBOR's demise now under two years away, the pace of change affecting market participants immersed in the challenge of transition away from LIBOR and other IBORs is increasing. As we enter 2020 and that deadline looms larger on the horizon, the pace of change is only expected to increase further.

The situation is continually evolving with working groups, central banks, regulators and trade associations all striving to drive the reforms needed for the successful transition away from IBORs that are deeply ingrained in today's financial markets. We recognise that it can be difficult to keep abreast of the latest developments given the plethora of different currencies, IBORs, jurisdictions and financial products involved.

That is why we have produced **IBOR Aware**: to help you stay fully up-to-date with all the latest major developments in IBOR transition.

By drawing on our lawyers' deep knowledge and understanding of global and domestic financing transactions across all the key financial markets, **IBOR Aware** covers the main developments affecting all major benchmark rates and currencies, as well as efforts undertaken by the key players in the market, such as working groups, central banks, regulators and trade associations.

In this inaugural edition of **IBOR Aware**, we provide a "lookback" on the major developments since September 2019.

Law firm of the year
BRITISH LEGAL AWARDS 2019

Most Innovative Firm of the Year
BRITISH LEGAL TECHNOLOGY AWARDS 2019

Most Innovative Law Firm
FINANCIAL TIMES ASIA-PACIFIC
INNOVATIVE LAWYER AWARDS 2018

Our approach to IBOR transition

IBOR transition is one of the most significant challenges, if not the most significant challenge, to affect financial markets in the last 20 years.

We recognise the scale of this market event is enormous and entails multiple issues, risks and challenges for our clients. Choosing the right adviser to navigate you through the challenges and potential pitfalls of a task of this scale is vital, particularly where the ultimate end-point is uncertain and the path to get there is unclear.

We consider that our IBOR transition offering is unique for the following reasons:

1. **Market-leading IBOR experience**: we have advised on a number of cutting-edge, market-leading transactions that are paving the way for the adoption of near risk-free rates in international finance transactions, including the first SONIA-linked loans in the international lending markets and the first LIBOR-to-SONIA switch for legacy securities in the securitisation market.
2. **Large-scale project experience**: with the use of IBORs so deeply rooted in today's financial markets, remediation of affected contracts will involve some of the largest and most widespread re-papering exercises seen in recent years. We have extensive experience advising on large-scale "regulatory change" projects and know how to deliver these projects on time and on budget.
3. **Ashurst Advance**: through our "new law" division, we are able to provide the necessary expertise, flexible resources and legal technology to provide a high quality but cost-effective IBOR transition solution. The four pillars of Ashurst Advance – Legal Project Management, Legal Analysts, Legal Technology and Legal Process Improvement – are the foundations for delivering projects of this scale. By combining our Ashurst Advance services with our subject matter legal experts, we can offer you legal excellence with efficient delivery.

We look forward to accompanying you on your IBOR transition journey.

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IBOR Spotlight

Spotlight on Sterling

WORKING GROUP ON STERLING RFRS, BANK OF ENGLAND AND FCA PUBLISH SUITE OF DOCUMENTS, INCLUDING PRIORITY LIST FOR 2020

On 16 January 2020, the Working Group on Sterling RFRs published the following documents:

- Priorities and roadmap for 2020, highlighting five priorities for the year ahead:
  - cease issuance of GBP LIBOR-based cash products maturing beyond 2021 by end-Q3 2020;
  - take steps throughout 2020 to promote and enable widespread use of SONIA compounded in arrears;
  - take steps to enable a further shift of volumes from GBP LIBOR to SONIA in derivatives markets;
  - establish a clear framework to manage the transition of legacy LIBOR products and significantly reduce the stock of GBP LIBOR contracts by Q1 2021; and
  - provide market input on issues around so-called "tough legacy" transactions – transactions which do not contain robust (or any) LIBOR fallback language and which cannot easily be amended.
- Factsheet: Calling time on LIBOR: Why you need to act now, summarising the current position with regard to the transition away from LIBOR and setting out steps that market participants should take to reduce their LIBOR exposures.
- Paper: Use Cases of Benchmark Rates: Compounded in Arrears, Term Rate and Further Alternatives, examining the potential future use of a TSRR. The paper reinforces the regulators' support for a broad-based transition to SONIA compounded in arrears for the derivatives, bonds, and bilateral and syndicated loans markets. It reiterates the message that market participants should treat SONIA compounded in arrears as the "primary vehicle" for transition from GBP LIBOR wherever possible and that the future use of a TSRR will be more limited than the current use of GBP LIBOR.

  However, the paper also identifies a number of product markets and various users for whom the transition to SONIA compounded in arrears would be difficult or not feasible. These include: bilateral loans to mid-corporates (annualised revenue >£6.5 million to <£25 million) and SMEs; retail mortgages; wealth/private bank products; trade and working capital products (especially those that involve discounting future cash flows); and Islamic finance. The paper acknowledges that transition away from GBP LIBOR for these products would necessitate the use of an alternative rate (such as the Bank of England base rate) or the development of a TSRR.

  The paper further confirms that administrators of SONIA are currently working on the development of an IOSCO-compliant TSRR with publication expected from Q1 2020 for a period of observation.
- Statement: Progress on the Transition of LIBOR-Referencing Legacy Bonds to SONIA by way of Consent Solicitation, published to encourage and support market participants in transitioning legacy bond contracts from LIBOR to SONIA by way of consent solicitation. The statement sets out six "lessons learned" from eight consent solicitations undertaken to date with a total nominal value of £4.2 billion. Of particular note, the statement notes the absence of consent fees for the consent solicitations undertaken to date; the limitation of the proposed amendments to those that are required to effect the transition from GBP LIBOR; the steps that may be needed to facilitate an open dialogue between the issuer and investors; and the timing for passing an extraordinary resolution to approve the proposed amendments and the pricing date for any adjustment spread relating to the replacement RFR.

WORKING GROUP ON STERLING RFRS CONSULTS ON CREDIT ADJUSTMENT SPREAD METHODOLOGIES FOR FALLBACKS IN GBP LIBOR CASH PRODUCTS

On 18 December 2019, the Working Group on Sterling RFRs published this consultation on credit adjustment spread methodologies for fallbacks in GBP LIBOR cash products. It sets out four potential options for the calculation of credit adjustment spreads in respect of fallback rates that would be triggered by (i) the cessation of GBP LIBOR or (ii) a "non-representativeness" announcement/pre-cessation trigger.

The options are:

- the "historical median" approach over a five-year lookback period (favoured by respondents to the related ISDA consultations);
- the "forward" approach based on observed market prices for the forward spread between GBP LIBOR and term SONIA in the relevant tenor;
- the "modified forward" approach based on observed market levels for the forward GBP LIBOR/term SONIA spread but with (i) a restricted number of spread values and (ii) data being collected over a one-year observation period and averaged; and
- the "spot-spread" approach based on the spot-spread between GBP LIBOR and term SONIA on the day preceding the fallback trigger date.

