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IBOR Aware

JUNE 2020 – 2ND EDITION

Contents

WELCOME TO THE 2ND EDITION OF IBOR AWARE

It seems a world away that we published our inaugural edition of IBOR Aware in February. At that point, momentum behind IBOR transition was building strongly, regulators had declared 2020 to be a decisive year in the shift away from IBORs and efforts were ramping up to embrace the market-wide adoption of risk-free rates. Three months on, the world, society and financial markets look very different with the COVID-19 pandemic having wreaked unprecedented levels of economic and social disruption and seemingly left few markets unscathed. And, as we publish this 2nd Edition of IBOR Aware, it seems the light at the end of the tunnel is only beginning to emerge for many of us.

Over the past few months, market participants and regulators have (quite rightly, in our view) turned their attention to more pressing matters: delivering unprecedented fiscal support to combat the economic effects of the COVID-19 pandemic. The challenge has been described as a defining moment in this generation of economic policymakers.

Yet, during that time, many market participants have asked whether the economic shock of the COVID-19 pandemic will lead to regulators resetting their regulatory objectives, or potentially abandoning IBOR reform altogether.

As we begin to emerge from the social and economic lock-downs imposed by governments across the world to combat the initial effects of the COVID-19 pandemic, regulators have provided their response: while the postponement of a number of interim deadlines originally set for Q3 2020 and Q1 2021 is clearly welcomed, the UK Financial Conduct Authority has re-asserted its central assumption that firms (and market participants) cannot rely on LIBOR being published after the end of 2021. (For further details, please see Working Group on Sterling RFRs announces extension of cut-off date for new sterling LIBOR-based cash lending.)

Furthermore, market participants hoping for the regulators to de-prioritise IBOR reform in light of more urgent items on the regulatory reform agenda will draw few crumbs of comfort from recent commentary on LIBOR rates during March and April.

Firstly, the Bank of England's Monetary Policy Committee noted in its May minutes that "*LIBOR settings had remained elevated*" and that the "*pass-through [of the reduction in risk-free rates] to corporate lending rates had been limited by the recent widening in the spread between three-month Libor and Bank Rate*." The implication clearly being that the subjective term and credit risk premia embedded in LIBOR offset the benefits in the reduction in central bank rates in contrast to SONIA, the Sterling risk-free rate, which moved in line with the reduction in the Bank of England bank rate.

Secondly, the Bank of England's Financial Policy Committee reinforced the continued importance of the transition away from LIBOR. Its Interim Financial Stability Report May 2020 concluded that market volatility in March and April highlighted "*the long-standing weaknesses of LIBOR benchmarks*" and focussed on the divergence between the widening spreads between LIBOR and risk-free and central bank rates during this time. In particular, it drew attention to the reliance on expert judgment to determine LIBOR rates during March and April due to limited or, for some tenor/currency combinations, no interbank transactions underpinning panel submissions.

Effectively, the events of the past two months highlighted the long-standing criticisms of LIBOR: the absence of a reliable, liquid interbank lending market to underpin LIBOR rates and the volatility and the potential distortion of underlying interest rates caused by subjective term and credit risk premia.

In conclusion, the significant impact on financial markets brought on by the COVID-19 pandemic during March and April has seemingly reinforced the regulators' views that IBOR transition remains a permanent fixture on the regulatory calendar for the remainder of 2020 and 2021.

With that in mind, we hope you find this 2nd Edition of IBOR Aware a useful resource in collating all the key developments from the last few months. Notwithstanding the impact of COVID-19, there have been some important developments in the roadmap for IBOR transition over the past few months: the publication of the SOFR Index by the Federal Reserve in early-March, the Bank of England's consultation on its proposals to publish a SONIA Index later in 2020, the results of ISDA's revisited consultation on pre-cessation triggers and the ARRC's recommended approach on adjustment spreads for cash products, to mention just a few.

If you would like to discuss your IBOR transition plans further or would like to speak about what steps you can take now to help your institution deliver IBOR transition, please contact your usual Ashurst contacts or any of the Ashurst contacts listed at the back of this publication.

Stay safe and we look forward to hearing from you.

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

STERLING WORKING GROUP ON RFRS TASKFORCE PUBLISHES PAPER ON TOUGH LEGACY ISSUES

On 29 May 2020, the Tough Legacy Taskforce of the Working Group on Sterling RFRs published this Paper on the Identification of Tough Legacy Issues, that is contracts that prove unable to convert or be amended to include fallbacks ahead of LIBOR discontinuation. The paper discusses the characteristics of 'tough legacy' contracts across derivatives, bonds, loans, and mortgages. In each class it notes the possibility of remedial action by the parties but also the associated difficulties in each case.

The Taskforce's principal conclusion is that the UK Government should consider legislation to address tough legacy exposures in contracts governed by English law that reference at least sterling LIBOR, and ideally other LIBOR currencies, that are still in operation when LIBOR is expected to cease on or after the end of 2021. The Taskforce notes the ARRC proposal for legislative relief under New York law and considers that a similar approach for contracts governed by English law would, be beneficial (for more on this, see ARRC releases proposal for New York legislation for USD LIBOR contracts).

However the Taskforce recognises that there is no guarantee that such a solution will materialise and recommends that other solutions to the tough legacy problem should be pursued in parallel such as LIBOR being stabilised via a so called 'synthetic methodology' for a wind down period following panel bank departure, which is expected to happen at some point after the end of 2021. The Taskforce also calls on market participants to focus primarily on active transition.

BANK OF ENGLAND AMENDS PROGRESSIVE HAIRCUT TIMEFRAME AND CUT-OFF DATES FOR USE OF LIBOR-LINKED COLLATERAL IN STERLING MONETARY FRAMEWORK

On 7 May 2020, the Bank of England published this market notice (the May Notice) in relation to its approach to the use of LIBOR-linked collateral in the Sterling Monetary Framework. This follows publication in February 2020 of this earlier market notice (the February Notice).

The February Notice said that the Bank of England would introduce progressively increasing haircuts on LIBOR-linked collateral against which it lends, starting with a 10% haircut from 1 October 2020, increasing to 40% on 1 June 2021, and reaching 100% by 31 December 2021.

The May Notice amends these dates, so that the 10% haircut will apply from 1 April 2021, increasing to 40% on 1 September 2021, and reaching 100% by 31 December 2021 (this final date remaining unchanged).

The February Notice also said that, from 1 October 2020, any LIBOR-linked collateral issued on or after that date and maturing after 31 December 2021 would be ineligible for use in the Sterling Monetary Framework. The May Notice changes the October 2020 cut-off date to 1 April 2021. The change in date reflects the revised target cut-off date for the issuance of new sterling LIBOR cash products set by the Working Group on Sterling RFRs (for more on this, please see Working Group on Sterling RFRs announces extension of cut-off date for new sterling LIBOR-based cash lending).

PRA ANNOUNCES RESUMPTION OF LIBOR TRANSITION DATA REPORTING AND FULL SUPERVISORY ENGAGEMENT

On 7 May 2020, the PRA announced a re-prioritisation of certain regulatory workstreams, including the transition away from LIBOR. The re-prioritisation includes the resumption of firms' quarterly reporting of LIBOR transition data – and of supervisory engagement on LIBOR transition generally – following a period of reduced regulatory scrutiny in recognition of the impact on firms of the COVID-19 pandemic.

