

IBOR transition

Frequently asked questions

The purpose of this FAQ is to inform you of the recent and upcoming developments related to the transition of interest rate benchmarks.

This guide is not intended to be, and should not be relied upon as legal, financial, tax, accounting or other advice. You should consult your advisors for advice on the risks and challenges related to the reform of interest rate benchmarks. This FAQ is not intended to address all the financial and other risks that may arise regarding the interest rate benchmark transition.

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General

1. Why are some interest rate benchmarks being reformed or discontinued?

Financial markets have changed significantly since the global financial crisis. One key development is that banks no longer fund themselves in the interbank market to the same extent. This is one of the key drivers for the reform of some Interbank Offered Rates (IBORs) and the development of alternatives. To illustrate the issue for LIBOR, the former chief executive of the Financial Conduct Authority (FCA) has referred to LIBOR as ‘measuring the rate at which banks are not borrowing from one another’ to highlight the growing risk of it no longer being representative.

In 2013, the International Organisation of Securities Commissions (IOSCO) introduced a set of principles underpinning the calculation of a benchmark rate. In 2014, the Financial Stability Board (FSB) published a report called ‘Reforming Major Interest Rate Benchmarks’ which sets out recommendations, developed under the guidance of the Official Sector Steering Group (OSSG). The recommendations included measures to:

- Strengthen IBORs by anchoring them to a greater number of transactions, where possible;
- Improve the processes and controls around submissions;
- Identify alternative near Risk Free Rates (RFRs);
- Encourage derivative market participants to transition new contracts to an appropriate RFR, where suitable.

Besides these recommendations, the report discusses transition issues and how market adoption will be monitored in the period ahead. The European Union (EU) followed with the introduction of the Benchmark Regulation (BMR), which incorporates a fundamental principle that benchmarks, including IBORs, need to be based on actual transactions to the fullest extent possible.

ICE Benchmark Administration (IBA), as the administrator of LIBOR, has reformed the methodology of LIBOR to a more transaction-based one. However, the number of underlying transactions in the interbank market has fallen and as a result, the calculation under the reformed methodology is still reliant on the expert judgment of the LIBOR panel banks. The FCA has agreed with the LIBOR panel banks that they will continue making submissions for all rates until the end of 2021. In late 2020, IBA issued a consultation on its intention to cease the publication of most LIBORs at the end of 2021, with an extension for certain USD LIBOR tenors to the end of June 2023. On 5 March 2021, after the consultation period, the IBA confirmed these intentions. See question 2 for more details.

Additionally, the FCA announced how it may use its proposed powers to enable LIBOR like rates to be published beyond the cessation date to support those contracts that qualify as tough legacy (see question 10). Such a rate is commonly referred to as a ‘synthetic LIBOR’ (see question 2).

The financial sector is working on the transition process to avoid risking any disorderly cessation events. Please refer to the [latest FSB report](#) for further details on the transition to more robust financial benchmarks across multiple jurisdictions.

2. What are the latest expectations on the timing of cessation of LIBOR?

On 5 March IBA [confirmed](#) its intentions to cease the publication of GBP, CHF, EUR and JPY LIBOR (all tenors) and USD LIBOR (one week and two month tenors) at the end of 2021. The remaining USD LIBOR tenors will be published by IBA until the end of June 2023.

As a result, there will be some differences in timelines and transition approaches across LIBOR currencies, as follows:

	USD LIBOR	GBP LIBOR	CHF & EUR LIBOR	JPY LIBOR
Expected end date	30 June 2023 (except for one-month and two-month tenors, which will cease by 31 December 2021) ¹	31 December 2021	31 December 2021	31 December 2021
Likelihood of a synthetic rate	Yes	Yes	No	Yes (for one year only)
Expected methodology for synthetic LIBOR	(forward-looking) SOFR term rate + fixed spread	(forward-looking) SONIA term rate + fixed spread	n/a	(forward-looking) TONA term rate + fixed spread

1) Note that market participants are still expected to cease entering into new contracts referencing USD LIBOR as soon as practical or at the latest by 31 December 2021. A joint statement was issued by the Federal Reserve, Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) on 30 November, stating that firms should not enter into new transactions referencing USD LIBOR after 31 December 2021. See question 21 and 22 for more discussion on USD LIBOR.

The FCA issued a separate [announcement](#) confirming that the IBA had notified the FCA of its intent to cease providing all LIBOR settings as of such dates. The FCA stated that, subject to the establishment of the new proposed powers, it would consult on the issue of requiring the IBA to produce certain LIBOR tenors on a synthetic basis. It also confirmed that all 35 LIBOR settings will either cease to be provided by any administrator or will no longer be 'representative' as of the dates indicated above.

This announcement may constitute an important moment to start transition activities, as it may engage certain contractual triggers that are activated by such announcements.

For example, ISDA [confirmed](#) that the FCA's announcement constitutes an Index Cessation Event under the IBOR Fallbacks Supplement and ISDA 2020 IBOR Fallbacks Protocol for all 35 settings. Accordingly for those purposes, the fallback spread adjustment for each LIBOR currency and tenor as published by [Bloomberg is now fixed](#) as of 5 March 2021. See question 13 for more details.

The fixed spread adjustment may also be available for use in contractual fallbacks and/or active conversion in the loan and bond markets (subject to parties agreement; please also see the £RFR WG’s guidance paper referred to in question 7). In addition, it may be used in the construction of a possible synthetic rate as noted in the table above.

Furthermore, the ARRC [confirmed](#) that the announcements made by IBA and FCA constitute a Benchmark Transition Event with respect to all USD LIBOR settings pursuant to the ARRC recommendations regarding more robust fallback language for new issuances or originations of LIBOR floating rate notes, securitisations, syndicated business loans, and bilateral business loans.

3. What are alternative reference rates?

Market participants and industry bodies have put in a significant amount of effort to find a way to either reform existing benchmark rates or, alternatively, to develop replacements that meet regulatory requirements. The outcome is a set of alternative rates based on overnight transactions, which are designed to be representative of a nearly risk free rate.

They are frequently referred to as Risk Free Rates (RFR). Below is an overview of the recommended alternative rates per LIBOR (London Interbank Offered Rate) currency.

Jurisdictions	Working Groups	Alternative (Reference Rates)	Description
 Euro Area	Working Group on euro risk-free rates	Euro short-term rate (€STR)	Unsecured rate that captures overnight wholesale deposit transactions
 United Kingdom	Working Group on Sterling Risk-Free-Reference Rates	Sterling Overnight Index Average (SONIA)	Unsecured rate that covers overnight wholesale deposit transactions
 United States of America	Alternative Reference Rates Committee (ARRC)	Secured Overnight Financing Rate (SOFR)	Secure rate that covers multiple overnight repo market segments
 Switzerland	The National Working Group on Swiss Franc Reference Rates	Swiss Average Rate overnight (SARON)	Secured rate that reflects interest paid on interbank overnight repo rate
 Japan	Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks	Tokyo Overnight Average Rate (TONAR)	Unsecured rate that captures overnight call rate market

In a number of other jurisdictions authorities have started publishing RFRs intended to eventually replace (or compliment) local IBOR benchmarks. These developments are ongoing and the approach and state of play differs for each jurisdiction. See question 33 for more information.