Unlike ISDA's consultations on credit spread adjustments for the derivatives market, this consultation does not focus on a term adjustment to the RFR. This is because the Working Group assumes that cash markets will transition to RFRs or "RFR-derived rates" that reflect term structures that are needed for use in most cash products – such as a TSRR or SONIA compounded in arrears.

The consultation, which is open until 6 February 2020, encourages respondents to "be mindful" of the results of the ISDA consultations, given the benefits of aligning the cash and derivative markets.

Other currency working groups are separately considering credit adjustment spreads for other RFRs and further announcements are expected in due course.

PRA PUBLISHES LETTER ON THE IMPACT OF LIBOR TRANSITION ON REGULATORY CAPITAL

On 18 December 2019, the PRA responded to this letter of 23 October 2019 from the Working Group on Sterling RFRs.

The October letter to the PRA sets out areas of the prudential capital regime which the Working Group considers would benefit from change or forbearance in the context of IBOR transition. The PRA's response states, among other things, that:

- while some AT1 and Tier 2 capital instruments that currently reference LIBOR will need to be amended, the PRA does not consider it desirable to reassess the eligibility of instruments where the amendments are made solely to replace the benchmark reference rate;
- a similar issue has previously emerged in the context of the impact of benchmark reform on legacy non-cleared derivatives contracts. In this case, international regulators made clear that new requirements are not intended to apply to legacy contracts where they were amended solely to deal with interest rate benchmark reforms. The European Supervisory Authorities have recently confirmed their commitment to this approach, and the PRA is strongly supportive of these clarifications; and
- the PRA is considering the possible implications of benchmark rate reform for the PRA Rules on Contractual Recognition of Bail-In and Stay in Resolution – in particular, where a contract is subject to a "material amendment" after 30 June 2016 – and intends to provide an update in spring 2020.

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WORKING GROUP ON STERLING RFRS PUBLISHES MINUTES OF NOVEMBER 2019 MEETING

On 18 November 2019, the Working Group on Sterling RFRs published the minutes of its meeting on 7 November 2019. Points of interest include:

- the Group will establish a "Loans Enabler Task Force", bringing together communications, infrastructure and documentation expertise to support the proposed cessation of new GBP LIBOR-linked cash product issuances by Q3 2020;
- the Group will also establish a new "Cash Market Legacy Task Force" to provide frameworks and information to enable the transition of legacy cash products;
- the market wants clear calculators to be made available for use free of charge to support end-user understanding of compounded interest; and
- the FCA has reiterated its view that amending a reference rate or adding a fallback rate to legacy trades would not trigger the application of EMIR margin or clearing requirements, although notes that this does not extend to where a new transaction arises, for example, due to compression activity. The FCA advises firms to also seek the views of other regulatory bodies where relevant.

UK FINANCE PUBLISHES GUIDE TO THE DISCONTINUATION OF LIBOR

In November 2019, UK Finance produced this Guide to the discontinuation of LIBOR.

Key messages to the business community are:

- products referencing LIBOR are expected to decrease;
- internal due diligence is required to assess exposure to LIBOR and decide which alternative rate(s) are preferred and/or appropriate (noting that SONIA is the recommended replacement rate for GBP LIBOR);
- compounded SONIA in arrears – favoured by the derivatives market – can only be determined at the end of the interest period (rather than at the beginning as for term rates such as LIBOR) as it looks at the daily overnight SONIA interest rate on each day during the relevant interest period and compounds this over the period;
- the timing of SONIA's availability will be less convenient for businesses, as their interest rates will not be known at the start of the interest period. It may also cause operational issues so systems should be analysed and issues identified in advance;
- a "term version" (i.e. a forward-looking version) of SONIA is expected to be developed, but users should not delay their transition to SONIA in anticipation of this; and
- using a term rate in the future may cause hedging issues if there is a mismatch in rates across products, for example where a loan uses term SONIA and the related hedge uses compounded SONIA.

The Guide also contains a useful table setting out information relating to each IBOR currency (including working group details and recommended replacement rate) and a road map on how things are expected to progress.

WORKING GROUP ON STERLING RFRS IDENTIFIES REGULATORY BARRIERS TO TRANSITION FROM LIBOR

On 23 October 2019, the Working Group on Sterling RFRs wrote to the European Commission, the BCBS, the PRA and the FCA identifying various regulatory barriers to IBOR transition. Concerns include the possibility that contracts which are amended to take into account recent regulatory developments could be considered "new" contracts and become subject to regulatory requirements that were not applicable to the original contract.

The letters can be accessed using the links below.

- Letter to the European Commission, detailing specific barriers found in EU regulatory frameworks.
- Letter to the FCA, identifying regulatory issues that could be a barrier to the adoption of SONIA, including EMIR and Markets in Financial Instruments Regulation (MiFIR) requirements.
- Letter to the BCBS, identifying issues in the Basel prudential framework relating to model change assessments, client end-user impacts and contractual terms.
- Letter to the PRA, covering similar issues as the letter to the BCBS, with the addition of UK-related issues such as the ring-fencing regime and minimum requirement for own funds and eligible liabilities.

"The groundwork has been laid for a decisive shift away from LIBOR in 2020."

ANDREW HAUSER, EXECUTIVE DIRECTOR FOR MARKETS AT THE BANK OF ENGLAND (JANUARY 2020)

Spotlight on US Dollar

ARRC PUBLISHES RECOMMENDATIONS FOR NEW INTERDEALER CROSS-CURRENCY BASIS SWAPS REFERENCING RFRS

On 24 January 2020, the ARRC published these recommendations for new interdealer cross-currency basis swaps referencing RFRs.

The recommendations were developed by an ARRC sub-group comprising buy-side, sell-side, and intermediary market participants, and are expressed to be voluntary only. They are intended to help market participants reduce operational complexities, avoid hedging mismatches, and limit transaction costs.

The recommendations are broken down into three sections covering:

- conventions for RFR-RFR cross-currency swaps, which are aligned with single-currency RFR conventions for overnight index swaps. Recommendations include:
  - quarterly payments for each leg;
  - exchange of notional principal cash flows at the start and maturity dates of the swap; and
  - compound daily interest settled in arrears using the day count convention of the underlying overnight index swap market of each currency;
- conventions for RFR-IBOR cross-currency swaps, which the recommendations suggest should follow the existing conventions for each leg; and
- fallbacks for cross-currency swaps referencing two IBORs. The recommendations note that a discontinued IBOR referenced in such a swap would fall back to the relevant RFR pursuant to the amended 2006 ISDA Definitions. However, acknowledging that it may be appropriate in such case for both legs to transition to an RFR, the recommendations say that ISDA has agreed to consider offering templates allowing counterparties to agree to this approach in these circumstances (or in other circumstances agreed by the counterparties).

ARRC CONSULTS ON SPREAD ADJUSTMENTS FOR FALLBACKS IN CASH PRODUCTS REFERENCING USD LIBOR

On 21 January 2020, the ARRC published this consultation seeking respondents' views on the spread adjustment methodology that the ARRC should use as part of its fallback recommendations for USD LIBOR cash products.