BANK OF ENGLAND PUBLISHES INTERIM FINANCIAL STABILITY REPORT

On 7 May 2020, the Bank of England published this Interim Financial Report, which sets out the Financial Policy Committee's view of the performance of the financial system throughout the COVID-19 pandemic and the outlook for UK financial stability.

The Report contains a section entitled "The continued importance of the transition away from Libor", which highlights that:

- LIBOR rates remain highly reliant on expert judgement generally, due to an absence of sufficient transaction-based data;
- during March 2020, market transactions underpinning LIBOR fell away, leaving rates almost entirely reliant on expert judgement, with no transaction-based data at all being submitted during the week of 16 March 2020 for over half of LIBOR's 35 rates; and
- the proportion of transaction-based submissions for three-month GBP LIBOR has exceeded 10% only once in the past year.

The same section of the Report notes that low volumes of underlying transactions have heightened LIBOR's susceptibility to short-term market illiquidity and price moves, such that recent market volatility led to an increase in LIBOR rates even as central bank rates fell.

BANK OF ENGLAND PUBLISHES MINUTES OF MAY 2020 MONETARY POLICY COMMITTEE MEETING

On 7 May 2020, the Bank of England published the minutes of the May 2020 meeting of its Monetary Policy Committee (MPC). Some of the key points covered are that:

- in response to the financial disruption caused by COVID-19, the MPC voted unanimously to maintain the Bank Rate at 0.1%;
- despite some signs of recovery in the financial market from lows in mid-March, conditions continue to be strained in some markets and LIBOR settings remain elevated;
- initial evidence suggests that interest rates on bank lending to some households and businesses have fallen, although it is too early to assess the wider economic impact of recent reductions in the Bank Rate; and
- pass-through to corporate lending rates has been limited by the recent widening in the spread between three-month LIBOR and the Bank Rate.

WORKING GROUP ON STERLING RFRS ANNOUNCES EXTENSION OF CUT-OFF DATE FOR NEW STERLING LIBOR-BASED CASH LENDING

On 29 April 2020, the Working Group on Sterling RFRs released this statement in light of the COVID-19 pandemic. The statement says that:

- it is no longer feasible to complete transition away from LIBOR across all new sterling LIBOR linked loans by the original end-Q3 2020 target;
- by the end of Q3 2020, lenders should be in a position to offer non-LIBOR linked products to their customers;
- after the end of Q3 2020 lenders should include clear contractual arrangements in all new and re-financed LIBOR-referencing loan products to facilitate conversion before the end of 2021; and
- all new issuance of sterling LIBOR-referencing loan products that expire after the end of 2021 should cease by the end of Q1 2021 (thereby extending the current deadline from Q3 2020).

Notwithstanding the changes to the timeframe for transition, the Working Group renewed its commitment to the deadline of end of 2021 for completion of transition and re-asserted its central assumption that firms should proceed on the basis that they will not be able to rely on LIBOR being published after the end of 2021.

WORKING GROUP ON STERLING RFRS PUBLISHES STATEMENT ON SONIA COMPOUNDED INDEX AND WEIGHTING APPROACHES

On 10 March 2020, the Working Group on Sterling RFRs published this statement on the Bank of England's future Compounded SONIA Index and weighting approaches for observation periods (for further detail on the Index, please see Bank of England announces future publication of Compounded SONIA Index).

The statement emphasises that, while use of the Index will be compatible with any product using a backward-shifted observation period, it should not impact bond issues that use the alternative lag approach. The SONIA FRN and securitisation markets have thus far preferred the lag approach, and the Working Group wants to ensure that confidence in the lag approach is maintained, for both completed and future transactions.

BANK OF ENGLAND ANNOUNCES FUTURE PUBLICATION OF COMPOUNDED SONIA INDEX

On 26 February 2020, the Bank of England announced that from July 2020, subject to market feedback, it will publish a Compounded SONIA Index. This is one of two initiatives described as a way to bring about "a decisive acceleration in effort" in the adoption of RFRs (please see Bank of England amends progressive haircut timeframe and cut-off dates for use of LIBOR-linked collateral in Sterling Monetary Framework above for information on the second initiative).

The Index is intended to help market participants construct compounded SONIA rates in an easy and consistent way, and has been described as a "golden source" of data for market participants to complement or cross-check quotes provided by commercial providers.

The Index should allow users to avoid having to make a large number of individual SONIA observations and a resulting calculation in order to use SONIA to calculate an interest rate over a longer period. Users need only perform a single division of (i) the value of the Index for the end date of the reference period by (ii) the value of the Index for the start date of the reference period, subtract one and multiply the result by the applicable day count fraction for the reference period, to give the rate of interest over the reference period as a rate per annum.

This related discussion paper contains sample calculations based on published SONIA data and shows how the proposed compounding products might work.

Spotlight on US Dollar

ARRC PUBLISHES BEST PRACTICES FOR COMPLETING TRANSITION FROM LIBOR

On 27 May 2020, the ARRC published these recommended best practices to assist market participants in preparing for the cessation of USD LIBOR. They outline a set of key recommended transition milestones that market participants should aim to achieve by specific dates across FRNs, business loans, consumer loans, securitisations, and derivatives.

The principal milestones are:

- inclusion of ARRC-recommended, or substantially similar, fallback language as soon as possible;
- completion by third-party technology and operations vendors of all necessary enhancements to support SOFR by the end of 2020;
- cessation of "new" USD LIBOR usage by different dates depending on specific circumstances in each cash product market; and
- for contracts providing for discretionary selection of a replacement rate by a particular party after a LIBOR transition event, disclosure of the planned replacement rate at least six months prior to the effective replacement date.

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ARRC RECOMMENDS VOLUNTARY COMPENSATION FOR SWAPTIONS IMPACTED BY CCP DISCOUNTING TRANSITION TO SOFR

On 14 May 2020, the ARRC made these recommendations relating to the payment of voluntary compensation for swaptions impacted by the anticipated future CCP discount switch from the EFFR to SOFR in October 2020. The recommendations are that:

- for swaptions traded prior to 30 March 2020 and expiring after 16 October 2020 (being the anticipated switch date), market participants should, voluntarily and on a portfolio basis:
  - incorporate Supplement 64 to the 2006 ISDA Definitions into their transaction documentation and specify SOFR as the Agreed Discount Rate; and
  - exchange compensation for the difference in the value of these swaptions between EFFR discounting and SOFR discounting; and
- for new swaptions, market participants should:
  - where the swaption will expire on or prior to 16 October 2020, specify the EFFR as the Agreed Discount Rate; and
  - for swaptions that will expire after 16 October 2020, specify SOFR as the Agreed Discount Rate.

For more information on ISDA Supplement 64, please see ISDA publishes Supplement 64 to the 2006 ISDA Definitions relating to the settlement of swaptions.

ARRC LAUNCHES SUPPLEMENTAL CONSULTATION ON SPREAD ADJUSTMENT METHODOLOGY

On 6 May 2020, the ARRC launched this supplemental consultation on the spread adjustment methodologies for cash products referencing USD LIBOR. The supplemental consultation contains only two questions, which seek feedback from market participants on whether it would be desirable to further align the ARRC-recommended approach for cash products with the approach that ISDA is taking to fallback rates.