4. What are some of the challenges of using RFRs?

LIBOR is a forward-looking or ‘term’ rate quoted for five currencies (USD, GBP, CHF, JPY and EUR) and seven tenors (overnight/spot, one week, one month, two months, three months, six months and 12 months). Hence, the LIBOR-linked rate in a contract is known at the start of the relevant interest period.

All the RFRs are overnight rates and therefore the rate is not known in advance. One approach to create a term rate from these overnight rates is on a backward-looking basis. The backward-looking term rate can be constructed by calculating a simple or compounded average of the daily

fixings of the RFR over the given term. This means that the determination and accounting for a three-month or six-month rate based on RFRs requires significantly different mechanics. Another approach is to derive a forward-looking term rate – see question 5.

A spread adjustment is also needed to account for the fact that IBORs incorporate a bank credit spread and liquidity premium, whereas RFRs do not.

5. What are the plans for forward-looking term RFRs?

The widespread use of overnight RFRs has been key in the global transition effort overseen by the FSB, which is why several RFR working groups, with the presence of the official sector, have made overnight RFRs compounded in arrears the focus of markets. As a result, these working groups have stated that any forward-looking term rate that may become available are only intended for use in certain products or in certain circumstances. For example, the Sterling RFR Working Group (Sterling RFRWG), the Bank of England and the FCA have made it clear that they anticipate the large majority of sterling markets to be based on SONIA compounded in arrears, which would contribute to the robustness of the overall market structure. In addition, the Fixed Income, Currencies and Commodities Markets Standards Board (FMSB) is working on developing a market standard for limited use of Term Sonia Reference Rates and expects to publish a transparency draft in February this year.

The Alternative Reference Rates Committee in the US (ARRC) has included the development of a forward-looking term rate during 2021 as one of the final steps of its Paced Transition Plan. See question 22 for further details.

The Sterling RFRWG Term Rate Task Force set the ambition to have a forward-looking term rate available for use in certain contracts during 2021. See question 27 for further details.

The expected publication of the forward-looking term version of TONAR (for Japanese Yen) is mid-2021. QUICK Corp has been selected as the calculating and publishing agent for a prototype term rate. In May 2020, it began publishing a prototype rate on a weekly basis, and in October 2020, it began publishing on a daily basis. It is anticipated that such rates could be suitable/qualify for use in products in mid-2021.

The Swiss RFR Working Group intends to proceed without a forward-looking term rate based on SARON, noting that even retail products, such as mortgages, are already transitioning to an arrears based methodology.

Cash & Loan products

6. What needs to happen to cash products that mature after the relevant LIBOR cessation date?

Cash products that reference LIBOR and mature after the relevant LIBOR is likely to cease require repapering ahead of the cessation date (unless they already have a benchmark replacement rate switch hardwired into them). Removing LIBOR dependencies from contracts can be done in two ways:

- i) By amending a contract to reference a suitable alternative rate prior to the actual cessation of the relevant LIBOR or prior to the date as announced by the regulator as from which the relevant LIBOR is no longer 'representative ('active transition');
- ii) By using fallbacks that enable the contract to move to a suitable alternative rate upon an appropriate event (e.g. cessation of the relevant LIBOR).

Some legacy LIBOR-referencing products will be almost impossible to transition to alternative rates, either because their structure is such that they depend on a forward-looking term rate or because they are syndicated loans and a high or unanimous consent requirement means that obtaining consent to any necessary amendments will be near impossible to achieve. Please refer to question 10 for more information on "tough legacy" contracts.

7. What are some of the key challenges regarding the active transition of loan products?

RFR Working Groups and regulators generally prefer market participants to actively transition their legacy LIBOR positions instead of relying on fallback language. They believe that this is supporting the best and smoothest transition away from LIBOR. In addition, they believe that actively transitioning is the only way parties can have certainty over both the continued operation and the future economics of their contracts. As such, market participants have been strongly encouraged to focus on an active transition.

Specifically, the UK Risk Free Rates Working Group (RFRWG) has issued guidance on active transition in September 2020. See here for [loans](#) and here for [bonds](#).

These are the steps mentioned for loans:

1. Review outstanding GBP LIBOR referencing loans (including multi-currency loans containing a GBP LIBOR option);
2. Identify the alternative reference rate to be used for each loan;
3. Familiarise yourself with how the alternative rates will be calculated, and how to calculate any economic difference between GBP LIBOR and the selected alternative rate;
4. Consider whether systems and operations are ready to accommodate alternative rates;
5. Document the transition of the loans. All parties should undertake appropriate due diligence on any changes that are proposed.

The discussion and determination of a credit adjustment spread (intended to minimise the effect of the economic difference between LIBOR and the selected alternative rate) is important when preparing for an active transition of your contracts. Different methodologies have emerged. In December 2020, the Sterling RFRWG has released a [guidance paper](#) about the key methodologies emerging in the loan market and how these compare to the approaches taken in the bond and derivatives markets. However, the RFR Working Groups have not made any recommendations as to which methodology is to be used in active transitions. Instead they have indicated that market participants are encouraged to review the options available and decide on an appropriate approach.

8. What about fallbacks? What are some of the key issues?

Cash market instruments, especially many existing contracts, do not contain appropriate fallbacks. For example, traditional fallbacks could convert many bonds and securities to a fixed rate (last published rate) when LIBOR ceases.

For most syndicated loans, each individual loan agreement referencing LIBOR will need to refer to a replacement benchmark rate in order to have a robust fallback. In Europe, the Loan Markets Association (LMA) has published several Exposure Drafts that have rate switch language hardwired into them and a Reference Rate Selection Agreement to support the LIBOR transition, although this does not constitute a recommendation for any particular form of amendment process.

In terms of fallback provisions in loan agreements, if the benchmark rate for a loan agreement ceases to exist, there is an optional clause (since 2014 with a much more detailed version published in 2018), which can be included in the recommended forms of the LMA loan agreements and which sets out a process for the parties to agree on a replacement reference rate.

In the United States, in the event that USD LIBOR is unavailable, most loan agreements fallback to a “base rate” (typically the higher of a bank's prime rate and the Federal Funds Effective Rate plus 50 bps). Historically, the base rate has been higher than LIBOR, hence more costly for the borrowers. For other currencies, traditional fallback mechanics include using interpolated rates, reference bank rates or lenders' cost of funds. All these historical fallback mechanisms were not originally intended to address a permanent cessation of LIBOR.

