Minutes of the LIBOR Trade Association Working Party meeting

held on 7 March 2024

via Microsoft Teams

Present

ACT
LMA
TACT

1. Introduction

The purpose of the meeting was for the trade associations to provide updates on any developments in respect of LIBOR transition since the last meeting, especially in light of the upcoming permanent cessation of the 3-month synthetic sterling LIBOR setting on 28 March 2024, and the expected cessation of the synthetic US dollar LIBOR setting at the end of September 2024.

2. AFME update

The LMA noted that AFME could not attend the meeting, but provided an update via email which was read out.

AFME is continuing to monitor developments in the EU and the UK, such as the discontinuation of the Euro working group on 13 November 2023 and the relevant FCA announcements respectively, such as the recent FCA "one month to go" announcement reminding market participants of the permanent cessation of the 3-month synthetic sterling LIBOR setting on 28 March 2024. The sterling bond market sub-group meeting ("**BMSG meeting**") which took place last Tuesday is also expected to reconvene again in September. AFME has not been made aware of any technical problems or concerns by their members with regards to synthetic sterling and synthetic US dollar LIBOR cessation dates, as proposed by the FCA. Further, AFME is continuing to work on the monthly LIBOR transition update published by GFMA that contains contributions by both SIFMA and AFME.

3. LMA update

The LMA had also not heard of any major issues with the cessation of synthetic sterling and USD LIBOR. It was noted that lack of awareness in certain jurisdictions (such as parts of Asia and Africa) has been raised as a concern, albeit not a major concern that will hold up transition. Regulators are urging individual banks and law firms in these jurisdictions to reach out to their local counterparties, as this would be the most effective method of increasing awareness in relation to US dollar LIBOR transition. The LMA had also not heard of any concerns in developing markets and that many deals in the region were transitioning to term SOFR.

In relation to EURIBOR, the LMA has been working on encouraging market participants to include robust fallbacks to EURIBOR. In this regard, the LMA had published an exposure draft term €STR rate switch document in October last year and released an update in February following market feedback (the LMA had already published a compounded rate version). The LMA also commented on the discontinuation of the Euro working group and the expected revision to the EURIBOR methodology. Further, it was noted that the LMA has received feedback from the market on delays with incorporating term €STR into documentation given the need to choose between the two term €STR rates which are available and obtain a licence for such rate.

In relation to the CDOR transition, the LMA noted that PwC and CARR hosted a webinar on the CDOR transition and that the Bank of Canada also hosted an in-person event on CDOR which the LMA attended. It was also noted that when the LMA published an updated CORRA Schedule in October last year, market participants commented that they were not ready to offer term CORRA loans given the tight timeframe between it becoming available for use and the “no new CDOR” deadline for loans. The LMA recently reached out to its IBOR working party regarding any remaining concerns and none were raised so far. It was also noted that the LMA understood that some banks are now able to offer term CORRA loans.

In relation to the JIBAR transition, it was noted that the LMA is working on rate switch documentation. The LMA also noted that there has been no announcement on a fixed cessation date yet for JIBAR.

4. TACT update

TACT commented on its work relating to restructuring of legacy securitisations that the earlier deals were a particular concern as they had no fallback included. TACT further noted that all these deals have now transitioned.

5. ACT update

ACT noted that on the corporate side, no further concerns were being raised as firms have moved on from LIBOR transition challenges. It was noted that there is an increasing use of term SOFR in the loan market and a risk of this being used as a default for loans in a market which has largely been using compounded rates.

6. AOB

The LMA thanked members of the Working Party for their contributions over the past years and noted that, as there are no further substantive developments to discuss prior to the synthetic USD LIBOR cessation, there will <u>not</u> be a further meeting in September.