The consultation is open until 8 June 2020. For information on the first consultation, please see ARRC announces recommendation of a spread adjustment methodology for cash products.

ARRC RELEASES STATEMENT ON USE OF THE SOFR INDEX IN FRNS

On 6 May 2020, the ARRC's Floating Rate Notes Working Group released this statement on how the SOFR Index may be referenced in FRNs. It includes:

- text describing the mechanics of the interest calculation (including definitions), which can be inserted into the terms and conditions of an FRN; and
- fallback language to cover the situation where compounded SOFR ceases to exist or be representative of the market it seeks to measure.

The statement also addresses various structuring considerations, including the following:

- the Index can be referenced in FRNs that use a lookback approach with a backward-shifted observation period;
- the Index cannot be used by FRNs that use a lookback approach without an observation period shift;
- an FRN with a payment delay structure could also use the Index; and
- if a "lockout" approach is used with the Index, drafting modifications will be required.

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ARRC RELEASES 2020 OBJECTIVES FOR LIBOR TRANSITION

On 17 April 2020, the ARRC released its 2020 Objectives. To facilitate the industry's move from LIBOR, the ARRC identified six broad categories of objectives with 2020 milestones to meet those objectives. These are: (i) Supporting SOFR Use and Liquidity; (ii) Market Infrastructure and Operations; (iii) Contractual Fallbacks; (iv) Consumer Products; (v) Legal, Tax, Accounting and Regulatory Clarity; and (vi) Outreach, Education and Global Coordination. Four of the six objectives impact the loan market.

Under Supporting SOFR Use and Liquidity, the ARRC reiterated that it intends to publish forward-looking term SOFR in the first half of 2021 if sufficient SOFR derivative liquidity develops. In order to achieve this, by 30 September 2020, the ARRC will establish an RFP process and criteria for recommendations to select an administrator. In addition, by 31 July 2020, the ARRC plans to publish final recommended conventions for business loans, as well as FRNs and securitisations.

Under Market Infrastructure and Operations, the ARRC intends to create tools to help market participants make the operational and infrastructure changes necessary to prepare for LIBOR cessation.

Under Contractual Fallbacks, by 30 June 2020, the ARRC plans to publish a refreshed hardwired fallback for business loans. By 30 September 2020, the ARRC will establish an RFP process for an administrator for ARRC recommended spread adjustments.

Under Legal, Tax, Accounting and Regulatory Clarity, the ARRC has said that it will continue to work with the appropriate authorities as they finalise their proposals.

FEDERAL RESERVE ESTABLISHES US MAIN STREET LENDING PROGRAM

On 9 April 2020, the Federal Reserve announced the establishment of a $600 billion lending program to aid small and medium-sized businesses affected by the COVID-19 pandemic. The new initiative – the Main Street Lending Program – will purchase qualifying loans from lenders that lend to eligible US businesses and was the first of the Federal Reserve's pandemic response facilities to propose using SOFR-based interest as a requirement for collateral eligibility. The program is not yet operational.

The Federal Reserve said that banks must price the loans using SOFR, but US banks have requested for the terms of the program to be changed to allow more flexibility on underlying reference rates – some lenders want to use LIBOR or other benchmarks, since many have yet to adopt SOFR.

ARRC ANNOUNCES RECOMMENDATION OF A SPREAD ADJUSTMENT METHODOLOGY FOR CASH PRODUCTS

On 8 April 2020, the ARRC agreed on a recommended spread adjustment methodology for cash products referencing USD LIBOR. The ARRC's recommended methodology is for market participants' voluntary use, to produce spread adjustments for USD LIBOR contracts that have incorporated the ARRC's recommended hardwired fallback language, or for legacy USD LIBOR contracts where a spread-adjusted SOFR can be selected as a fallback.

Following a public consultation, the ARRC recommended a spread adjustment methodology based on a historical median over a five-year lookback period calculating the difference between USD LIBOR and SOFR. For consumer products, the ARRC additionally recommended a one-year transition period to this five-year median spread adjustment methodology. The five-year median spread adjustment methodology matches the methodology recommended by ISDA for derivatives and would make the ARRC's recommended spread-adjusted version of SOFR comparable to USD LIBOR and consistent with ISDA's fallbacks for derivatives markets. The inclusion of a transition period for consumer products was endorsed by many respondents, including consumer advocacy groups.

ARRC RELEASES PROPOSAL FOR NEW YORK LEGISLATION FOR USD LIBOR CONTRACTS

On 6 March 2020, the ARRC released this proposal for New York legislation in the context of IBOR transition.

Frequently, existing New York law governed contracts do not contain adequate fallback provisions, and many market participants would like to amend their documentation to address this. However, in some cases, 100% investor consent is required for amendments to be made, making the process very difficult or impossible. The proposed legislation, which is based in part on New York legislation enacted in 1998 in anticipation of the discontinuance of sovereign currencies that were being replaced by the euro, would (among other things):

- insert the recommended benchmark replacement (which is likely to be SOFR) as a fallback to LIBOR into contracts that do not have existing fallback language, or fall back to a LIBOR rate (but would not impact contracts which fall back to a non-LIBOR rate); and
- definitively establish that the recommended benchmark replacement is a "commercially reasonable" substitute for LIBOR.

Under the proposals, the parties would be able to opt out of the legislation at any time, including after the occurrence of a trigger event.

FEDERAL RESERVE BANK OF NEW YORK BEGINS PUBLISHING SOFR INDEX AND COMPOUNDED AVERAGES

On 2 March 2020, the Fed began publishing its SOFR Index and Compound Averages.

As with the Bank of England's Compounded SONIA Index, the rationale behind providing a compounded SOFR Index is to avoid users (particularly non-financial market end-users) having to make a large number of individual SOFR observations and a resulting calculation in order to use SOFR to calculate an interest rate over a longer period. Users need only perform a single division of (i) the value of the Index for the end date of the reference period by (ii) the value of the Index for the start date of the reference period, subtract one and multiply the result by the applicable day count fraction for the reference period to give the rate of interest over the reference period as a rate per annum.

The SOFR Index measures the cumulative impact of compounding SOFR on a unit of investment over time, with the initial value set to 1.00000000 on 2 April 2018, the first value date of SOFR. The SOFR Index value reflects the effect of compounding the SOFR each business day and allows the calculation of compounded SOFR averages over custom time periods.

The SOFR Averages and SOFR Index are published by the Fed on its website every business day, shortly after the publication of SOFR at approximately 8:00 a.m.

Spotlight on Euro

ECB WORKING GROUP ON EURO RFRS PUBLISHES SUMMARY OF RESPONSES TO CONSULTATION ON IMPACT OF TRANSITION TO €STR ON SWAPTIONS

On 4 May 2020, the ECB Working Group on Euro RFRs published this summary of responses to its consultation on recommendations for interest rate swaptions in the context of the future transition from EONIA to €STR.

The consultation was published on 13 March 2020 and sought feedback on whether the Working Group should issue recommendations regarding the voluntary exchange of cash compensation between bilateral counterparties to swaption contracts.