To address the permanent cessation of LIBOR, the ARRC favours a hardwired approach that does not require a lender vote, making it easier to put into effect upon cessation. The approach has not yet been taken up widely by the market – although we are seeing an upward trend – due to operational uncertainties about SOFR-based replacements for USD LIBOR and additional complexities with multi-currency facilities. The recommendations by the ARRC for syndicated and bilateral loans promote the ARRC's best practice to adopt the use of hardwired fallback language (instead of the use of the amendment approach).

The hardwired approach for syndicated and bilateral loans recommends the use of Term SOFR. If that is unavailable, then the daily simple SOFR (instead of a compounded SOFR-based rate) is recommended as the second step of the waterfall. If no enumerated SOFR-based rate is available, the hardwired approach converts to the amendment approach. More information is available [here](#).

9. How does the amendment approach differ from a hardwired or switch agreement?

Existing fallback language, if present, typically sets out the steps for the replacement rate in the form of a waterfall (a set hierarchy of available alternatives) or an amendment process. Fallback language will typically define a certain “trigger event” that initiates the process of transitioning from one benchmark rate to another.

The “amendment approach” provides a process that parties can follow in the negotiation of a benchmark's replacement if a trigger event occurs. The approach may not define the replacement benchmark, but may set out some parameters for its selection.

Alternatively, fallback language can be hardwired, which means that an alternative benchmark rate (or choice of available rates via a waterfall) is built into the facility agreement. This approach provides certainty upfront by defining the trigger events and outlining either a direct replacement or a waterfall approach to determine an RFR-based or other successor rate.

Rate Switch (or flip) mechanisms in loan documentation are a form of hardwired fallback but differ from the approach described above in that all the relevant changes which are required to be made in the loan documentation in order to allow the facility to switch from LIBOR to an RFR are built into the agreement on day one. This means that there is no need for further discussions and amendment at a later stage. Such agreements provide a built-in switch from LIBOR to RFRs upon a specified date (or event) and set out the provisions for the use of that rate. This approach requires an upfront consideration of the spread adjustment calculation, RFR convention and documentation issues. The rate switch approach has been included in a number of syndicated loan transactions in the UK market and we are seeing an upward trend at the moment. The Loan Market Association (LMA) has published several Exposure Drafts of a rate switch agreement, so this trend is expected to continue.

10. What remedies are being considered for ‘tough’ legacy financial instruments?

Tough legacy contracts are contracts that have no or inappropriate fallbacks, or cannot be realistically renegotiated or amended. The Sterling RFRWG Tough Legacy Task Force has analysed the characteristics of “tough legacy” contracts across asset classes and concluded that there is a case for action to address these exposures. To the extent feasible, the Task Force proposes that the UK Government considers legislation to address “tough legacy”. The UK treasury has shown support for this request, issuing a [statement](#) proposing that the FCA is granted stronger powers to manage an orderly transition for specific cases.

In its recent announcement on the LIBOR cessation, the FCA has indicated how it plans to use these new powers. One such power is the plan to ensure that GBP LIBOR continues to be published, for a specified period, using an amended methodology based on a (forward-looking) SONIA term rate + fixed spread (defined as Synthetic GBP LIBOR) with the express purpose of assisting tough legacy.

In 2020 the ARRC issued a proposal focusing on USD legacy contracts whose fallback language is most likely to lead to disputes or unintended economic consequences. If a contract has no fallback provision or falls back to a LIBOR-based rate (such as the last available LIBOR rate), the legislation imposes the ARRC's recommended replacement benchmark rate ('SOFR') and an adjustment spread. Lawmakers in New York State and at the U.S. federal level are working on legislation to deal with “tough legacy” contracts under U.S. law. See question 25 for further details.

These recommendations are helpful in highlighting both the challenges and the potential solutions to deal with “tough legacy” contracts across multiple currencies and jurisdictions. The recommendations are also consistent with other efforts to ensure that authorities are suitably equipped. For instance, the European Commission has finalised amendments to the EU Benchmarks Regulation (BMR) to ensure the orderly cessation of a critical benchmark such as LIBOR which includes the power to mandate the continued provision of LIBOR using a different methodology.

There is no guarantee that either of the above solutions will materialise (in time, across all relevant legal jurisdictions, or available for all products and circumstances). It is also recognised that such alternative potential solutions may not succeed or they may not be economically neutral, or suitable for particular contracts. Hence, market participants should continue their efforts to actively transition away from LIBOR noting that there may be legislative solutions which provide relief for a limited number of legacy products.

11. What replacement rates have the Working Groups recommended for LIBOR cash products?

The ARRC and the Sterling RFRWG are both looking to establish a recommended replacement rate in fallback clauses.

USD LIBOR products will be replaced by SOFR based alternatives. SOFR is based on overnight U.S. Treasury repurchase transactions (repo transactions) – essentially loans secured by U.S. Treasuries. It is not a forward-looking rate and it does not have a credit component, unlike interbank offered rates like LIBOR. Credit sensitive adjustments to SOFR-based rates and Term SOFR are under development but are not expected to be widely available in 2021.

In the UK, Sterling LIBOR will be replaced by SONIA. Like SOFR, SONIA is not a forward-looking rate and it does not have a credit component either.

To best preserve the economics of contract and replacement of screen rate provisions following cessation, a spread adjustment reflecting the difference between LIBOR and the replacement benchmark must be included.

Both the ARRC and Sterling RFRWG see the benefits of using the five-year lookback approach set out by ISDA as the basis for the spread adjustment to be applied to the alternative rate for cash products upon cessation and/or pre-cessation. This approach helps to align the spread-adjusted SOFR (or SONIA) used in cash products with any related hedging positions. For active transition prior to cessation events, see question 7.

For more information on USD LIBOR transition refer to question 21 and for GBP LIBOR refer to question 26.

12. Where is the LIBOR loan market heading? What are various Working Groups working on?

The traditional conventions and operations in the LIBOR loan market are based on rates that are fixed at the start of each interest period. Even though the proposed new benchmarks do not naturally have a term structure, regulators and Working Groups have made it clear that they expect the loan market to be able to move to interest determined in arrears that are currently available and that market participants should not wait for forward-looking term rates to become available before transitioning. See question 5 for the latest developments regarding forward-looking term rates.

Moving to calculation of interest in arrears will mark a significant change in loan operations for banks, agents and borrowers. For example, an agent will only be able to notify a borrower of the amount of interest to be paid towards the end of the interest period. To support the market in the transition, the LMA has produced an exposure draft for new loans where interest is compounded in arrears and the draft rate switch agreement referred to above incorporates the steps for calculation of interest compounded in arrears. The Loan Syndications and Trading Association (LSTA) has similarly produced concept draft credit agreements where interest is either daily simple SOFR in arrears or daily compounded SOFR in arrears.