The consultation was prompted by feedback from previous consultations, in which respondents expressed support for the ARRC to recommend spread adjustments for its proposed fallback provisions. The final adjustment methodology is intended to establish a static spread adjustment that would be fixed at a specified time at or before LIBOR's cessation and would reflect and adjust for the historical differences between LIBOR and SOFR to make the spread-adjusted rate comparable to LIBOR, thereby minimising the economic impact on borrowers and lenders. This means that the final recommended spread adjustments for each USD LIBOR tenor may differ, though the underlying methodology for calculating them would be the same, and it mirrors the work that ISDA is doing in relation to derivative contracts.

Questions covered by the consultation include:

- Do you agree that using the ISDA methodology of a five-year median of the historical difference between LIBOR and the SOFR fallback rate is the best choice for the relevant cash products, or would you prefer an alternative method?
- Do you believe that a one-year transition period should be included for any of these cash products?
- Would it be problematic to use different approaches to calculate the spread adjustment across products and currencies?

To assist market participants in their assessment of the approaches covered by the consultation, the ARRC has included indicative historical analysis to demonstrate how different methods would have operated in the past.

The consultation is open until 6 March 2020.

ARRC COMMENTS ON TRANSITION FROM USD LIBOR TO SOFR

On 6 December 2019, in this article, Tom Wipf, the ARRC Chair, made a number of noteworthy points about the transition from USD LIBOR to SOFR, including:

- there are misconceptions that SOFR's daily variability makes it undesirable as a LIBOR successor. Generally, SOFR is averaged when used in financial instruments and in practice those averages have historically been quite stable;
- unlike LIBOR, which has become increasingly based on estimates and expert judgement, SOFR accurately measures the market it was created to represent and is currently based on an average daily volume of more than US$1 trillion of actual transactions in the U.S. Treasury repo market;
- in November, the New York Fed outlined plans to produce SOFR averages along with a SOFR index. By publishing these averages on its website, which is expected to begin in the first half of 2020, the New York Fed will provide consistently calculated SOFR averages across various terms and an index to facilitate the calculation of averages over custom periods, all of which will be endorsed by the Fed; and
- if institutions must into enter new LIBOR-referencing contracts, they can use fallback language published by the ARRC, which will help market participants safeguard their contracts should LIBOR no longer be available. The ARRC has also published a practical implementation checklist, which outlines steps to consider during the transition.

ARRC PUBLISHES SAMPLE SOFR TERM SHEETS AND FALLBACK LANGUAGE

On 21 November 2019, the ARRC published this Appendix to its August 2019 SOFR Floating Rate Notes Convention Matrix.

The **Matrix** contains information useful for anyone seeking to understand the different options for calculating SOFR-linked FRN interest payments, such as:

- compounded versus simple average;
- margin treatment (adding margin to the daily rate that is compounded or adding to the compounded rate at the end of the compounding period);
- in arrears versus in advance framework;
- lockouts, lookbacks and payment delays;
- business day conventions;
- interest payment date adjustments;
- day count conventions;
- SOFR fallbacks; and
- negative interest rates.

The **Appendix** contains:

- recommended fallback language for SOFR-based floating rate notes;
- all the definitions needed for:
  - a compounded SOFR FRN with lookback (i.e. SOFR for any day in an interest period is determined by looking back a set number of business days from that day);
  - a compounded SOFR FRN with an observation period shift (i.e. for any interest period SOFR is determined by reference to a corresponding observation period which begins a set number of business days before the interest period); and
  - a compounded SOFR FRN with a payment shift (i.e. interest is calculated and accrued by reference to an accrual period but is then paid on a payment date which is a set number of business days after the end of the accrual period); and
- a helpful table comparing and contrasting the three variations referred to above.

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ARRC PUBLISHES FALLBACK LANGUAGE SUMMARY

On 15 November 2019, the ARRC published this summary of its LIBOR contractual fallback language for:

- FRNs (originally published 25 April 2019);
- bilateral business loans (originally published 31 May 2019);
- syndicated loans (originally published 25 April 2019);
- securitisations (originally published 31 May 2019); and
- residential adjustable rate mortgages (originally published 15 November 2019).

The summary provides an overview and comparison, in diagrammatic form, of (i) trigger events, (ii) benchmark replacement waterfalls, and (iii) benchmark replacement spread adjustments.

FED CONSULTS ON SOFR AVERAGES

On 4 November 2019, the New York Fed released this consultation on SOFR averages and a SOFR index. The intention is to publish, daily:

- three historic compounded averages of SOFR with tenors of 30-, 90-, and 180-calendar days, each "looking back" over the relevant number of historical calendar days from the applicable publication date; and
- a SOFR index to allow calculation of compounded average rates over custom time periods.

The consultation proposes:

- daily compounding for business days (but not for non-business days), in line with the treatment of interest in the derivatives market; and
- publication of the average or index (as applicable) on the value date every business day at approximately 8:00 a.m. Eastern Standard Time, just after the publication of SOFR (note that SOFR is published the business day *after* its value date).

The consultation then asks various questions about the proposals, including (i) whether the calculation methodology is appropriate, (ii) whether the proposed fixed 30-, 90- and 180-day tenors are appropriate, (iii) whether other tenors should be considered, and (iv) whether the proposed publication arrangements are appropriate.

IBA PUBLISHES UPDATE ON U.S. DOLLAR ICE BANK YIELD INDEX

On 23 October 2019, IBA announced that it had published a third update on the U.S. Dollar ICE Bank Yield Index. The index is being developed to meet the potential benchmark needs of lenders, borrowers and other users of non-derivative or cash products who may need to start using a benchmark other than USD LIBOR.

IBA intends to seek contractual commitments from large, internationally active banks to provide primary market US dollar funding data on an ongoing basis to produce the index.

PROPOSED REGULATIONS ISSUED BY U.S. TREASURY AND INTERNAL REVENUE SERVICE

On 9 October 2019, the U.S. Department of the Treasury and the Internal Revenue Service published proposed regulations which would allow taxpayers to avoid adverse tax consequences arising from changing the terms of debt, derivatives and other financial contracts to replace IBORs with alternative rates.

The proposed rules respond to a request for guidance from the ARRC. They address the possibility that modifying a debt instrument, derivative or other financial contract to replace a reference rate based on an IBOR could be a taxable transaction for federal income tax purposes or could result in other tax consequences. Although the shift from IBORs to alternative rates is expected to be completed by the end of 2021, this guidance is being released as soon as possible to facilitate an orderly market transition.

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Spotlight on Euro

WORKING GROUP ON EURO RFRS PUBLISHES REPORT ON FALLBACKS ON PERMANENT CESSATION OF €STR

On 12 November 2019, the Working Group on Euro RFRs published this report. The report gives guidance to EU-supervised entities which reference €STR in contracts on how to comply with the BMR obligations to (i) have robust written plans in place setting out the actions they would take if €STR were to materially change or cease to be provided, and (ii) reflect those plans in those contracts.