The consultation found that:

- respondents broadly support the Working Group making a recommendation that bilateral counterparties to legacy swaption contracts voluntarily exchange compensation;
- half of the respondents are in favour of the Working Group recommending that voluntary compensation exchange take place at a pre-agreed date prior to the CCP discounting switch date; and
- there was no consensus as to which products should be covered by any recommendation.

Related background materials include Supplement 64 to the 2006 ISDA Definitions and an explanatory document entitled "Outline of (I) the settlement of certain swaptions and (II) the issues which arise from the proposed adjustment to discounting by certain clearinghouses", which can be found on the ISDA website.

CCPS ANNOUNCE DELAY TO SWITCH FROM EONIA TO €STR FOR PAI

On 17 April 2020, LCH announced a 5-week extension to the timeline for moving from EONIA to €STR for PAI purposes, from 22 June 2020 to 27 July 2020, in response to the COVID-19 pandemic.

Eurex also announced that its switch from EONIA to €STR would be moved from 22 June 2020 to "on or around" 27 July 2020 and the CME announced that it would delay its transition for cleared EUR interest rate swap products from 19 June 2020 to 24 July 2020.

The timing changes are not currently expected to impact the October 2020 switch to SOFR.

ECB WORKING GROUP ON EURO RFRS PUBLISHES FACTSHEETS ON EONIA TO €STR TRANSITION AND EURIBOR FALLBACKS

On 17 March 2020, the ECB's Working Group on Euro RFRs published factsheets on EONIA to €STR transition and EURIBOR fallbacks.

The transition factsheet covers key messages and the timeline around the shift from EONIA to €STR. Key messages on the impact of the transition on derivatives and cash products include:

- in order to create liquidity across RFRs in advance of the discontinuation of EONIA, clearing houses will switch their PAI methodologies from EONIA to €STR later this year; and
- the Working Group considers that rebalancing the economic value changes using cash compensation may have advantages in terms of operational simplicity compared to other methods.

Risk management and accounting implications are also covered in the transition factsheet.

The fallbacks factsheet says that the Working Group plans to issue two consultations in the second quarter of 2020, with recommendations being published in June 2020. One consultation will cover the credit spread adjustment to be added to EURIBOR fallback rates and related market conventions, and the other will cover trigger events and operational considerations.

ECB WORKING GROUP ON EURO RFRS PUBLISHES REPORT ON TRANSFER OF EONIA'S LIQUIDITY TO €STR

On 19 February 2020, the ECB's Working Group on Euro RFRs published this report on the transfer of the liquidity in cash and derivative products in the EONIA market to the €STR market. Among other things, the report:

- recommends that market-makers proactively price in €STR rather than EONIA as their default position;
- highlights that market participants need to be ready to hedge €STR exposure that arises when major CCPs switch their discounting calculation methodology from EONIA to €STR;
- says that the Working Group intends to consult in due course on the impact of the EONIA-€STR transition on the swaptions market; and
- recommends that all market participants test their systems to ensure that they can manage products and instruments referencing €STR.

Spotlight on Japanese Yen

FINANCIAL SERVICES AGENCY AND BANK OF JAPAN PUBLISH SUMMARY OF SURVEY RESULTS ON THE USE OF LIBOR AND MAIN ACTIONS NEEDED

On 13 March 2020, the FSA and the Bank of Japan published this Summary of Survey Results on the Use of LIBOR and Main Actions Needed. The summary covers (i) the volume of contracts referencing LIBOR, (ii) identification of LIBOR-related contracts and business operations, and (iii) the preparedness of business operations for LIBOR transition in Japan.

The summary also says that specific preparations are needed in this regard, and that these should include the active involvement of management officials.

CROSS-INDUSTRY COMMITTEE ON JAPANESE YEN INTEREST RATE BENCHMARKS ANNOUNCES QUICK CORP. AS FUTURE PROVIDER OF PROTOTYPE JPY TERM REFERENCE RATES

On 26 February 2020, the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks announced QUICK Corp., a financial market information vendor headquartered in Tokyo, as the future provider of prototype JPY term reference rates. When a start date for rate publication has been decided it will be announced on the Bank of Japan's website.

Term reference rates were identified in a consultation conducted last year by the Committee on Japanese Yen Interest Rate Benchmarks as the preferred alternative benchmark to JPY LIBOR for loans and bonds, for the following reasons:

- term reference rates would not be affected by bank credit risk;
- they would be "fixed in advance" like LIBOR, allowing users to determine the base rate before entering transactions; and
- they would be compatible with current conventions and operations.

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Spotlight on Hong Kong Dollar

HKMA ISSUES UPDATE ON INTEREST RATE BENCHMARKS REFORM

On 23 April 2020, the HKMA issued this circular to all authorised institutions, sharing the results of a survey conducted in November 2019 on the reform of interest rate benchmarks. The results showed:

- the amount of total assets and liabilities in the Hong Kong banking system referencing LIBOR at the end of September 2019;
- the amount in notional value of derivative contracts referencing LIBOR;
- the proportion of such assets, liabilities and contracts that are due to mature after the end of 2021; and
- the progress made by authorised institutions to prepare for the transition to RFRs and the major challenges of this.

The circular also provided an update on international and local benchmark reform developments, including resources on the TMA's website, such as this consultation conclusion on technical refinements to HONIA published in December 2019.

Spotlight on Singapore Dollar

INDUSTRY STEERING COMMITTEE ANNOUNCES KEY PRIORITIES TO ACHIEVE SMOOTH TRANSITION TO SORA

On 19 March 2020, the Steering Committee for the transition from SOR to SORA issued an updated roadmap for achieving a smooth transition to SORA as the new benchmark for SGD cash and derivatives markets. Key milestones and initiatives fall under the following categories:

- readying SORA market conventions and infrastructure to enable broad adoption by market participants;
- building liquidity in SORA markets to support take-up by end-users;
- enabling the transition of legacy SOR contracts to reduce the risks associated with outstanding SOR contracts; and
- engaging stakeholders early to facilitate smooth transition.

The Steering Committee also issued this response to feedback received on the ABS-SFEMC consultation report released in August 2019. Suggestions were made for improving the adoption of SORA, develop SORA cash and derivatives market and clarify fallback arrangements to facilitate smooth transition.

Relatedly, on 3 February 2020, ISDA published Supplement 62 to the 2006 ISDA Definitions, which sets out the definition of SORA. For more on this see ISDA publishes Supplement 62 to the 2006 ISDA Definitions – SORA.

Spotlight on Swiss Franc

SIX ANNOUNCES ENDORSEMENT OF SARON UNDER EU BENCHMARK REGULATION

On 5 February 2020, SIX announced that it had obtained endorsement for its major Swiss indices, including SARON, under the BMR. SARON is the RFR identified by the National Working Group on the Swiss Franc Reference Rate as the preferred alternative for CHF LIBOR.

These benchmarks have been endorsed via SIX Financial Information Nordic AB in Sweden, which was authorised as an administrator under the BMR in June 2019.

Spotlight on Australian Dollar

ASIC PUBLISHES FEEDBACK TO ITS "DEAR CEO" LETTER

On 8 April 2020, ASIC published this feedback on the responses to its "Dear CEO" letter of May 2019, in which ASIC had requested information from major Australian financial institutions to better understand their preparations for the LIBOR transition.