Given that the Sterling RFRWG has made it clear that they expect market participants to stop offering cash products based on GBP LIBOR by the end of Q1 2021 and the ARRC has a similar target set at the end of Q2 2021 for USD LIBOR (although U.S. regulators have shifted the target

date to end of Q4 2021 for USD LIBOR), we are likely to see an increase in transactions that will further inform the market.

See questions 22 and 23 for developments on credit sensitive rate and Term SOFR initiatives by U.S. Working Groups.

Derivative products

13. How is ISDA approaching LIBOR's expected demise regarding a replacement rate?

ISDA has conducted a number of consultations to support the transition journey for the derivatives markets. The key questions are what replacement rate and spread adjustment to use and when such fallbacks will be applied. A spread adjustment is needed to account for the fact that IBORs incorporate a bank credit spread and liquidity premium, whereas RFRs do not.

To create the replacement rate, the term adjustment will be based on the "compounded setting in arrears rate", where the relevant RFR is observed over the relevant IBOR term and compounded daily.

The spread adjustment will be determined using a "historical median approach" based on the median spot spread between the relevant IBOR and the adjusted RFR, calculated over a five-year lookback period. Due to the relevant announcements by IBA or FCA as explained in question 2, these fallback spread adjustments for each LIBOR currency and tenor as determined and [published by Bloomberg](#) were fixed as of 5 March 2021.

The replacement rate will equal the term-adjusted RFR plus the spread adjustment.

Even with spreads or other adjustments, RFRs used as fallbacks are only an approximation of the relevant IBOR and may not result in a rate that is the economic equivalent of the specific IBOR. In addition, any spread adjustment that becomes fixed as a consequence of discontinuation of the relevant IBOR may reflect a historical behaviour of the relevant rates without taking into account future changes in the unsecured short-term funding costs of banks.

ISDA has selected Bloomberg Index Services Limited (BISL) to calculate and publish the fallback rates. For the indicative IBOR fallback rates, please refer to [Bloomberg LIBOR-transition page](#)¹. For more information, please refer to ISDA's website: [Benchmark Reforms and Transition from LIBOR](#).

14. What is ISDA's approach to defining a trigger event?

The relevant RFR and the spread adjustment will be used to determine the interest amount after the relevant IBOR ceases to exist. This is typically when the benchmark administrator announces that the benchmark will no longer be published, i.e. the rate is no longer available (Index cessation effective date). This could apply to all tenors in a specific currency, or may be limited to a specific tenor in that currency. See question 2 for the latest expectations regarding the cessation timetable for each LIBOR rate.

For derivatives that reference LIBOR, an additional trigger is added.

¹ For those using Bloomberg terminal, ISDA IBOR fallback rates are available on the page {FBAK <GO>}.

The adjusted RFR and spread adjustment will also be activated as a replacement rate if the FCA determines that LIBOR (in that currency and tenor) is no longer representative of its underlying market, even if the rate continues to be published. This is referred to as a pre-cessation trigger.

15. How and when will the ISDA changes to IBOR fallbacks be implemented?

ISDA published the long-awaited updated IBOR Fallback Supplement (IBOR Supplement) to the 2006 ISDA Definitions on 23 October 2020. The IBOR Supplement has amended the 2006 ISDA Definitions to incorporate robust fallbacks for derivatives referencing relevant IBORs², with the changes effective on 25 January 2021. From this date all new derivatives that reference the 2006 ISDA Definitions will incorporate the fallback mechanisms as set out in questions 13 and 14.

Simultaneously with the IBOR Supplement, ISDA also published the 2020 ISDA IBOR Fallback Protocol (IBOR Protocol) for market participants who wish to incorporate these updates into derivatives entered into before 25 January 2021. A protocol is a multilateral contractual amendment mechanism that is used to make standard amendments to ISDA documentation. It is an efficient way of implementing industry standard contractual changes to legacy trades with a large number of adhering counterparties, while avoiding the need to negotiate the same amendments with each party individually.

Participants that wish to incorporate the IBOR Supplement will be required to complete an adherence process with ISDA. If both parties adhere to the IBOR Protocol, the IBOR fallback triggers and replacement rates will apply to all trades between them referencing relevant IBORs and executed under a covered Master Agreement. Please refer to the register on the [ISDA site](#).

ING Bank N.V. and several³ subsidiaries have registered adherence to the IBOR Protocol in line with the recommendations of various industry bodies and working groups.

Please note that the ISDA IBOR fallback provisions may not be compatible with certain transactions (such as non-linear derivatives) or may not align with the fallback terms in related cash products (for example, derivatives used to hedge loans). In such cases, those transactions may need to be specifically excluded when adhering to the Protocol. It is recommended that parties with outstanding derivatives trades referring to an IBOR assess the benefits of the IBOR Protocol and set out an appropriate plan of action. Adhering to the Protocol is still possible after 25 January 2021.

If you have any questions about the ISDA IBOR Protocol that are not answered here, we refer to the IBOR FAQ on www.isda.org

16. Should an active transition be pursued and what are the options for non-linear trades?

Some market participants view the updating of fallbacks as a necessary first step to remove some of the risks associated with the cessation of an IBOR. Hence regulators expect focus and urgency

² Relevant IBORs include LIBOR for all five currencies; the Euro Interbank Offered Rate (Euribor); the Tokyo Interbank Offered Rate (TIBOR, on-shore (Japanese yen) and off-shore (euroyen) varieties); the Australian Dollar Bank Bill Swap Rate (BBSW); the Canadian Dollar Offered Rate (CDOR); the Hong Kong Interbank Offered Rate (HIBOR), the Singapore Dollar Swap Offer Rate (SOR), and the Thai Baht Interest Rate Fixing (THB-SOR).

³ The subsidiaries that have adhered are: ING Bank N.V., ING Groep N.V., ING-Diba AG, ING Belgium, ING Capital Markets LLC, ING Bank Śląski S.A., ING Bank (Australia) Limited, ING Bank Anonim Şirketi, and ING Bank (Euroasia) Joint Stock Company

from market participants to transition from LIBOR by actively switching from LIBOR contracts to RFR contracts.

For example ISDA have recently stated:

The new fallbacks were never intended to be a primary means of transition – they are instead a one-size-fits-all safety net intended to mitigate the systemic impact of an IBOR cessation in the worst-case scenario. Various regulators have recommended that firms implement robust, well-defined fallbacks in their derivatives contracts as a first step, and then use the remainder of 2021 to proactively negotiate a shift from LIBOR to alternative reference rates in order to achieve more tailored outcomes. Firms would then be safe in the knowledge that if they don't finish their transition efforts in time, a workable back-up will automatically kick in.

The inclusion of robust fallbacks reduces legal risks, but forces derivative counterparties to update systems and processes at a later date. Additionally, for a number of products (such as non-linear derivatives), the ISDA fallback rates do not preserve the original economics of the trade; hence many counterparties, in addition to incorporating the updated ISDA fallbacks to their derivatives, may wish to take other remediation actions to transition their derivatives from LIBOR to RFR reference rates.