The report recommends fallback provisions, which are consistent with those recommended for cash products referencing EONIA:

- the first-level fallback should be to a rate (inclusive of spread or adjustment) designated by a relevant nominating body; and
- if no such rate is designated, the second-level fallback should be to the EDFR plus the EDFR/€STR spread (instead of the EDFR/EONIA spread used in the EONIA fallback provisions).

This follows the approach taken by ISDA in Supplement 59 (EuroSTR FRO) to its 2006 Definitions.

WORKING GROUP ON EURO RFRS PUBLISHES HIGH-LEVEL RECOMMENDATIONS FOR FALLBACK PROVISIONS IN EURIBOR TRANSACTIONS

On 6 November 2019, the Working Group on Euro RFRs published this report setting out high-level recommendations for fallback provisions in contracts for cash products and derivatives transactions referencing EURIBOR.

The report recommends that the development of EURIBOR fallback provisions should take into account the following:

- new contracts should include provisions which cover both permanent and temporary cessation triggers. These should be objective and define the circumstances in which they will apply, including the date from which the fallback rate will apply, and should comply with the BMR where applicable;
- new contracts should contemplate adjustments to address differences between the value of EURIBOR and the value of the fallback rate; and
- where possible, if applicable, new contracts should include flexible provisions to facilitate the application of new fallback provisions and/or should amend the consent levels required for future amendments to the agreements.

The report also contains a suggested generic EURIBOR fallback provision and notes that the specific features of the product, contractual documentation and market practice, as well as any applicable local laws relating to frustration or discontinuation of agreements, will need to be considered.

WORKING GROUP ON EURO RFRS PUBLISHES REPORT ON ACCOUNTING IMPLICATIONS OF TRANSITION FROM EONIA TO €STR AND €STR-BASED FALLBACKS FOR LIBOR

On 5 November 2019, the Working Group on Euro RFRs published this report on the accounting implications of the transition from EONIA to €STR and the introduction of €STR-based fallbacks for EURIBOR. It makes recommendations relating to:

- the assessment of whether changes to contracts resulting from the transition from EONIA to €STR are substantial or non-substantial modifications;
- the potential effect of a timing mismatch between the transition of the hedged item(s) and the hedging instrument;
- reducing implementation challenges by harmonising benchmark fallbacks across different products; and
- the impact of a change in value for financial instruments measured at fair value on transition where EONIA or EURIBOR-based curves are replaced by the €STR curve or an €STR-based curve.

WORKING GROUP ON EURO RFRS PUBLISHES COMMUNICATION TOOLKIT

On 23 October 2019, the Working Group on Euro RFRs published a communication toolkit, which includes:

- FAQs covering €STR, the transition from EONIA to €STR, fallback provisions for EONIA and EURIBOR and the development of term rates based on €STR;
- slides covering, among other things, the transition from EONIA to €STR, fallback provisions for EURIBOR, and action to be taken by market participants; and
- this checklist for navigating the transition from EONIA to €STR including timelines and key recommendations. It also considers (i) the issues surrounding the use of EONIA, (ii) key milestones of the EONIA to €STR transition, and (iii) the primary features of €STR.

WORKING GROUP ON EURO RFRS PUBLISHES REPORT ON RISK MANAGEMENT IMPLICATIONS OF EONIA TO €STR TRANSITION AND €STR-BASED FALLBACKS FOR EURIBOR

On 17 October 2019, the Working Group on Euro RFRs published this report on the risk management implications of (i) the transition from EONIA to €STR and (ii) the introduction of €STR-based fallbacks for EURIBOR. The report makes recommendations in relation to:

- general risk management issues – for example, market participants should identify affected products and determine the most appropriate way to amend legacy EONIA contracts and document new transactions;
- the risks arising from the EONIA to €STR transition; and
- the risks arising from moving to €STR-based fallbacks for EURIBOR – for example, the possible implications of timing inconsistencies in fallback triggers and different fallback trigger language for different asset classes, especially in hedging context.

The report recommends using the same fallback rates for all products if possible.

ECB PUBLISHES €STR AND REVISED EONIA FOR THE FIRST TIME

On 2 October 2019, the ECB published €STR for the first time, reflecting trading activity on 1 October 2019. On the same date, EMMI published EONIA using the revised methodology that directly tracks €STR (€STR plus a spread of 8.5 basis points, reflecting the historical difference between the two benchmarks).

To facilitate the transition from EONIA to €STR, EMMI will continue to publish EONIA every TARGET day until 3 January 2022, the date on which EONIA will be discontinued.

Spotlight on Japanese Yen

COMMITTEE ON JAPANESE YEN INTEREST RATE BENCHMARKS PUBLISHES FINAL REPORT ON RESULTS OF PUBLIC CONSULTATION

On 29 November 2019, the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks published its final report on the results of the public consultation on the appropriate choice and usage of Japanese Yen interest benchmarks. The committee seeks a "multiple-rate approach" in Japan, promoting TONA as the identified JPY RFR where appropriate, while also recognising that TIBOR reforms implemented by the Japanese Bankers Association TIBOR Administration should ensure that TIBOR can continue to be used.

The consultation covered a variety of topics including:

- options of alternative benchmarks for transition from JPY LIBOR and replacement benchmarks for fallbacks;
- evaluation of options for cash products;
- approaches to fallbacks for cash products;
- accounting issues; and
- transition plans.

In general, most respondents supported forward-looking term rates based on derivative transactions such as JPY OIS and interest rate futures but, since these will take time to develop, the need for temporary use of other options was also recognised.

Building upon the conclusions in the report, the committee expects the next phase to include:

- firm-wide initiatives to identify specific financial instruments and transactions referencing LIBOR;
- a market-wide action plan towards the development of term reference rates; and
- the introduction of suitable contractual provisions in new and existing contracts to account for the transition from LIBOR.

Spotlight on Hong Kong Dollar

HKMA PUBLISHES SUMMARY OF LATEST DEVELOPMENTS AND NEXT STEPS

On 23 October 2019, this HKMA circular was released summarising the latest developments in the reform of interest rate benchmarks in Hong Kong and the next steps that the HKMA plans to take to monitor the progress of the transition from IBORs to alternative RFRs. In particular:

- the TMA has identified HONIA as the recommended RFR for HIBOR, but there is no plan to discontinue HIBOR;
- the working group on RFRs formed under the TMA has convened regular meetings to discuss issues arising from the reform, with a view to helping local market participants prepare for possible discontinuation of LIBOR and to facilitating the adoption of HONIA; and
- the HKMA will start conducting a regular survey shortly to collect information on authorised institutions' exposures referencing IBORs and the progress of their preparatory work for the transition.

Spotlight on Singapore Dollar

ABS-SFEMC CONSULTS ON TRANSITION FROM SOR TO SORA

On 30 August 2019, the ABS-SFEMC issued this public consultation on the SGD-SOR transition. As SOR relies on USD LIBOR in its computation methodology, the outlook for USD LIBOR beyond end-2021 has implications for the long-term viability of SOR.