The respondents to ASIC's letter maintained a substantial exposure to LIBOR, with an aggregate notional exposure of approximately A$10 trillion. 40% of this was expected to mature after the end of 2021.

ASIC's feedback also outlined as best practice the actions taken by better prepared respondents.

SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY ISSUES AONIA-LINKED SECURITIES

On 2 April 2020, the SAFA issued AONIA-linked Australian dollar medium-term notes, embedding AONIA as an alternative RFR to BBSW. The development follows the first issuance of AONIA-linked securities in Australia in June 2019 and two subsequent issues in December 2019.

Industry Insights

Insights from ISDA

ISDA PUBLISHES RESULTS OF SECOND CONSULTATION ON PRE-CESSATION FALLBACKS

On 14 May 2020, ISDA published this report summarising the responses to its second consultation on pre-cessation triggers for derivatives referencing LIBOR. The consultation asked whether the forthcoming ISDA IBOR Fallbacks Supplement should include a pre-cessation trigger for LIBOR (i.e. a trigger at the point when the FCA announces LIBOR is no longer representative of the underlying market).

A significant majority of respondents supported including pre-cessation triggers for LIBOR transactions without optionality.

The draft ISDA IBOR Fallbacks Supplement and related Protocol are being updated to incorporate pre-cessation trigger mechanics and are currently expected to be published around July 2020 and become effective around November 2020.

BLOOMBERG COMMENCES PUBLICATION OF INDICATIVE FALLBACK DATA FOR GBP AND USD LIBOR

On 4 May 2020, Bloomberg commenced publication of indicative fallback data for GBP LIBOR and USD LIBOR, with data for fallbacks for other IBORs to follow in due course. Publication of official data is expected to start before the new fallback provisions in the forthcoming ISDA IBOR Fallbacks Supplement take effect.

These related FAQs have also been updated to reflect the fact publication has now started.

ISDA AND BLOOMBERG PUBLISH RULE BOOK ON IBOR FALLBACK METHODOLOGY

On 22 April 2020, ISDA and Bloomberg published the IBOR Fallback Rate Adjustments Rule Book, setting out the calculation methodologies and other parameters for the fallbacks that are to be included in the ISDA IBOR Fallbacks Supplement for certain key IBORs.

The Rule Book sets out the methodology for calculating, for a RFR, (i) the adjusted reference rate, (ii) the spread adjustment, and (iii) the "All-in Rate" (being the sum of the first two figures).

The Rule Book also provides an overview of the rate adjustments themselves and the backtest assumptions applied.

ISDA and Bloomberg intend to publish various educational materials in due course.

ISDA PUBLISHES INTEREST RATE BENCHMARKS REVIEW FOR FIRST QUARTER OF 2020

On 22 April 2020, ISDA published this research paper, Interest Rate Benchmarks Review: First Quarter of 2020. In the first quarter of 2020, the traded notional amount of interest rate derivatives (IRD) referencing RFRs increased to $8.4 trillion and accounted for 9.6% of total IRD traded notional amounts. In comparison, traded notional amount of RFR-linked IRD in the fourth quarter of 2019 equalled $2.7 trillion, comprising 5.4% of total IRD traded notional amount.

ISDA PUBLISHES BILATERAL TEMPLATE EONIA AMENDMENT AGREEMENT

On 14 April 2020, ISDA published its Bilateral Template EONIA Amendment Agreement. The new agreement can be customised to suit the parties' requirements, allowing them to amend relevant ISDA documentation in one or more of the following ways:

- to incorporate the new Collateral Agreement Interest Rate Definitions into credit support documentation and change existing references to EONIA to refer instead to the new provision "EONIA (Collateral Rate)" and/or change existing references to EONIA to refer instead to the new provision "€STR (Collateral Rate)";
- to change existing references in relevant ISDA documentation to the EONIA FRO so that they refer instead to the updated EONIA FRO definition (with fallbacks) set out in ISDA Supplement 60 (which definition effectively means that the rate is €STR plus 8.5 basis points);
- to change existing references in relevant ISDA documentation to the EONIA FRO so that they refer instead to the definition of €STR set out in ISDA Supplement 59; and
- to change existing references in relevant ISDA documentation to the EONIA FRO so that the rate becomes €STR (as set out in ISDA Supplement 59) plus 8.5 basis points.

ISDA PUBLISHES SUPPLEMENT 64 TO THE 2006 ISDA DEFINITIONS RELATING TO THE SETTLEMENT OF SWAPTIONS

On 30 March 2020, ISDA announced the publication of Supplement 64 to the 2006 ISDA Definitions, which allows parties to specify a particular discount rate in swaption confirmations for which "Cleared Physical Settlement" or "Collateralized Cash Price Cash Settlement Method" is applicable. The Supplement applies to transactions with a trade date falling on or after 30 March 2020 that incorporate the 2006 ISDA Definitions.

The ISDA Collateral Cash Price Matrix has also been updated to align specified discount rates with expected future changes to the discount rates used by clearing houses for euro and US dollar.

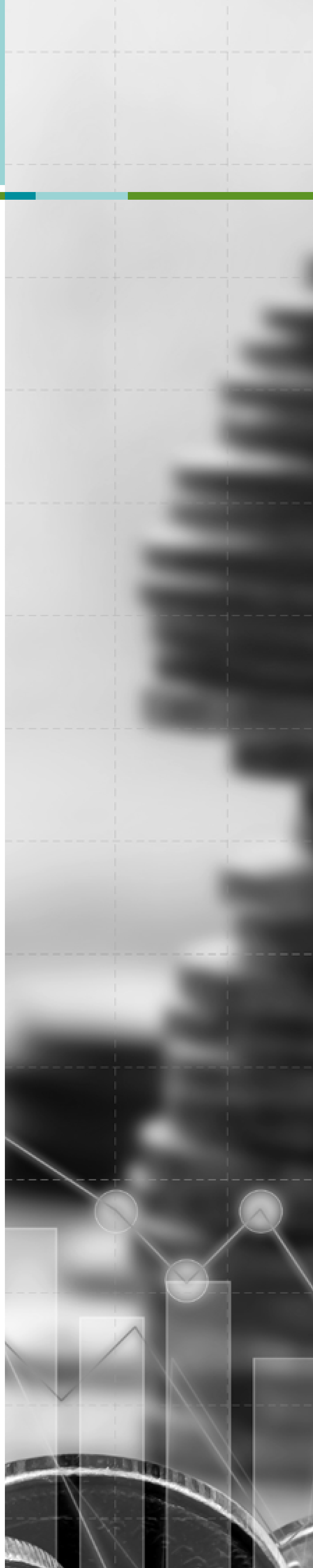
ISDA has also published a summary of the Supplement and the updated Matrix, which is available on the ISDA website.

ISDA PUBLISHES RESULTS OF CONSULTATION ON FALLBACKS FOR DERIVATIVES REFERENCING EUR LIBOR AND EURIBOR

On 24 February 2020, ISDA announced the results of its consultation on spread and term adjustments for EUR LIBOR and EURIBOR fallbacks.