In certain cases, transitioning away from LIBOR using compression of offsetting trades, early termination and conversion to market-standard Overnight Index Swaps (OIS) derivatives, could be operationally and economically advantageous to counterparties.

Key considerations:

- The effective date of conversion will be on a mutually agreed date before the permanent discontinuation of the LIBOR or EONIA rates. For a smooth transition, it is recommended to start the conversion as of day one of a new calculation period.
- An adjustment spread will be required to accommodate the difference between (L)IBOR and the chosen alternative risk-free rate, and may be based on the forward-looking basis swap market close to the active effective date. EONIA will be replaced by €STR + 8.5bps.
- Each party needs to be ready to process the amended trade(s) that reference an alternative risk-free rate which is to be compounded in arrears and works with different rate conventions.

17. What actions are central clearing parties (CCP) taking in response to IBOR Reforms?

The CCPs have been very active in supporting the global benchmark reform initiatives. Major CCPs have organised a multi-step approach to transition the portfolio of cleared derivatives away from IBORs.

1) Discounting curve switch and transition of Price Alignment Interest (PAI):

- LCH, Eurex and CME completed the task of replacing EONIA with €STR as discount rate for cleared euro derivatives on 27 July 2020. As this discounting change (a shift of 8.5 basis points) led to a valuation impact, a one-off cash compensation payment was made to compensate for any value transfer.
- CME and LCH switched from using the effective federal funds rate (EFFR) to using SOFR on 16 October 2020. The discount curve changed to SOFR for cleared USD derivatives and for the calculation of interest due on collateral posted, known as Price Alignment Interest (PAI). These CCPs applied a combination of cash compensation for the economic impact as well as a number of standardised EFFR-SOFR basis swaps to account for the change in risk profile.

2) Transitioning derivatives referencing EONIA:

After consulting market participants, LCH and Eurex are planning to convert any outstanding EONIA-linked swaps as of 15 October 2021 to equivalent €STR-linked swaps. According to current plans, LCH and Eurex will replace any reference to EONIA with €STR flat and leave other attributes of the contract unchanged. The economic difference before and after the conversion will be cash settled on a net basis at account level.

3) Transitioning derivatives referencing LIBOR:

LCH and Eurex have incorporated the core provisions of the published ISDA IBOR Fallbacks Supplement in their rulebooks effective as of 25 January 2021, ensuring legal certainty in case of LIBOR cessation for all cleared LIBOR contracts. Additionally, in its recent consultation, LCH has set out its proposed plans to actively transition the portfolio of legacy LIBOR derivatives at or shortly before cessation. According to current proposed plans, at the conversion date, LCH will actively convert any remaining contracts referenced to LIBOR to market-standard RFR trades (i.e. OIS derivatives). Based on the feedback received from the market participants, LCH proposes to replace LIBOR with the relevant compounded RFR plus a non-compounded credit spread adjustment in the LIBOR leg. Note that this proposed plan is not yet final and subject to changes based on additional engagement with market participants.

18. What is ING's approach regarding the CSA repapering?

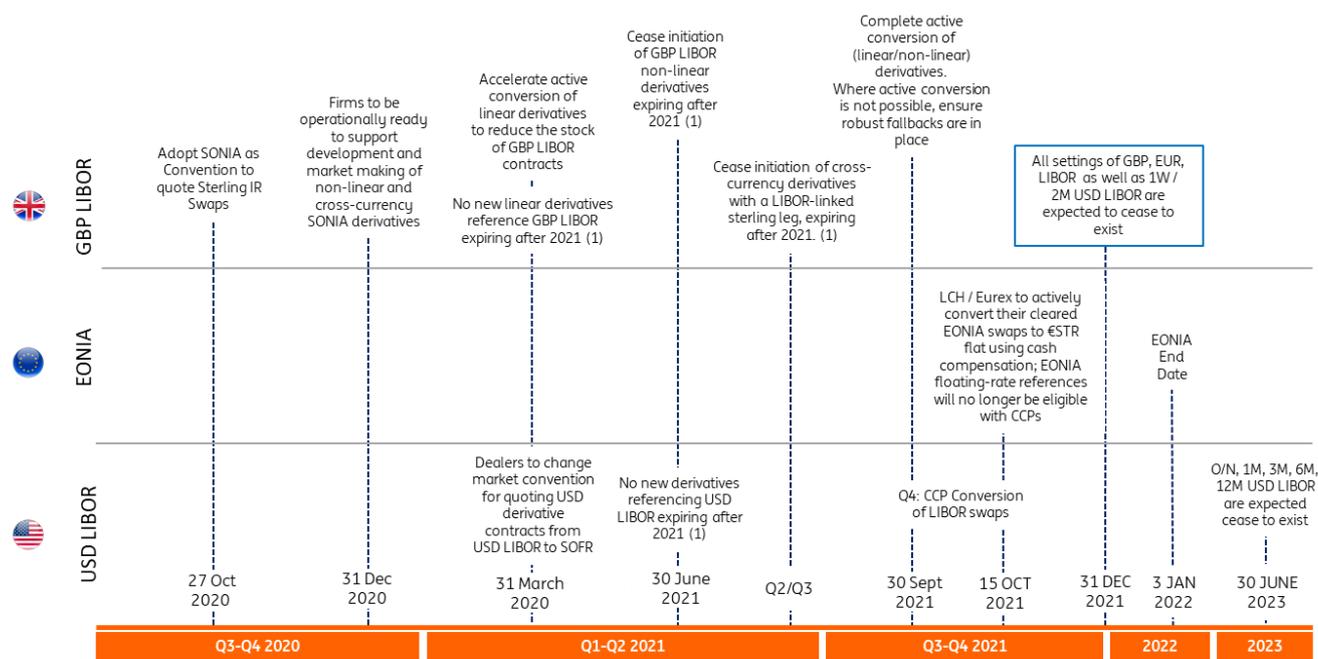
Counterparties that enter into bilateral (non-cleared) OTC derivative transactions and have a Credit Support Annex (CSA) to mitigate credit risks are also affected by benchmark changes. It is the intention of the market to transition bilateral CSA agreements that rely on a reference rate that is subject to reform or cessation.

ING aims to align the PAI and discounting curve used for derivatives to the greatest extent possible with the standard convention used by the CCPs. As such ING aims to amend CSAs to reflect PAI on new RFRs for uncleared derivatives business.

ING has started the bilateral CSA repapering process for a substantial group of its legal entities and has entered into discussions with counterparties about any required amendments to CSA agreements and any valuation adjustments. Once agreed, an effective date will be determined for the discount curve change and any valuation adjustment amount will be agreed on and compensated.

19. What are some of the key transition times for derivative products?

Some of the key dates for transitioning derivative products are summarised in the timeline below. These derivative timelines may impact funding decisions, as derivatives are often used to risk manage such activities.