This consultation identified SORA as the most suitable and robust alternative benchmark to SOR, particularly for interest rate derivatives, and sought feedback on a proposed transition roadmap. The consultation closed on 31 October 2019. At the same time, the MAS announced the formation of a Steering Committee for the transition from SOR to SORA.

Industry Insights

Insights from ISDA

ISDA PUBLISHES LETTERS RECEIVED IN RESPONSE TO REQUEST FOR CLARIFICATION ON PRE-CESSATION TRIGGERS

On 24 January 2020, ISDA published on its website letters from the FCA and ICE Benchmark Administration.

The letters were delivered in response to ISDA's request for certain confirmations relating to any future statement of the non-representativeness of LIBOR. For background, please see ISDA requests further clarity in respect of non-representative LIBOR.

The letter from the FCA sets out the reasons why the market should not assume that publication of a non-representative LIBOR based on reduced panel bank submissions would last for more than a short period (i.e. months, not years). The letter goes on to reiterate the FCA's preference for an orderly cessation of LIBOR, where its discontinuation is pre-announced and publication of a non-representative LIBOR is avoided. Notwithstanding this, the FCA points out that firms should understand that a non-representative LIBOR is a possibility and should avoid being exposed to this where possible, for example by including pre-cessation triggers in contracts. The letter also discusses the relevance of Brexit and the BMR in this context.

The IBA letter refers to its Changes and Cessation Procedure for LIBOR, which outlines the steps that would be taken if IBA suspected that any LIBOR setting were likely to become non-representative. The letter goes on to state that IBA's preference and its expectation – bar any unexpected developments – would be that any cessation would be pre-announced "a reasonable time in advance" of the rate becoming potentially non-representative. The letter concludes with a statement that IBA would "not be comfortable with publishing a non-representative benchmark" and emphasises that "the indefinite or continuing publication of an unrepresentative LIBOR rate is not contemplated by the BMR".

In a statement on its website, ISDA also references this December announcement by LCH in respect of pre-cessation triggers in relation to SwapClear and says that the market is starting to get a better perspective on pre-cessation issues. It describes the information provided in the two letters and the LCH statement as "an important step".

ISDA PUBLISHES INTEREST RATE BENCHMARKS REVIEW FOR 2019

On 21 January 2020, ISDA published its Interest Rate Benchmarks Review: Full Year 2019 and the Fourth Quarter 2019. The review analyses trading volumes in the US of interest rate derivative transactions referencing RFRs. The review:

- notes that the aggregate traded notional amount referencing RFRs increased from US$8.1 trillion in 2018 to US$8.7 trillion in 2019;
- explains that, notwithstanding this increase, RFR transactions continue to constitute a small percentage of total interest rate derivative trading activity, accounting for just 3.4% of the aggregate traded notional amount in 2018 and 2019; and
- discusses the total trading activity in 2019 for interest rate derivative transactions referencing RFRs, including SOFR, SONIA and €STR.

ISDA AND BLOOMBERG PUBLISH FALLBACK RATE ADJUSTMENTS FAQS

On 13 January 2020, ISDA and Bloomberg published these FAQs on IBOR fallback rate adjustments, dated 3 December 2019. The FAQs cover the following issues:

- which IBORs are relevant and why RFRs are needed if IBORs are still available;
- fallback adjustments and why they are needed;
- Bloomberg's role in calculating the rates, and details of rate publication;
- the availability of data and associated cost and licensing issues;
- timing of data publication; and
- permanent cessation triggers.

CONTENTS

ISDA LAUNCHES CONSULTATION ON EURO LIBOR AND EURIBOR

On 18 December 2019, ISDA launched a supplemental consultation on the spread and term adjustments to apply to fallbacks for derivatives referencing Euro LIBOR and EURIBOR if they are permanently discontinued. The consultation also covers technical issues related to the adjustment methodology and seeks feedback on whether the adjustments would be appropriate for other, less common, IBORs if ISDA implements fallbacks for those benchmarks in the future. The consultation closed on 21 January 2020.

ISDA will subsequently publish a Supplement amending its 2006 Definitions to incorporate fallbacks for new trades referencing certain IBORs. A Protocol will also be published to enable market participants to incorporate fallbacks into legacy IBOR contracts.

Both the Supplement and the Protocol are expected to be published in the first quarter of 2020 and take effect three months later. If the feedback for EUR LIBOR and EURIBOR is consistent with prior consultations, ISDA intends to implement these fallbacks at the same time.

ISDA REQUESTS FURTHER CLARITY IN RESPECT OF NON-REPRESENTATIVE LIBOR

On 4 December 2019, ISDA published this letter to the FSB OSSG, in response to the OSSG's letter dated 15 November 2019 asking ISDA to include a pre-cessation trigger in its forthcoming Protocol.

In its letter, ISDA says that the following are required to increase market understanding of the implications of a statement of non-representativeness:

- a statement from the FCA and IBA that a non-representative LIBOR would only be published for a minimal period of time only, i.e. months, not years[1]; and
- a public, definitive confirmation that CCPs' rules have been amended such that, following a "non-representative" announcement in respect of LIBOR, CCPs' portfolios of cleared LIBOR derivatives would be amended to reference the relevant adjusted RFR.

ISDA says in the letter that, once this clarity has been given, it will launch a second consultation on pre-cessation triggers (for information on ISDA's first consultation on pre-cessation triggers, see ISDA reports on responses to consultation on pre-cessation issues.

1 Under the BMR, a non-representative rate can continue to be published for a "reasonable time period" while the administrator considers whether to amend the methodology, in order to ensure representativeness.

ISDA PUBLISHES RESULTS OF CONSULTATION ON FINAL PARAMETERS FOR BENCHMARK FALLBACK ADJUSTMENTS

On 15 November 2019, ISDA published this report summarising the responses to its recent consultation on the final parameters of adjustments to apply to derivative fallbacks for USD LIBOR, HIBOR and CDOR, as well as certain aspects of fallbacks for derivatives referencing SOR, on permanent discontinuation (this earlier consultation had covered GBP LIBOR, CHF LIBOR, JPY LIBOR, TIBOR, Euroyen TIBOR and BBSW).

Earlier consultations on adjustments found that the majority of respondents preferred:

- the "compounded setting in arrears rate" to address differences in tenor between IBORs and overnight RFRs; and
- the "historical mean/median approach" to deal with differences in credit risk and other factors.

A subsequent consultation looked at technical issues on specific methodologies for the two adjustments. Responses show that a majority of respondents prefer:

- an historical median approach over a five-year look-back period;
- (i) not to include a transitional period in the spread adjustment calculation, (ii) not to exclude outliers, and (iii) not to exclude any negative spreads; and
- a two-banking-day backward shift adjustment for operational and payment purposes (as opposed to a "lockout").

