

Transitioning from Interbank Offered Rates (IBORs) to new Risk Free Rates (RFRs*)

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In recent years, international and domestic authorities alike have actively worked with the private sector to address LIBOR's shortcomings and to find alternative rates. One notable development has been the publication of an [international set of principles for financial benchmarks](#), developed by the International Organization of Securities Commissions (IOSCO) in 2013. These principles—which include 19 specific standards across governance, benchmark quality, methodology, and accountability—have emerged as the international standard. IOSCO has rightly focused on tying benchmarks more closely to observable, arms-length transactions.

The [Financial Stability Board \(FSB\)](#) and its members have published proposals, plans, and timelines for reference rate reform and have promoted the strengthening of the major interest rate benchmarks. The FSB has been carrying out work on the development and introduction of alternative benchmarks, developing a plan to accomplish a transition to new benchmarks, encouraging work by the private sector on contract robustness, and reporting regularly on the progress made.

To aid in the awareness of the IBOR transition processes impacting globally-active financial institutions, the Global Financial Markets Association (GFMA) has created the following documents outlining the various parts and players. This information is organized into the enclosed three products:

1. Key Timelines and Milestones for the Japanese yen, Euro, UK pound sterling, U.S. dollar, and the Swiss franc;
2. Snapshot of the IBOR and RFR variables associated with each currency;
3. 'At a Glance' Tracker of each official sector working group activities and near-term expected actions.

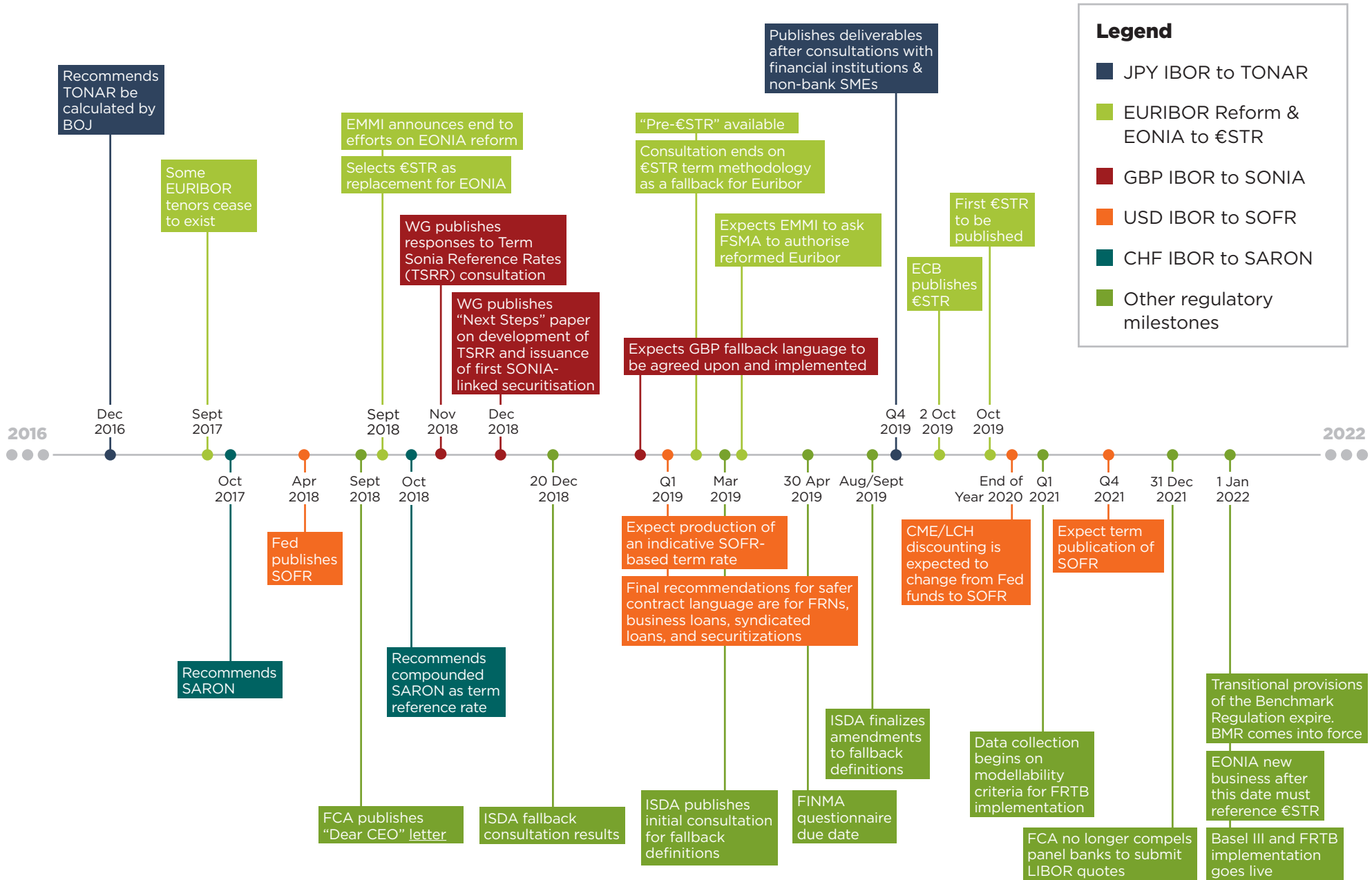
The information contained herein is based on the work of the FSB through the OSSG as well as other publicly available information. For ongoing IBOR transition updates, please reference the individual central bank working groups:

- Japanese yen: [Study Group on Risk-Free Reference Rates](#) and the Bank of Japan [Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks](#)
- Euro: [Working Group on Euro Risk-Free Rates](#)
- UK pound sterling: [Working Group on Sterling Risk-Free Rates](#)
- U.S. dollar: [Alternative Reference Rates Committee](#)
- Swiss franc: [National Working Group on Swiss Franc Reference Rates](#)

*Current as of 2 April 2019

IBORs to RFRs Transition Timeline






This timeline lists key dates and milestones associated with the transition from IBORs to risk free rates for the Japanese yen, Euro, UK pound sterling, U.S. dollar, and Swiss franc.



Snapshot: Variables of each IBOR and RFR by Jurisdiction





The following lists out the key factors to be aware of in each IBOR and risk-free reference rate.

Jurisdiction	Benchmark IR	Administrator	Reformed IBOR include waterfall approach?	Alternative RFR	Alternative RFR Administrator	Transaction based?	Overnight rate?	Secured/ Unsecured	Underlying Transactions	Rates Published
 Japan	JBA TIBOR EUROYEN TIBOR	JBA TIBOR Administration	Yes	TONA	Bank of Japan	Yes	Yes	Unsecured	Money Markets	July 1985
	JPY LIBOR	ICE Benchmark Administration (IBA)	Yes			Yes				
 EU	EONIA/ EURIBOR	European Money Markets Institute (EMMI)	Yes	Euro short- term rate (€STR)	European Central Bank (ECB)	Yes	Yes (€STR)	Unsecured	Money Markets	October 2019 (€STR)
				Reformed EURIBOR		Partly				
 UK	GBP LIBOR	ICE Benchmark Administration (IBA)	Yes	Reformed sterling overnight index average (SONIA)	ICE Benchmark Administration (IBA)	Yes	Yes	Unsecured	Money Markets	23 April 2018
 US	USD LIBOR	ICE Benchmark Administration (IBA)	Yes	Secured overnight financing rate (SOFR)	Federal Reserve Bank of New York (FRBNY)	Yes	Yes	Secured	Repo Transactions	3 April 2018
 Switzerland	CHF LIBOR	ICE Benchmark Administration (IBA)	Yes	Swiss average rate overnight (SARON)	Swiss National Bank (SNB) and SIX Swiss Exchange	Yes	Yes	Secured	Repo Transactions	25 August 2009




At a Glance: Official Sector Working Group Activities and Near-Term Expectations



This tracker follows the official sector working group activities, near-term expected actions, industry actions around cash fallback language, term rate statuses, and issuance of alternate RFRs to date.

Working Group	Working Group Structure	Alternative/New RFR Status	Cash Fallback Language Status	Term Rate Status	Near Term Expected Actions	Issuance to Date
 <p>Bank of Japan Study Group on Risk-Free Reference Rates</p> <p>Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks</p>	<p>The Cross-Industry Committee on Yen Interest Rate Benchmarks is divided into three subgroups and one working group focusing on:</p> <ol style="list-style-type: none"> Loans Bonds Development of term reference rates Currency Swaps 	<p>December 2016: Recommended Tokyo Overnight Average Rate (TONA) calculated by the Bank of Japan.</p>		<p>Future work plan for term reference rate based on Swaps and Futures is discussed in the subgroup for the development of term reference rates. The subgroup considers possible timing of the implementation is around mid-2021.</p>	<p>The Committee will have a public consultation in mid-2019. The main scope of the consultation includes 1) Alternative benchmark options and 2) Preparation for fallbacks.</p>	
 <p>Working Group on Euro Risk-Free Rates</p>	<p>The Euro Working Group (WG) currently has three sub-groups, focusing on:</p> <ol style="list-style-type: none"> Term rate methodology for euro short-term rate (€STR) Best practices for contract robustness and legacy contracts Euro overnight index average (EONIA) transition challenges <p>The subgroups are currently being reorganized.</p>	<p>September 2018: Recommended €STR to replace EONIA.</p> <p>ECB will begin publishing €STR by October 2019.</p> <p>February 2019: Euro WG confirms EURIBOR will continue for the medium term.</p>	<p>Euro WG “Guiding principles for fallback provisions in new contracts for euro-denominated cash products” published in 2018 to promote effective fallback provisions in new contracts for euro-denominated cash products.</p> <p>In 2019, the WG intends to recommend more detailed fallback language for legacy and new euro-denominated contracts.</p>	<p>On 25 Feb, the WG published a summary of responses to the second public consultation on determining an €STR-based term structure methodology as a fallback in euro interbank offered rate (EURIBOR) linked contracts.</p> <p>The WG may seek further input from market participants through additional consultations.</p>		<p>There is no issuance in €STR yet.</p>