1. An exception is where new linear derivatives are executed for risk management of existing legacy positions

20. What RFR derivatives can ING now offer?

ING is following closely market evolution to support your requests in terms of RFR linked products in the main indices (SONIA, SOFR, SARON, TONAR, €STR) using the most common conventions (payment delay, lookback with lag or shift). The actual combinations depend on the market standard for the product / Index / convention. If you have any requests please contact your usual ING Financial Markets Sales contact.

Transition USD LIBOR

21. What guidance and tools are available for the transition from USD LIBOR to SOFR?

To facilitate the adoption of SOFR in consumer and other cash products, the Federal Reserve Bank of New York has published since 2 March 2020:

- 1) a SOFR Index to measure the cumulative impact of compounding on a unit of investment over time, with the initial value set to 1 on 2 April 2018, the first value date of SOFR; and
- 2) SOFR compounded averages over rolling 30-, 90-, and 180-calendar day periods. The SOFR Index value reflects the effect of compounding SOFR each business day and allows the calculation of compounded SOFR rates over custom time periods. The SOFR Index and Averages could be referenced in a variety of products and as a result, the publication ("one golden source") is intended to help accelerate the transition away from USD LIBOR. The SOFR Index and Averages are published daily on the [Federal Reserve Bank of New York's website](#).

However, the specific conventions for and characteristics of many syndicated and bilateral loans may make the existing SOFR Index less useful for these type of products. The existing SOFR Index is a compounded index, so it is not applicable to daily simple SOFR Loans or daily compounded SOFR Loans.

The SOFR Index also requires an observation shift, which is not the recommended convention for syndicated or bilateral business loans, and it also does not work well with optional prepayments and interest rate floors, both common features in commercial loans.

In early September 2020, the Alternative Reference Rates Committee (ARRC) issued a request for proposals seeking a potential administrator to publish forward-looking SOFR term rates and daily spread adjustments.

In addition, the ARRC has produced a number of tools that can help to facilitate the transition away from USD LIBOR including:

- [Recommended best practices](#) which provide critical timelines for the transition from USD LIBOR to SOFR
- A [Guide](#) on the endgame for USD LIBOR
- [Frequently Asked Questions](#)
- A practical implementation [checklist for SOFR Adoption](#), which is developed as an informational document for market participants.
- A [User's Guide](#) to explain how those unfamiliar with overnight rates can use SOFR in cash products. The User's Guide covers a number of conventions, including simple versus compound averaging; in arrears versus in advance payment structures; lookback, payment delay, and lockout conventions for providing payment notice.
- The [SOFR Starter kit](#), a set of factsheets to inform the public about the transition away from USD LIBOR to SOFR. The SOFR Starter Kit includes background on the impetus for the transition and the ARRC's work to select a preferred rate, facts and figures about SOFR, and next steps for market participants.

The ARRC has also released recommended contractual fallback language for new USD LIBOR denominated syndicated and bilateral business loans. The hardwired approach has been updated to recommend the use of daily simple SOFR in the second step of the waterfall consistent with the recommended hardwired approach for syndicated loans. The hedged loan approach uses the ISDA IBOR fallback approach to ensure alignment with the related derivative(s).

In addition, the ARRC has released conventions for using daily simple SOFR in arrears, in both syndicated and bilateral business loans. Whereas in Europe, the market seems to be following the LMA's exposure draft which uses SOFR compounded in arrears rather than daily simple; hence there is a possibility that the US and European USD loan markets diverge, although it is too early to draw any conclusions.

22. What timetables and targets are in place for the transition to SOFR?

In May 2020, the ARRC published recommended best practices to assist market participants in all jurisdictions, as they prepare for the cessation of USD LIBOR. The ARRC's recommended best practices are intended to clarify the timelines and interim milestones that the ARRC believes are appropriate for transitioning away from USD LIBOR in a way that will minimise market disruption and support a smooth transition through the broad voluntary adoption of SOFR.

These recommended timelines and intermediate steps include:

1. New USD LIBOR cash products should include ARRC recommended (or substantially similar) fallback language.
2. As the ARRC has previously noted, third-party technology and operations vendors relevant to the transition should complete all necessary enhancements to support SOFR by the end of 2020.
3. New use of USD LIBOR should stop, with timing depending on specific circumstances in each cash product market. One notable target is that no new USD LIBOR loans (both bilateral and syndicated) maturing after 2021 should be originated after 30 June 2021 (U.S. regulators have shifted this end date to 31 December 2021, however the ARRC recommendation remains as is).
4. For contracts specifying that a party can select a replacement rate at their discretion following a LIBOR transition event, the determining party should disclose their planned selection to relevant parties at least six months prior to the date that a replacement rate would become effective.

These 2021 targets remain in place despite the proposal to continue publishing USD LIBOR until June 2023 (See question 2). Detailed timelines are provided on a product-by-product basis, which can be found [here](#).

In November 2020, U.S. regulators issued [guidance](#) that new issuances of LIBOR instruments should stop as soon as is practicable **and in no case later than end-2021**⁴.

In the US, the Alternative Reference Rates Committee's [Paced Transition Plan](#) envisages the creation of a term reference rate based on SOFR derivatives markets. It is anticipated that this will be completed during 2021. See further the Federal Reserve's publication [Indicative Forward-Looking SOFR Term Rates](#) of April 2019. Unlike in the UK, currently there is no regulatory push for a "limited use" case for Term SOFR in the U.S.

23. What about the development and availability of a USD credit sensitive benchmark?

A number of US regional and international loan market participants have expressed a desire for using credit-sensitive alternatives to USD LIBOR rather than solely using SOFR (which is not a credit sensitive rate). Proposals to date would add a credit component to a SOFR based rate. In 2020, US Regulatory agencies convened a series of working sessions with banks of all sizes and their borrowers, with the goal of understanding the lending needs of these banks and their borrowers and how a robust credit sensitive rate/spread could be developed to address those needs.

In October 2020, US Regulatory agencies stated that they are not planning to recommend a specific credit-sensitive supplement or rate for use in commercial lending products. Instead, they indicated to support the continued innovation and development of suitable reference rates, including those that may have credit sensitive elements.

The last six months have seen a continued development of credit-sensitive alternatives or additions to SOFR. Examples include (in random order): The ICE Bank Yield Index (IBYI), Bloomberg Short Term Bank Yield Index (BSBY), the 'across the curve credit spread index' (AXI) and AMERIBOR.

⁴ There may be limited circumstances when it would be appropriate for a financial institution to enter into new USD LIBOR contracts after 31 December 2021. These circumstances have been briefly described in the [US Regulators' announcement](#).

It remains to be seen if these benchmarks are sufficiently robust, if they meet the expectations of regulatory agencies and whether or not they will be adopted by the industry. The LSTA has expressed that such rates may be adopted in certain limited use-cases, but not used in the broader syndicated loan market.