The results confirmed that market participants would like the same methodology to be used for these fallbacks as is to be used for other rates for which ISDA is preparing fallbacks. This methodology entails compounded setting in arrears with a backward shift and a five-year historical median approach to the spread adjustment.

This report summarising the results and the responses to the consultation was published on 5 March 2020.



ISDA PUBLISHES COLLATERAL AGREEMENT INTEREST RATE DEFINITIONS

On 14 February 2020, ISDA published the ISDA Collateral Agreement Interest Rate Definitions, which contain standardised definitions of certain overnight rates for use in ISDA credit support documentation. The initial version of the Collateral Definitions only includes EONIA and €STR, but additional rates will be incorporated in due course via subsequent versions.

ISDA does not plan to develop a Protocol for the Collateral Definitions, so they need to be incorporated on a bilateral basis. In connection with this, ISDA has published a standard form bilateral amendment agreement which can be used to (among other things) amend references to EONIA in existing collateral agreements to refer instead to the definition of €STR set out in the Collateral Definitions. This is discussed in more detail at ISDA publishes Bilateral Template EONIA Amendment Agreement.

ISDA PUBLISHES REPORT ON RFR DEVELOPMENTS IN 2020

On 12 February 2020, ISDA published this report on major upcoming developments in 2020 relating to the adoption of RFRs. Anticipated developments include:

- publication of the ISDA IBOR Fallbacks Supplement to the 2006 ISDA Definitions and the related ISDA Protocol;
- switch by CCPs from EONIA to €STR and from the EFFR to SOFR for discounting purposes later this year; and
- continued growth in the issuance of RFR-based cash products, propelling the need for hedging activity and increase the demand for RFR-based derivative products.

The report also covers regulatory, accounting and tax implications of IBOR transition as well as ARRC commentary including nine possible models of conversion from IBORs to RFRs.

ISDA PUBLISHES SUPPLEMENT 62 TO THE 2006 ISDA DEFINITIONS – SORA

On 3 February 2020, ISDA published Supplement 62 to the 2006 ISDA Definitions. The supplement provides a definition of SORA and SORA Index Cessation Event as well as a calculation for SGD-SORA-COMPOUND, and is available on the ISDA website.

This was followed by the publication of template Confirmations on 20 February 2020 for use when documenting various types of derivative contracts referencing SORA.

Insights from ICMA

ICMA PUBLISHES QUICK GUIDE TO THE TRANSITION TO RFRS IN THE INTERNATIONAL BOND MARKET

On 27 February 2020, ICMA published this quick guide to the transition to the international bond market. It highlights progress on some of the key issues in the transition from IBORs. The guide covers issues such as:

- why markets need to transition to RFRs;
- progress in new issues of FRNs and securitisations;
- the differences between LIBOR and RFRs;
- a summary of RFR bond market conventions;
- fallbacks in IBOR bonds;
- the issues surrounding bonds which already reference LIBOR and which are due to mature beyond the end of 2021; and
- different spread adjustment options.

Insights from the ICMSA

ICMSA PUBLISHES BULLETIN COMPARING ENGLISH AND NEW YORK LAW TRUST DEEDS AND INDENTURES

On 6 March 2020, the ICMSA published this bulletin comparing how the transition away from IBORs could be approached for legacy FRNs constituted (i) by New York law governed indentures, and (ii) under English law governed trust deeds. The bulletin concludes that:

- although the provisions under English law trust deeds and New York law indentures are different, the results may be the same when seeking to replace a reference rate or change the related fallback provisions;
- under a New York law indenture it may be difficult to obtain noteholder consent, as the consent of all noteholders is likely to be needed, but the lower quorum requirements under English law deeds may also be difficult to achieve if there is a lack of engagement from noteholders; and
- the English and New York regimes are consistent in that the trustee would not be able to agree such amendments using its discretionary powers of modification.

CONTENTS

Insights from the LMA

LMA PUBLISHES LIST OF SYNDICATED AND BILATERAL LOANS REFERENCING RFRS

On 20 May 2020, the LMA published this list of syndicated and bilateral loans that reference RFRs, based on publicly available information. The purpose of the list is to outline the key conventions used in these transactions.

In particular, information is provided on the following types of transactions:

- syndicated loans which reference LIBOR but contain an in-built switch mechanism to reference RFRs;
- new bilateral loans referencing RFRs directly; and
- legacy LIBOR-referencing bilateral loans that have been amended to reference RFRs.

Links to related public information and documentation are also included in the list.

LMA HOSTS UPDATE WEBINAR ON LIBOR TRANSITION IN THE LOAN MARKET

On 5 May 2020, the LMA hosted this webinar providing an update on LIBOR transition in the loan market since its webinar in January 2020. In particular, it covers the following key topics:

- a summary of regulatory updates from the FCA, the Sterling Working Group on RFRs and the Euro Working Group on RFRs;
- a timeline of key LIBOR transition milestones arising between Q3 2020 and Q4 2021;
- an update on current loan market transition issues; and
- further guidance for loan market participants.

LMA UPDATES INVESTMENT GRADE DOCUMENTS AND EXPOSURE DRAFTS OF RFR FACILITY AGREEMENT

On 28 February 2020, the LMA published on its website revised versions of its:

- exposure drafts of compounded RFR facility agreements for sterling and US dollars (marked to show changes from the 23 September 2019 versions); and
- suite of investment grade facility agreements, including English, French, German and Spanish law term and revolving facilities agreements, the LMA term sheet, and users' guides.

LMA SETS OUT OUTSTANDING REQUIREMENTS FOR RECOMMENDED FORM COMPOUNDED RFR FACILITIES AGREEMENT

On 20 February 2020, the LMA published a note setting out the outstanding requirements that need to be met before the LMA can publish "recommended" forms of compounded RFR facilities agreement. "Exposure drafts" were published on 23 September 2019.

The outstanding requirements include:

- consensus on an appropriate formula for calculating a fallback compounded rate that works for the syndicated loan market;
- agreement on key conventions for compounding RFRs; and
- clarity on the availability of various tools (namely, a screen rate, daily compounded RFR indices and third-party calculation services) and their alignment with the final calculation methodology.

The note also confirms the areas in the exposure drafts where the LMA is *not* looking for market consensus and concludes by asking participants to continue to provide feedback on the exposure drafts.

CONTENTS

Insights from the LSTA

LSTA RELEASES INITIAL DRAFT OF SIMPLE SOFR IN ARREARS CONCEPT CREDIT AGREEMENT

On 6 March 2020, the LSTA distributed to its Primary Market Committee and SOFR Working Group a draft form of its Simple SOFR in Arrears Concept Credit Agreement. A SOFR limb has been added referencing the 30-day Average SOFR that will be published by the Fed from 2 March 2020.

A comparison against the LSTA's current draft of the Compounded SOFR in Arrears Concept Document is also available (see LSTA distributes revised draft of Compounded SOFR in Arrears Concept Credit Agreement).

LSTA DISTRIBUTES REVISED DRAFT OF COMPOUNDED SOFR IN ARREARS CONCEPT CREDIT AGREEMENT

On 26 February 2020, the LSTA distributed a revised draft of its Compounded SOFR in Arrears Concept Credit Agreement to its Primary Market Committee and SOFR Working Group. Several changes were made to the previous draft, including:

- ABR definition: a SOFR limb has been added, referencing the 30-day Average SOFR that will be published by the Fed from 2 March 2020;
- transition to Term SOFR: bracketed language has been added to provide for a transition from Compounded SOFR in Arrears to Term SOFR; and
- Compounded SOFR definition: several clarifying changes have been made, including to reflect the publication of SOFR Averages and a SOFR Index.