For new transactions, ISDA plans to amend the 2006 ISDA Definitions to incorporate fallbacks, with adjustments, for new IBOR trades. For legacy transactions, ISDA will publish a Protocol to enable market participants to incorporate fallbacks into legacy IBOR contracts. The Protocol will take effect three months after its publication, so that all adherents' legacy transactions are amended at the same time. The amendments to the ISDA Definitions will take effect on the Protocol effective date.

ISDA REPORTS ON RESPONSES TO CONSULTATION ON PRE-CESSATION ISSUES

On 21 October 2019, ISDA summarised the responses to its consultation on pre-cessation issues for IBORs. The consultation considered how derivatives documentation should respond to a regulatory announcement that an IBOR is no longer representative of the underlying market.

Most respondents said that they would not want to continue referencing an IBOR if it was no longer representative, but no consensus was reached on how fallback provisions should operate. Responses were divided between:

- supporting a pre-cessation "non-representativeness" trigger being included in fallback provisions but with the flexibility to include or exclude certain trades and/or counterparties;
- supporting a trigger but without flexibility or optionality;
- supporting a trigger but not expressing a preference on flexibility; and
- opposing a pre-cessation trigger.

Previously, on 9 August 2019, ISDA published a statement of the preliminary results of its benchmark fallbacks consultation on pre-cessation issues for derivative contracts referencing IBORs.

"Although several important milestones were met last year… greater momentum is needed, and 2020 will be a key year for transition. Orderly and timely progress requires individual firms to actively engage with the wider transition efforts in the market – both those of the authorities and of industry. We expect to see clear evidence of this engagement from the beginning of Q1 2020"

JOINT LETTER FROM THE UK PRUDENTIAL REGULATION AUTHORITY AND THE FINANCIAL CONDUCT AUTHORITY TO SENIOR MANAGERS 'NEXT STEPS ON LIBOR TRANSITION' (JANUARY 2020)

ISDA PUBLISHES SUPPLEMENTS 59 (€STR FRO) AND 60 (REVISED EONIA FRO)

On 1 October 2019, ISDA published the following Supplements to the 2006 ISDA Definitions:

- Supplement 59: compounded €STR Floating Rate Option; and
- Supplement 60: revised EONIA Floating Rate Option incorporating a fallback to €STR + 0.085% on the cessation of EONIA. The Supplement also includes further fallback provisions, which would apply if there were a cessation of €STR, in line with the Working Group on Euro RFRs recommendations for €STR cash products.

ISDA CONSULTS ON ADJUSTMENTS TO BENCHMARK FALLBACKS

On 18 September 2019, ISDA published a consultation on the adjustments to be made to derivatives fallbacks if an IBOR is discontinued. The adjustments are necessary because: (i) the IBORs are available in multiple tenors, but the fallback RFRs are overnight rates, and (ii) IBORs incorporate a bank credit risk premium and a variety of other factors, but RFRs do not.

The consultation covers USD LIBOR, GBP LIBOR, CHF LIBOR, JPY LIBOR, TIBOR, Euroyen TIBOR, BBSW, HIBOR and CDOR. EUR LIBOR and EUROBOR are the subject of a further consultation (see ISDA launches consultation on Euro LIBOR and EURIBOR.

Following the results of two previous ISDA consultations, which set out options for the adjustments, this consultation seeks views on the final parameters for the historical mean/median approach to the spread adjustment and the compounded setting in arrears rate.

ISDA has also published this report confirming preliminary findings from the previous consultations.

CONTENTS

Insights from the LMA

LMA HOSTS WEBINAR UPDATE ON LIBOR TRANSITION

On 23 January 2019, the LMA hosted an interactive webinar on LIBOR transition in the loan market. The session included a live Q&A with participants and a presentation covering (i) current loan market transition issues and (ii) recommended action points for market participants.

LMA PUBLISHES EXPOSURE DRAFT REFERENCE RATE SELECTION AGREEMENT

On 25 October 2019, the LMA published an exposure draft Reference Rate Selection Agreement, which aims to streamline the amendment of existing loan transactions.

The exposure draft provides lenders, agents and borrowers with a framework under which the parties would stipulate the basic commercial terms for the selection of an RFR and authorise the facility agent and the borrower (and, if applicable, the obligors) to determine the necessary amendments to the facility agreement in accordance with the terms set out in the Reference Rate Selection Agreement. While the exposure draft anticipates it being a two-stage process, the benefit of the Reference Rate Selection Agreement is that it would make the process of agreement to such amendments easier to manage for the facility agent and lenders (who would not need to approve all of the changes to the relevant facility agreement).

LMA PUBLISHES A NOTE ON THE TRANSITION FROM LIBOR TO RISK-FREE RATES: WHAT THE EXPORT FINANCE MARKET NEEDS TO KNOW

On 11 September 2019, the LMA published a note focusing on the use of RFRs in the export finance market and discussing the impact of LIBOR transition on documentation for new and existing deals.

LMA PUBLISHES EXPOSURE DRAFT TERM AND REVOLVING FACILITIES AGREEMENTS

On 23 September 2019, the LMA published exposure drafts of:

- a compounded SONIA-based sterling term and revolving facilities agreement; and
- a compounded SOFR-based dollar term and revolving facilities agreement,

which incorporate SONIA and SOFR as the chosen replacement RFRs for Sterling LIBOR and USD LIBOR respectively.

Each draft has a corresponding commentary examining related structuring issues.

The LMA has not published "recommended" forms as there is insufficient established market practice for this.

The drafts are single currency facility agreements based on the compounded average of the RFR calculated on an in arrears basis over an observation period starting before the start of, and ending before the end of, an interest period (that is, a "lag" (as opposed to a "lockout")). This approach is consistent with the development of the SONIA and SOFR referencing FRN market.

LMA PUBLISHES GUIDANCE NOTE ON €STR PUBLICATION AND CHANGES TO EONIA

On 2 October 2019, the LMA published a guidance note on €STR publication and changes to EONIA. The note highlights the inaugural publication of the €STR by the ECB and the changes made to EONIA. It includes suggested forms of drafting for referencing €STR in loan documentation which would have previously referred to EONIA.

Insights from the LSTA

LSTA INITIATES A WEEKLY LIVE LIBOR Q&A

The LSTA has initiated a weekly live LIBOR Q&A call to take place on Monday afternoons at 3pm (ET). The purpose of the call is to address the LIBOR-related questions received by the LSTA. Further details can be obtained from the LSTA website.

LSTA PUBLISHES DRAFT SOFR "CONCEPT CREDIT AGREEMENT"

On 1 October 2019, the LSTA distributed a draft "concept credit agreement" referencing a compounded average of daily SOFRs calculated in arrears.

The draft was distributed to the LSTA's Primary Market Committee and the LSTA's SOFR working group for review and feedback, but is available to all LSTA members via the LSTA website.

