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LIBOR transition: are you ready?



LIBOR Alert

LMA publishes new and updated documentation in respect of LIBOR transition and active transition mechanisms

The LMA is pleased to announce the publication of several documents to further assist market participants when including active transition mechanisms in their loan documentation for LIBOR transition. The documents that have been published today are detailed below.

[1. Revised exposure draft rate switch facility agreement \(lookback without observation shift\)](#)

The exposure draft multicurrency term and revolving facilities agreement incorporating rate switch provisions (lookback without observation shift) ("**Rate Switch Agreement (Lookback without Observation Shift)**") published in

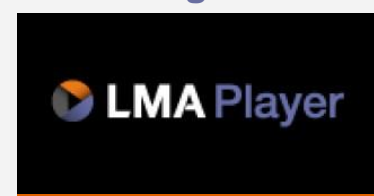
View LIBOR documentation



Useful links

[LMA LIBOR Microsite](#)

New Video & Audio Recording Hub



[Click here](#) to view our latest webinar: [Transition from LIBOR in the loan market - LMA Webinar Update September 2020](#)

September 2020 has been revised following the helpful market feedback received from LMA members (for which the LMA is grateful).

The Rate Switch Agreement (Lookback without Observation Shift) remains as an exposure draft and therefore does not constitute a recommended form of the LMA.

[2. New exposure draft rate switch facility agreement \(lookback with observation shift\)](#)

The new exposure draft multicurrency term and revolving facilities agreement incorporating rate switch provisions (lookback with observation shift) ("**Rate Switch Agreement (Lookback with Observation Shift)**") is designed to facilitate choice by market participants. Lookback with observation shift was recognised in the Recommendations for SONIA Loan Market Conventions issued by the Working Group on Sterling Risk-Free Reference Rates ("**£RFR WG**") on 1 September 2020 as a viable and robust alternative to lookback without an observation shift. The Rate Switch Agreement (Lookback with Observation Shift) does not constitute a recommended form of the LMA.

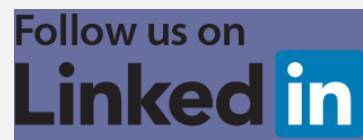
It should be noted that the key differences between the two forms of Rate Switch Agreement are in the provisions of Schedule 16 (*Daily Non-Cumulative Compounded RFR Rate*) and Schedule 17 (*Cumulative Compounded RFR Rate*) of each Rate Switch Agreement.

[3. Revised commentary relating to Rate Switch Facility Agreements](#)

The existing commentary has been updated to reflect the changes made to the Rate Switch Agreement (Lookback without Observation Shift) and also to reflect the publication of the Rate Switch Agreement (Lookback with Observation Shift). It has also been updated in light of queries received from members on the Rate Switch

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Agreement (Lookback without Observation Shift).

[4. Term sheet for Rate Switch Facility Agreements](#)

We are pleased to have published a term sheet for use in conjunction with the Rate Switch Facility Agreements. This has been drafted so that it can be used with either form of Rate Switch Facility Agreement.

[5. RFR terms for use with supplement to revised replacement of screen rate language](#)

In August 2020, the LMA published a note on the '*Revised Replacement of Screen Rate Clause and documentary recommendations published by the Working Group on Sterling Risk-Free Reference Rates*'. This contained a supplement designed to facilitate one approach to satisfaction of the £RFR WG documentary recommendations and included a placeholder to specify any pre-agreed terms. The inclusion of a placeholder for pre-agreed terms was intended to assist market participants with the "*middle of the spectrum*" approach identified in the August 2020 note in relation to an "agreed process for renegotiation".

The LMA is pleased to publish today RFR Terms for the use of compounded RFRs. This is designed to be used in conjunction with the placeholder for pre-agreed terms in the August 2020 supplement.

The above documentation has been made available on the LMA website under the [LIBOR category of the Documentation index.](#)

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