At a Glance: Official Sector Working Group Activities and Near-Term Expectations (continued)

Working Group	Working Group Structure	Alternative/New RFR Status	Cash Fallback Language Status	Term Rate Status	Near Term Expected Actions	Issuance to Date
 Bank of England Working Group on Sterling Risk-Free Rates (RFRWG)	<p>The WG is broken down into sub-groups focusing on:</p> <ol style="list-style-type: none"> 1. Bonds 2. Loans 3. Communications & Outreach 4. Pension Funds & Insurance Companies 5. Cross-Currency Swaps 6. Infrastructure 7. Banking Industry Forum 8. Non-Financial Corporate Forum 9. Investment Managers Forum 	<p>April 2017: Recommended reformed Sterling Overnight Index Average (SONIA).</p>	<p>GBP fallback language expected to be agreed and implemented in 2019.</p>	<p>The RFRWG consulted with benchmark administrators on the development of a robust term SONIA reference rate.</p> <p>In late 2018 the RFRWG published “LIBOR Transition and Development of a Term Rate Based on SONIA - Next Steps.”</p>	<p>A 2019 focus will be on development of operational capability for SONIA-referencing floating rate notes (FRNs), loans and other instruments. A term benchmark rate will be produced and made available to use.</p> <p>The RFRWG maintains “Working Group Timeline and Milestones.”</p>	<p>CME Group launched 3-month SONIA and MPC-linked futures trading on 1 Oct 2018, following launch of ICE SONIA 1-month futures, launched 1 Dec 2017, and ICE SONIA 3-month futures, launched on 1 June 2018. CurveGlobal also launched 3-month SONIA futures and an ICS between SONIA and LIBOR on 30 April 2018.</p> <p>To date there have been 32 issues of sterling floating rate notes referencing SONIA with total volume of approximately £18 bn.</p>
 Alternative Reference Rates Committee (ARRC)	<p>The WG is broken down into sub-groups focusing on:</p> <ol style="list-style-type: none"> 1. Business Loans 2. Floating Rate Notes 3. Securitizations 4. Paced Transition/Market Structures (newly merged) 5. Technology/Infrastructure (under consideration) 6. Consumer Products 7. Legal 8. Outreach 9. Regulatory Issues 10. Term rates 	<p>June 2017: Recommended Secured Overnight Financing Rate (SOFR) as the RFR to replace U.S. dollar LIBOR.</p> <p>April 2018: New York Federal Reserve Bank (NYFRB) began publication of SOFR.</p>	<p>ARRC agreed on principles for fallback language, published late Sept 2018.</p> <p>In late 2018, ARRC consulted on proposed fallback language for use in FRNs, bilateral loans, syndicated loans, and securitizations.</p> <p>ARRC will continue to develop fallback language and other provisions to address consumer products (e.g. mortgages).</p>	<p>ARRC’s Paced Transition Plan sets end of 2019 goal to produce a forward-looking term rate for use in certain cash products.</p> <p>NYFRB intends to publish an indicative term rate in Q1 2019 with transparent calculation methodology.</p>	<p>ARRC to publish recommended fallback language for certain cash products in Q1 2019.</p> <p>To facilitate the transition from LIBOR, which is a three-month or six-month rate, to SOFR, which is an overnight rate, the NYFRB is preparing to produce a backward-looking compounded average alongside the daily SOFR.</p> <p>The ARRC will continue to pursue regulatory and other obstacles to a transition away from SOFR. It is also exploring educational and outreach objectives and plans.</p>	<p>CME Group launched 3-month and 1-month SOFR futures trading on 7 May 2018. LCH began clearing SOFR swaps in July 2018.</p> <p>SOFR-based bond issuances in recent months include Fannie Mae, Credit Suisse, Wells Fargo, Met Life, the Federal Home Loan Bank system and the World Bank. There have been 72 issues of U.S. dollar notes referencing SOFR with total volume of \$72.4bn</p>
 National Working Group on Swiss Franc Reference Rates	<p>The WG is broken down into sub-groups focusing on:</p> <ol style="list-style-type: none"> 1. Derivatives & Capital Markets 2. Loan and Deposit Markets 	<p>October 2017: Recommended Swiss Overnight Average Rate (SARON).</p>		<p>WG has recommended using compounded SARON wherever possible</p>		<p>On 29/10/2018 Eurex launched 3M SARON Futures</p>