AFME

AFME PUBLISHES WHITE PAPER ON MANAGING CONDUCT RISK DURING LIBOR TRANSITION

On 17 December 2019, AFME published this white paper, the first in a wider series, on managing conduct and compliance risks during LIBOR transition. Its purpose is to identify steps that LIBOR transition compliance teams might consider when establishing an effective governance framework for their LIBOR transition process to minimise conduct risk. It covers (i) project planning, (ii) project implementation, and (iii) post-implementation and suggests questions for firms to consider when implementing the reform.

Regulatory Watch

FSB PUBLISHES PROGRESS REPORT ON REFORMING MAJOR INTEREST RATE BENCHMARKS

On 19 December 2019, the FSB published its fifth progress report on reforming major interest rate benchmarks. This report contains a comprehensive review of developments during the year, covering not only the five LIBOR currencies but also other jurisdictions' currencies, including those of Australia, Canada, Hong Kong and Singapore.

FSB REQUESTS THAT ISDA ADD PRE-CESSATION "NON-REPRESENTATIVENESS" TRIGGER TO AMENDED DEFINITIONS

On 15 November 2019, the FSB published this letter encouraging ISDA to include a pre-cessation trigger (alongside the cessation trigger) in its amended rate definitions. The trigger would apply if an appropriate authority were to find that a relevant IBOR was no longer representative of its underlying market – for example, if panel banks stop submitting data for LIBOR after the end of 2021, when they will no longer be compelled to do so.

CCPs have confirmed that they would transition cleared contracts away from LIBOR if it were found to be non-representative, and move to the preferred RFR for the LIBOR currency in question. Without a pre-cessation trigger in outstanding uncleared contracts, market participants could face a disruptive fragmentation across the cleared and uncleared derivatives markets.

FCA AND BANK OF ENGLAND PUBLISH LIBOR TRANSITION FACT SHEET

On 16 January 2020, the FCA and the Bank of England published this fact sheet, "Calling time on LIBOR: Why you need to act now". The publication summarises the current position with regard to the transition away from LIBOR and sets out steps that market participants should take to reduce their LIBOR exposures. The fact sheet was published as part of a broader suite of publications, which you can read about here.

FCA AND PRA PUBLISH "EXPECTATIONS" LETTER TO BANKS

On 16 January 2020, the FCA and PRA published this letter to senior managers at major banks, setting out their expectations as regards LIBOR transition.

The letter emphasises that 2020 will be a key year for transition, reiterating that "the intention is that Sterling LIBOR will cease to exist after the end of 2021" and that "[n]o firm should plan otherwise".

It also confirms the FCA's and the Bank of England's support of the targets set by the Working Group on Sterling RFRs for LIBOR transition in 2020, which include (i) no further issuance of GBP LIBOR-based cash products maturing beyond 2021 after September 2020 and (ii) increasing efforts to promote the use of compounded SONIA and to transition legacy LIBOR products.

FCA AND BANK OF ENGLAND ENCOURAGE SWITCH FROM LIBOR TO SONIA FOR INTEREST RATE SWAPS ON 2 MARCH 2020

On 16 January 2020, the FCA and the Bank of England published this statement encouraging market makers to switch the convention for Sterling swaps from LIBOR to SONIA on 2 March 2020, "to help progress transition in the derivatives market", echoing the priorities for 2020 identified on the same date by the Working Group on Sterling RFRs.

The statement says the market for SONIA derivatives is already well established, with average cleared OTC SONIA swaps exceeding £4.5 trillion per month over the past six months, and the traded monthly notional value being already broadly equivalent to Sterling LIBOR.

FCA PUBLISHES SPEECH ON NEXT STEPS IN LIBOR TRANSITION

On 21 November 2019, the FCA published this speech by Edwin Schooling Latter on the next steps in the transition from LIBOR. Key points are:

- the FCA wants market makers to make SONIA the market convention in Sterling interest rate swaps from Q1 2020; and
- the FCA supports the ARRC's published recommendations on including fallbacks with a pre-cessation trigger in cash market contracts and the conclusions (published in October 2019) of the majority of respondents to ISDA's consultation on pre-cessation triggers in new or existing derivatives contracts.

A "pre-cessation trigger" contemplates a situation where an IBOR's final cessation is preceded by a period in which it is still published but no longer passes the BMR test of being capable of measuring the underlying market or economic reality (i.e. it has become "non-representative").

FCA PUBLISHES Q&A ON CONDUCT RISK DURING LIBOR TRANSITION

On 19 November 2019, the FCA published these Q&As on conduct risk during LIBOR transition. Through the Q&As the FCA stresses that:

- firms' senior managers and boards are expected to understand the risks associated with LIBOR transition and take appropriate action to move to alternative rates ahead of 2022;
- firms should have robust governance arrangements for managing risk in their business, including the risks associated with LIBOR transition;
- meeting these obligations may include keeping appropriate records of management meetings or committees that demonstrate they have acted with due skill, care and diligence in their overall approach to LIBOR transition and when making decisions impacting customers;
- firms will, where possible, need to amend contracts for LIBOR-linked products that mature beyond 2021 in negotiation with their customers to ensure the product continues to operate effectively;
- firms which continue to market, distribute and/or sell LIBOR products that mature beyond end-2021 must fully explain to customers what will happen if LIBOR ceases to be produced, and its effect on the customer; and
- an overarching concern for the FCA will be whether firms have taken "reasonable steps" to treat customers fairly. In particular, the Q&As note that (i) LIBOR discontinuation should not be used to move customers to replacement rates that are expected to be higher than what LIBOR would have been or otherwise introduce "inferior terms"; and (ii) when effecting transition away from GBP LIBOR, firms are not expected to give up the difference between LIBOR and SONIA as a result of SONIA not taking into account the credit and term premium that is built into the LIBOR rate.

FCA LAUNCHES LIBOR TRANSITION WEBPAGE

On 4 September 2019, the FCA launched this dedicated LIBOR Transition webpage.

The page contains useful information about:

- why LIBOR is expected to cease after 2021;
- why firms must transition to RFRs before this date; and
- ongoing transition initiatives and actions that the FCA is taking to facilitate the transition.

It also contains information on international coordination of benchmark reform and several links to key documents and websites.

CONTENTS

GLOSSARY

€STR – Euro Short-Term Rate (also "EuroSTR")

ABS – the Association of Banks in Singapore

AFME – Association for Financial Markets in Europe

ARRC – Alternative Reference Rates Committee

BCBS – Basel Committee on Banking Supervision

BMR – EU Benchmark Regulation (EU Regulation 2016/1011)

CCP – Central Clearing Counterparty

ECB – European Central Bank

EDFR – European Deposit Facility Rate

EMIR – The European Market Infrastructure Regulation (EU Regulation 648/2012)

EMMI – European Money Markets Institute

EONIA – Euro Overnight Index Average

EURIBOR – Euro Interbank Offered Rate

FCA – Financial Conduct Authority

FRN – Floating Rate Note

FSB – Financial Stability Board

HIBOR – Hong Kong Interbank Offered Rate

HKMA – Hong Kong Monetary Authority

HONIA – Hong Kong Dollar Overnight Index Average

IBA – ICE Benchmark Administration Ltd

IBOR – Interbank Offered Rate

IOSCO – The International Organization of Securities Commissions

LIBOR – London Interbank Offered Rate

LMA – Loan Market Association

LSTA – Loan Syndications and Trading Association, Inc.