24. Are some USD LIBOR dependent products already transitioning to using SOFR?

Loan market practices are still in development, however it seems likely that some sectors will use daily simple SOFR and others compounded SOFR (especially if there is a hedging requirement).

Although USD LIBOR remains dominant, SOFR cash and derivatives markets have begun to grow:

- Since SOFR's publication, approximately \$889bn notional in floating rate debt instruments tied to SOFR have been issued, with over \$519bn outstanding notional at December 2020 month-end; please refer to ARRC's [December-January newsletter](#) for further details.
- SOFR liquidity has increased in 2020, although presently it remains less liquid than U.S. dollar LIBOR. For example, only 5.6% of all U.S. dollar risk in cleared over-the-counter and exchanged-traded interest-rate derivative transactions was tied to SOFR in December ([Source: ISDA-Clarus RFR adoption Indicator](#))
- A number of syndicated and bilateral loans have been transacted containing a switch from USD LIBOR to SOFR (Source: [LMA](#))

25. Will there be any legislative solutions for tough legacy contracts referencing USD LIBOR?

In March 2020, the ARRC proposed draft New York state legislation as a potential approach to help address challenges surrounding tough legacy contracts governed by New York law. In January 2021 ARRC's proposed New York LIBOR legislation was included in the Fiscal Year 2022 Executive Budget for the New York state. This is an important step toward having the ARRC's legislative proposal passed and signed into law.

The ARRC's proposed legislation is narrowly targeted as it is focused on legacy contracts that do not have effective fallback provisions that will work when LIBOR becomes unusable. This legislation, therefore, is not expected to apply to loans, which traditionally do include non-LIBOR based fallbacks in the contract terms.

On 28 October 2020 the New York State Senate introduced a Senate Bill, which, if adopted, would amend the Uniform Commercial Code to introduce new statutory provisions that would apply if USD LIBOR were to be discontinued or cease to be representative of the underlying market. The Bill largely replicates the ARRCs draft legislative proposals. In January 2021 the ARRC has reiterated that the proposed legislation is essential in order to provide legal certainty and minimise the adverse economic impacts for (tough) legacy Libor contracts. The LSTA in recent calls noted that similar legislative efforts are under consideration at a federal level.

Transition GBP LIBOR

26. What guidance and tools are available for the transition from GBP LIBOR to SONIA?

The Bank of England published the SONIA Compounded Index on 3 August 2020 to support the transition from LIBOR to Risk-Free Rates in Sterling markets. The SONIA Compounded Index simplifies the calculation of compounded interest rates and is seen as a standard, official source.

Similarly, RFR compounded indices for SOFR and SARON are available on the websites of the New York Fed and SIX respectively.

In September 2020, the Sterling RFRWG released recommendations for conventions for loans based on SONIA compounded in arrears – [Conventions for compounded in arrears SONIA](#). The recommendation stresses that SONIA remains the Working Group's recommended alternative to Sterling LIBOR, implemented via a compounded in arrears methodology, and that loan markets should move consistently towards this.

Recommendations include:

- Use of a Five Banking Days Lookback (without observation period shift);
- Where an interest rate floor is used, it may be necessary to apply a floor to each daily interest rate before compounding;
- Accrued interest should be paid at the time of any principal prepayment

In addition, the Sterling RFRWG has produced guidance and tools that can help to facilitate the transition away from GBP LIBOR including:

- A [factsheet](#) providing more information on the LIBOR transition;
- Updates on market conventions, such as a [statement](#) for bond markets;
- A [guidance paper](#) to support loan market participants in considering credit adjustment spreads for active conversion;
- A [document](#) on 'lessons learned' from past conversions of legacy LIBOR contracts;
- A [document](#) setting out the Sterling RFRWG's views on which types of business and clients should use overnight SONIA, relative to alternatives including forward-looking term rates;
- A [summary](#) of the key attributes of Term SONIA Reference Rates.

The LMA has also drafted new Exposure Draft loan agreements to accommodate SONIA compounded in arrears. The LMA has also published an exposure draft to cover multicurrency term and revolving facilities agreement incorporating rate switch provisions.

27. What timetables and targets are in place for the transition to SONIA?

Lenders have worked on the targets set by the Sterling RFRWG to make SONIA-based loans products available from the end of Q3 2020. The working group acknowledges GBP LIBOR-referencing loan products may continue to be used until Q1 2021 to maintain the smooth flow of credit to the economy.

Taking this into consideration the Sterling RFRWG recommends that:

1. By the end of Q1 2021:

- Cease all new issuance of GBP LIBOR-referencing loans, bonds and securitisations (and linear derivatives) that expire after the end of 2021;
- Complete identification of all legacy LIBOR contracts expiring after end-2021 that can be actively converted;
- Accelerate the active conversion of cash products by lenders and borrowers where viable to reduce the legacy volume.

2. By the end of Q3 2021:

- Complete the active conversion of cash products. Where active conversion is not possible for loans, ensure robust fallbacks are adopted.

From 1 April 2021, ING will cease the initiation of new GBP LIBOR loans, bonds, securities (and linear derivatives) that expire after the end of 2021. Alternatives based on SONIA will be available.

In January 2021, the Sterling RFRWG released an updated UK RFR Roadmap including a table providing a product-by-product view of the steps needed to meet the key milestones established by the Working Group. For derivative products see question 19.

On 11 January 2021, [Refinitiv](#) and [IBA](#) both launched their (forward-looking) Term SONIA benchmark production rates. Such forward-looking term SONIA rates aim to help market participants who may, in certain limited use-cases, not be able to use SONIA compounded in arrear rates, in their transition away from GBP LIBOR. The Sterling RFRWG has released a [guidance paper](#) setting out why the use of such a term rate must be limited and describing use cases within cash markets where such a term rate would be beneficial and appropriate.

28. Are some GBP LIBOR dependent products already transitioning to SONIA?

There has been some good progress in establishing SONIA as the successor to GBP LIBOR. A number of positive developments took place in the markets, including:

- SONIA-linked FRN issuance now dominates Sterling floating rate financials issuance and there is clear momentum towards using the compounded SONIA rate across bond markets more generally;
- Use of compounded SONIA has become established as the market standard for Sterling securitisations;
- A number of consent solicitation have taken place to convert legacy transactions to a SONIA-based reference.

The LMA provides a regular summary of syndicated and bilateral loans referencing RFRs which have been publicly disclosed to date. The February 2021 version can be found [here](#).

Other topics

29. What changes are happening to the euro overnight index average (EONIA)?

As a result of insufficient transaction volumes preventing EONIA from becoming BMR compliant, the European Money Markets Institute (EMMI) announced that EONIA will no longer be published as of 3 January 2022.



The Euro Risk Free Rate Working Group has recommended the Euro Short-Term Rate (€STR) as the alternative rate and eventual replacement rate of EONIA.