A comparison against the previous draft is also available.

Insights from the EIOPA

EIOPA PUBLISHES DISCUSSION PAPER ON THE EFFECT OF IBOR TRANSITION ON CREDIT RATE ADJUSTMENTS

On 6 February 2020, EIOPA published this discussion paper on its calculation of the risk-free interest rate term structures that underpin the calculation of liabilities by insurance and reinsurance undertakings. The paper identifies various issues with its current methodology, including the fact that credit rate adjustments applied under the methodology are based on swaps which reference IBORs. If these swaps ultimately reference RFRs instead of IBORs, the existing methodology will be affected.

The paper:

- says that IBOR transition represents a significant challenge for both industry and regulators;
- highlights the likely impact that IBOR transition will have on the definition and use of the credit rate adjustments applied by EIOPA to risk-free rate term structures; and
- proposes an approach to dealing with the new term structures calculated with the new benchmark rates for all currencies.

EIOPA will use the feedback to produce a consultation paper containing specific policy recommendations.

Regulatory Watch

BCBS ISSUES GUIDANCE ON BENCHMARK RATE REFORM AND REGULATORY CAPITAL

On 27 February 2020, the BCBS published a newsletter on benchmark rate reforms. The newsletter clarifies that, under the Basel Framework, amendments to capital instruments pursued solely for the purpose of implementing benchmark rate reforms will not result in these being treated as new instruments for the purpose of assessing the minimum maturity and call date requirements, or affect their eligibility for transitional arrangements of Basel III.

FCA AND BANK OF ENGLAND CONSIDER COVID-19 IMPACT AND ANNOUNCE NO CHANGE TO LIBOR TRANSITION TIMETABLE

On 25 March 2020, the FCA and Bank of England websites were updated to confirm that, notwithstanding the COVID-19 pandemic, the central assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed, and December 2021 should remain the target transition date for all firms to meet. Also see Working Group on Sterling RFRs announces extension of cut-off date for new sterling LIBOR-based cash lending.

CONTENTS

FCA PUBLISHES STATEMENT ON FUTURE LIBOR NON-REPRESENTATIVE OR CESSATION ANNOUNCEMENTS

On 11 March 2020, the FCA published a new webpage explaining how it will announce any future LIBOR contractual triggers, including pre-cessation triggers. According to the webpage, any relevant announcement will:

- be clear, unambiguous, and made at the same time to all market participants;
- be made via the London Stock Exchange's Regulatory News Service, at the same time as, or immediately before, a posting of a fuller statement on the FCA website;
- be clear that it is being made in the awareness that it will engage certain contractual triggers that are activated by pre-cessation or cessation announcements;
- be clear about the LIBOR currencies and tenors to which it relates; and
- include the date of cessation, or, if applicable, date from which the relevant LIBOR settings are not going to be representative.

FCA AND BANK OF ENGLAND PUBLISH LETTER ON LIBOR DISCONTINUATION TO TRADE ASSOCIATIONS

On 9 March 2020, the FCA and the Bank of England published a letter sent to trade associations on how the discontinuation of LIBOR may affect their members and stakeholders. The letter asks trade associations to help raise awareness among their networks, gives practical advice on how to do this, and links through to this January 2020 fact sheet.

The letter also emphasises the importance of treating customers fairly, and stresses that LIBOR discontinuation should not be used to move customers to replacement rates that are expected to be higher than LIBOR would have been.

HMRC PUBLISHES GUIDANCE ON UK TAX TREATMENT OF CHANGES TO FINANCIAL INSTRUMENTS

On 19 March 2020, HMRC published this draft guidance on the UK tax treatment of changes to financial instruments where they make amendments to:

- replace a benchmark rate;
- introduce or amend fallback provisions that determine how the contract will operate if the designated benchmark rate is permanently discontinued or cannot be used; and/or
- make incidental amendments that are consequential to replacing a benchmark rate.

Although the guidance refers to LIBOR, the same principles apply to other benchmark rates that are being withdrawn or otherwise reformed, such as EONIA and EURIBOR.

The guidance states that where the parties agree to change the terms of the instrument for LIBOR transition purposes, HMRC would normally view this as a variation of the existing instrument. The amended contract should therefore be regarded as the same contract, entered into at the same time, as the original one.

There are a number of taxation provisions in respect of which this analysis will be relevant and these are set out in more detail in the guidance.

GLOSSARY

€STR – Euro Short-Term Rate

ABR – Alternative Base Rate

ABS – Association of Banks in Singapore

AONIA – AUD Overnight Index Average

ARRC – Alternative Reference Rates Committee

ASIC – Australian Securities and Investments Commission

BBSW – Bank Bill Swap Rate

BCBS – Basel Committee on Banking Supervision

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

CCP – Central Clearing Counterparty

EACH – European Association of CCP Clearing Houses

ECB – European Central Bank

EFFR – Effective Federal Funds Rate

EIOPA – European Insurance and Occupational Pensions Authority

EONIA – Euro Overnight Index Average

EURIBOR – Euro Interbank Offered Rate

FCA – Financial Conduct Authority

The Fed – Federal Reserve Bank of New York

FRN – Floating Rate Note

FRO – Floating Rate Option

FSA – Financial Services Agency

HKMA – Hong Kong Monetary Authority

HMRC – HM Revenue and Customs

HONIA – Hong Kong Overnight Interest Rate

IBOR – Interbank Offered Rate

ICMA – International Capital Market Association

ICSMA – International Capital Market Services Association

ISDA – International Swaps and Derivatives Association

LIBOR – London Interbank Offered Rate

LMA – Loan Market Association

LSTA – Loan Syndications and Trading Association

PAI – Price Alignment Interest

PRA – Prudential Regulatory Authority

RFR – Risk-Free Rate

SAFA – South Australian Government Financing Authority

SARON – Swiss Average Rate Over Night

SFEMC – Singapore Foreign Exchange Market Committee

SOFR – Secured Overnight Financing Rate

SONIA – Sterling Overnight Index Average

SOR – Singapore Offered Rate

SORA – Singapore Overnight Average Rate

TMA – Treasury Market Association

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.