MAS – Monetary Authority of Singapore

OSSG – Official Sector Steering Group

PRA – Prudential Regulation Authority

RFRs – Risk-Free Rates

SIBOR – Singapore Interbank Offered Rate

SFEMC – Singapore Foreign Exchange Market Committee

SOFR – Secured Overnight Financing Rate

SONIA – Sterling Overnight Index Average

SOR – Singapore Offered Rate

SORA – Singapore Overnight Rate Average

TIBOR – Tokyo Interbank Offered Rate

TMA – Treasury Markets Association

TONA – Tokyo Overnight Average Rate

TSRR – Term SONIA Reference Rate

CONTENTS

Our Global Capability

Over the past 18 months, we have been at the forefront of the IBOR transition market, having advised on various 'market first' transactions and having been mandated by a number of investment, commercial and retail banking clients on their IBOR transition projects.

We differentiate ourselves through our fully integrated and seamless offering which combines:

TOP TIER SUBJECT MATTER EXPERTS

With extensive knowledge of IBOR reform across the impacted currencies, jurisdictions and products (including loans, bonds, securitisation and derivatives).

ASHURST ADVANCE

Our efficient delivery platform comprising scalable and cost-efficient resourcing, tried and tested legal project management and legal process improvement specialists, and cutting-edge legal technology.

OUR CAPABILITY

Top tier IBOR/product subject matter expertise

Our expertise in IBOR and financial markets products and intimate knowledge of market practice enable us to identify and mitigate the key IBOR issues, risks and challenges for banks

Cutting edge legal technology

Best in class contract automation, document review/AI and collaboration tools are applied by our expert legal technologists to increase efficiency and improve risk management

Cost-effective resourcing

Our team of over 70 legal analysts in Glasgow and Brisbane, combined with our South African managed legal services offering, drive efficiency as a scalable lower cost resourcing solution

Strong project management

Our professional legal project managers ensure successful delivery on time and to budget, and produce sophisticated management reporting

Large scale bank project experience

We have worked on a significant number of large scale regulatory-driven due diligence and repapering projects for banks

Process improvement

Our legal process improvement professionals drive continual process improvement to learn lessons real-time throughout the project

TOP TIER IBOR EXPERTISE

Our extensive experience has enabled us to identify and mitigate the key issues, risks and challenges faced by banks including:

- SCOPING AND PRIORITISING
- DUE DILIGENCE, DATA CLEANSING AND ACCURACY
- UNDERSTANDING THE COMMERCIAL IMPACT
- CLEAR ROUTE TO EXECUTION
- UNIFORMITY OF APPROACH
- COMMUNICATION WITH CLIENTS AND CUSTOMERS
- TREATING CUSTOMERS FAIRLY
- DOCUMENT AUTOMATION

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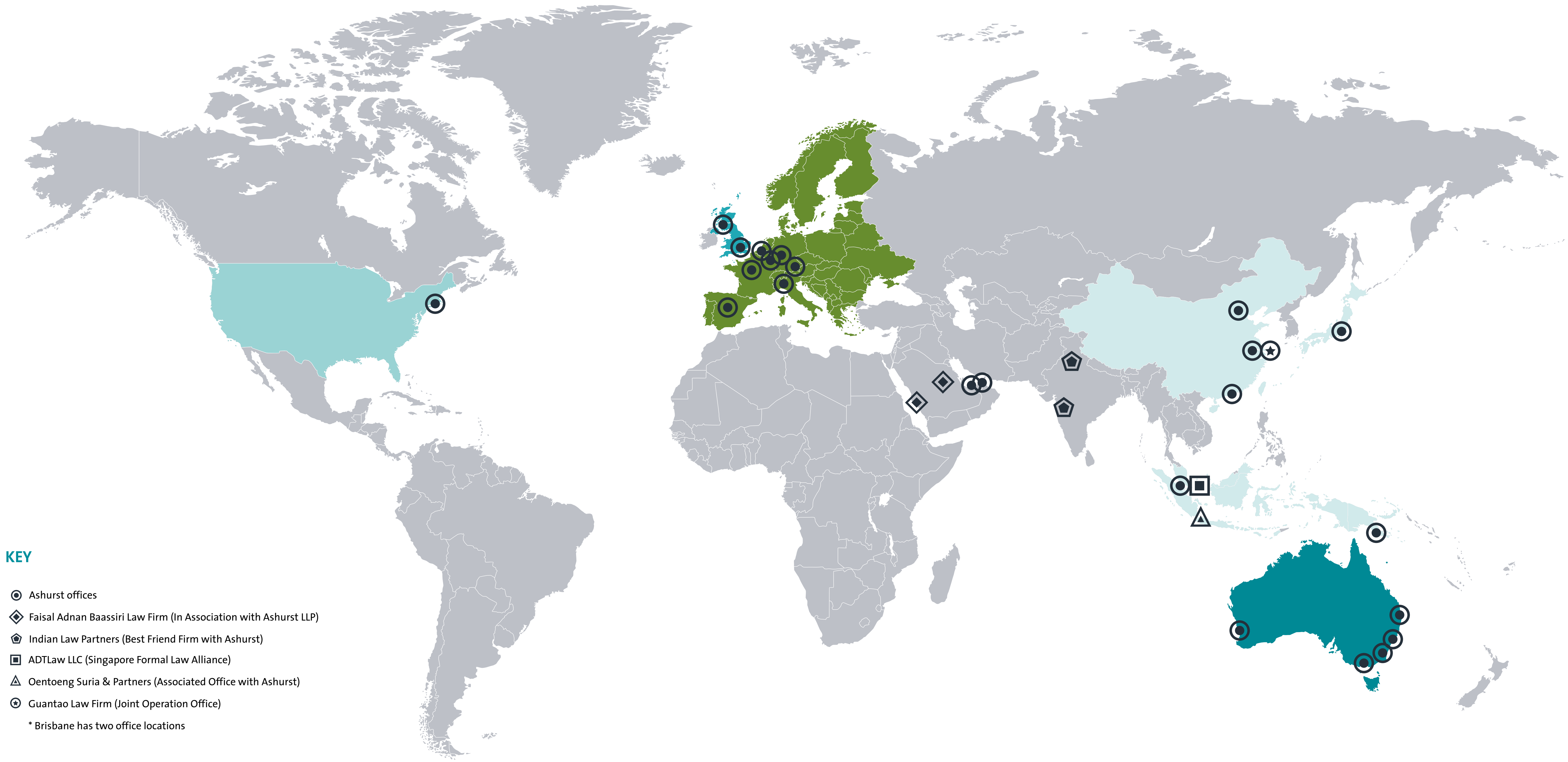
Our Global Coverage



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