€STR measures the wholesale euro unsecured overnight borrowing cost for banks in the euro area based on transaction data collected by the Euro-system for money market statistical (MMSR) purposes. €STR is administered by the ECB and was first published on 2 October 2019.

To bridge the period of transition, EONIA is published on the basis of €STR + 8.5 basis points (0.085%). The ECB calculated this spread based on daily EONIA and pre-€STR data from mid-April 2018 to mid-April 2019. This approach is designed to ensure that EONIA's economic value is not modified by the new calculation methodology. Between 2 October 2019 and 3 January 2022 both benchmarks will co-exist to facilitate a smooth transition from EONIA to €STR. During this period, the market (and ING) will increasingly offer products based on €STR.

For further details, please refer to the Working Group on Euro Risk-Free Rates' [FAQ](#) and [checklist](#) on the transition from EONIA to €STR.

30. What are the latest developments regarding EURIBOR?

EURIBOR Panel banks progressively transitioned to a new submission methodology in 2019. EURIBOR is now BMR compliant and can therefore continue to be used in new and legacy contracts. In September 2020, ESMA (who will substitute the Belgian FSMA as supervisor of EURIBOR in January 2022) indicated that the discontinuation of EURIBOR is not part of their plans and reinforced the importance of introducing effective fallbacks in EURIBOR contracts to ensure their continuity in the unlikely scenario of discontinuation of EURIBOR.

In light of these developments, the Working Group on Euro Risk-Free Rates is continuing its work on €STR-based fallbacks. Both backward and forward-looking rates are being considered as options. Two public consultations were launched in Q4 2020. The first covers the preferred EURIBOR fallback rate and spread adjustment for each product category to avoid potential value transfers upon activation of the fallback. The second consultation discusses the possible events that may qualify as triggers for the transition to or activation of the respective fallback rates. The Working Group aims to have the final recommendations published in April 2021.

For further details, please refer to the [Working Group on Euro Risk-Free Rates website](#).

31. What is the Benchmark Regulation (BMR) about?

In September 2014, the European Commission proposed a draft regulation on indices used as benchmarks in financial instruments and financial contracts (EU BMR). It applies to many categories of benchmarks in addition to IBORs. The regulation came into force on 1 January 2018. It introduces a common framework to ensure the accuracy and integrity of indices used as benchmarks in financial instruments and financial contracts.

It also requires that robust fallback language is included in relevant contracts and agreements. There may be contracts that fall into the scope of EU BMR that were entered into after 1 January 2018 that do not satisfy this requirement and therefore will require remediation.

For contracts that need to be remediated to make them BMR compliant, ING will reach out to impact clients and discuss the options available.

32. What reliefs are being considered by other regulatory authorities?

Numerous regulatory bodies, such as those that govern accounting and taxation, appreciate the challenges this transition brings to the banking and corporate sector. As such, a number of actions have been taken, either in the form of clarification or targeted reliefs. Some key examples include:

1. The International Accounting Standards Board has issued the following Interest Rate Benchmark Reform amendments which can be applied provided that certain conditions are met:
 - changes to contractual cash flows — a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
 - hedge accounting — a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria.

In the US, the Financial Accounting Standards Board (FASB) had already provided a similar update (ASU 2020-04) which was subsequently updated in January 2021.

2. Regulatory agencies and other institutions in different jurisdictions have issued relief to reduce certain requirements that a benchmark transition event could create provided they meet the conditions. For example:
 - EU: The amendments to the BMR which were adopted by the European Parliament on 19 January 2021 make it clear to market participants that legacy contracts will not be subject to clearing and margin requirements if contracts are amended for the sole purpose of implementing a replacement for a benchmark or introducing fallback provisions as part of benchmark reform.
 - US: The Commodity Futures and Trading Commission (CFTC) announced relief, subject to various terms and conditions, for swap dealers (SD) and other market participants related to the industry-wide transition from swaps that reference alternative benchmarks. The relief is expected to smoothen the transition away from IBORs by removing regulatory obstacles and certain reporting requirements.

In the UK, In January 2021, the Financial Conduct Authority reconfirmed that amending a reference rate or adding a fallback would not necessitate the application of margin or clearing requirements under EMIR, where this amendment relates to the treatment of legacy LIBOR trades.

33. What other benchmarks are subject to reform?

In a number of other jurisdictions authorities have started publishing RFRs intended to replace or compliment local IBOR benchmarks. These developments are ongoing and the approach and state of play differs for each jurisdiction. For example:

Jurisdictions	(Alternative) Reference Rate	Multi Rate approach?	Description
 Canada	Canadian Overnight Repo Rate Average (CORRA)	CORRA and CDOR	Calculation and publication of the six-month and 12-month CDOR tenors will cease from Monday 17 May 2021 onwards. The last day of publication for the six-month and 12-month CDOR tenors will be Friday 14 May 2021. The one-month, two-month and three-month tenors will not be affected by this action.
 Singapore	Singapore Overnight Rate Average (SORA)	Single Rate	SOR will be impacted by the expected discontinuation of USD LIBOR (which is an input in SOR's methodology). Important recent publications include the SC-STS transition roadmap from SOR to SORA and key priorities for 2020 (April 2020) and the SC-STS statement (June 2020).
 Hong Kong	Hong Kong Dollar Overnight Index Average (HONIA)	HONIA and HIBOR	Currently, the working groups have no plan to discontinue HIBOR.
 Australia	Australian Overnight Index Average (AONIA)	AONIA and BBSW	BBSW's new methodology became effective on 21 May 2018. The Cash Rate, also referred to as AONIA, is a pre-existing rate that will become the RFR for AUD. Australia is adopting a multi-rate approach that maintains the BBSW as the credit-based benchmark for the Australian Dollar.
 Turkey	Turkish Lira Overnight Reference Rate (TLREF)	Likely to have a single rate approach	Based on the latest information, Turkey is likely going to embrace a single reference rate approach. No formal announcements have been made regarding the cessation date.

Note: This is only a selection of important benchmarks under reform. There are additional interest rate benchmarks globally that are subject to reforms

34. What can our clients do to prepare for the transition?

While uncertainties are part of the transition, we encourage you to perform an assessment of the LIBOR-referenced exposures and stay up to date with ongoing developments. We recommend that you familiarise themselves with the RFRs and make the necessary preparations to transact in RFR-referenced products. You may want to engage independent consultants for advice, particularly when reviewing the contractual terms governing exposures that mature after 2021 and assessing the robustness of the current fallback language. From an accounting, tax and regulatory perspective, you may also want to consider the potential impacts of the LIBOR discontinuation on your businesses' treasury and risk management systems and processes.

ING is working on product development and transition, and will continue that effort throughout 2021. For impacted contracts and products ING will reach out to you and discuss the options for the transition. If you have any questions about IBOR transition that are not answered here, please contact your relationship manager at ING.