CONTENTS

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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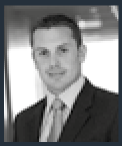

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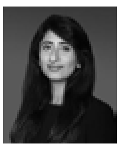

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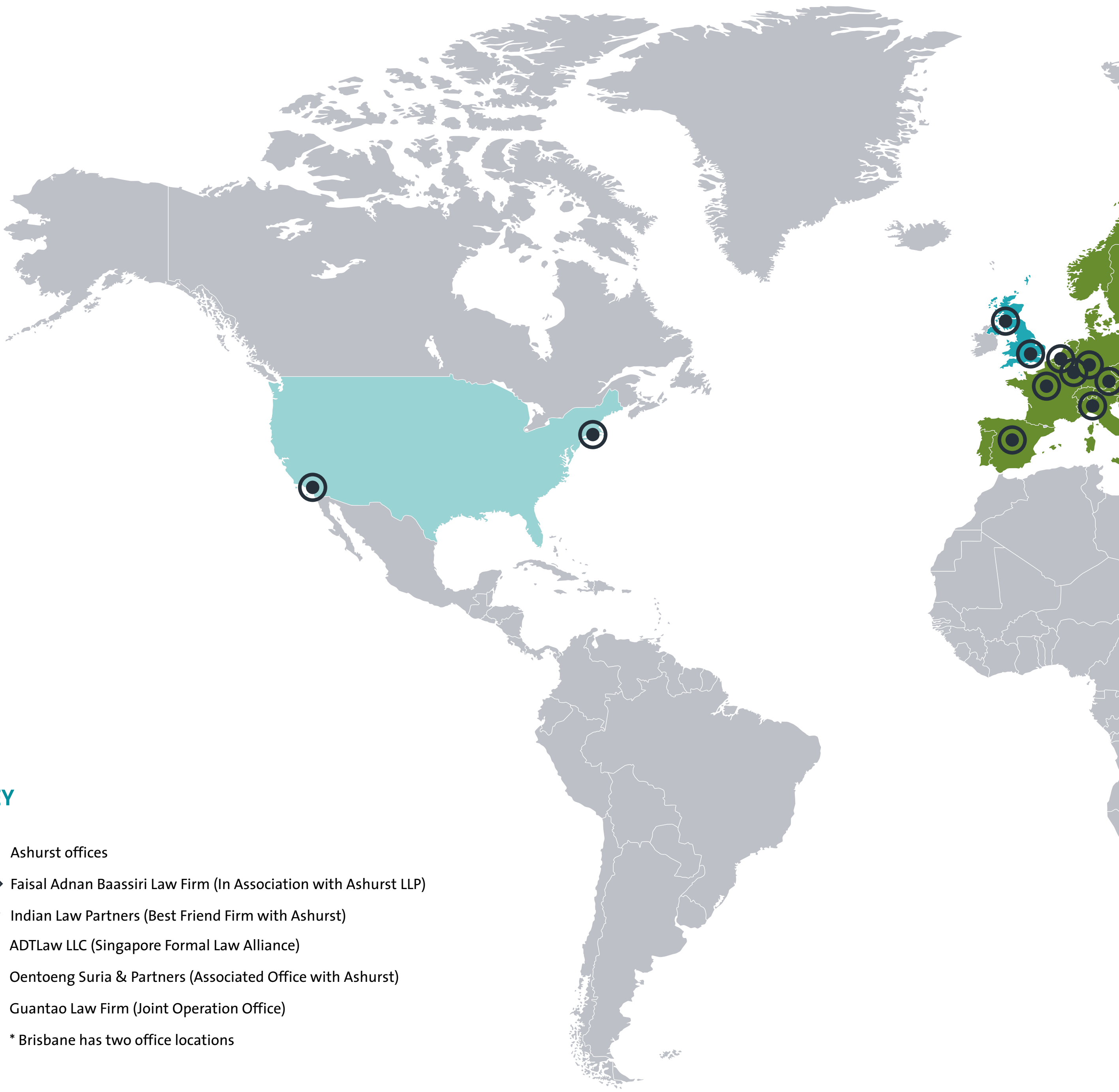
Our Global Coverage



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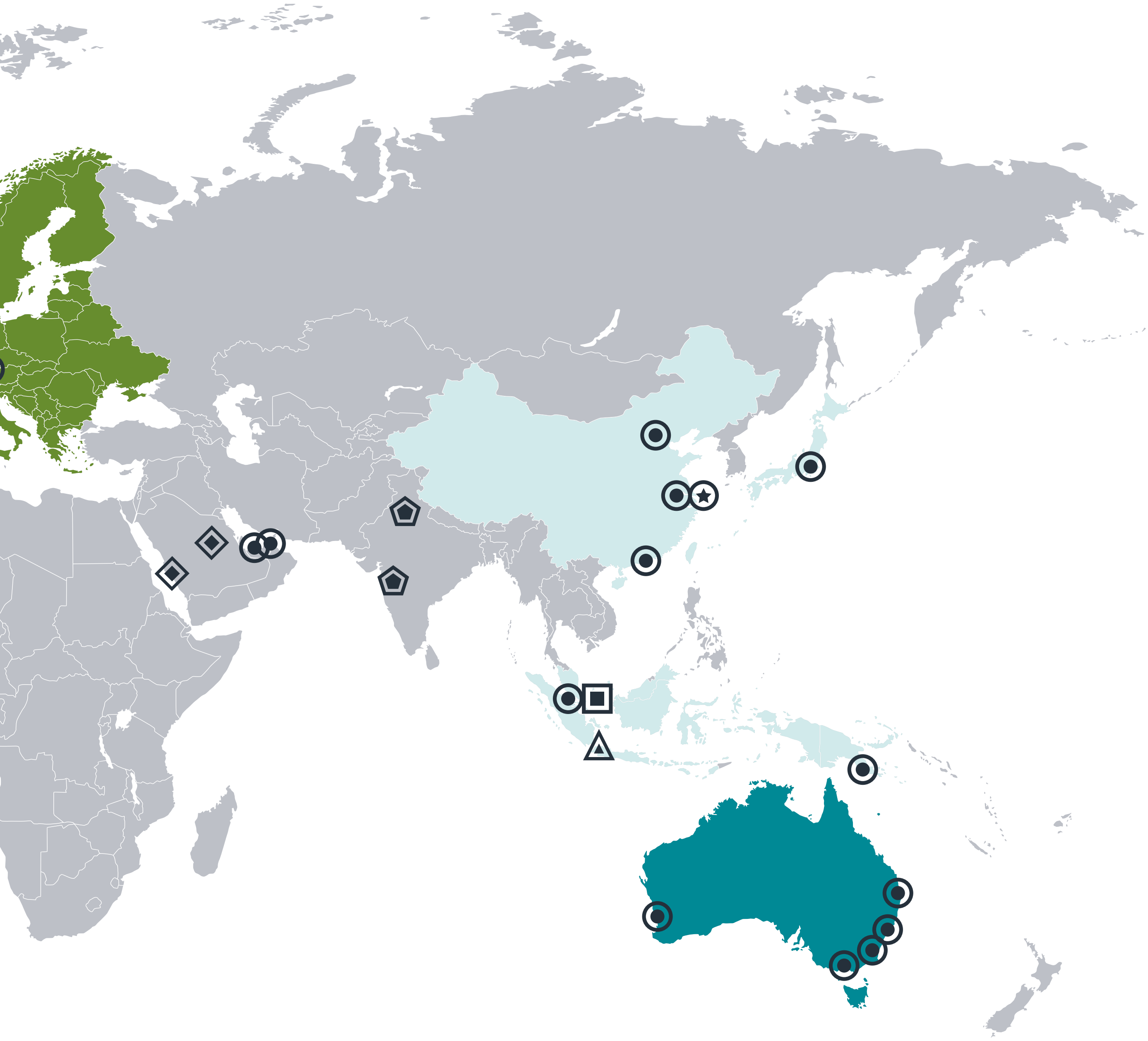

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