

MEMO# 32838

October 16, 2020

LIBOR Update: Financial Stability Board Publishes Roadmap for LIBOR Transition

[32838]

October 16, 2020 TO: ICI Members

Investment Company Directors

ICI Global Members

Derivatives Markets Advisory Committee

LIBOR Transition Working Group SUBJECTS: Compliance

Derivatives

Financial Stability

Fixed Income Securities RE: LIBOR Update: Financial Stability Board Publishes Roadmap for LIBOR Transition

We wanted to alert you to recent developments about LIBOR transition from the Financial Stability Board (FSB).

The FSB issued a roadmap of actions for firms to take in response to LIBOR transition.[\[1\]](#) They acknowledge that transition from LIBOR requires firms to undertake sustained efforts to reduce reliance on LIBOR (and other IBORs) and to remove remaining dependencies on LIBOR by the end of 2021.

The FSB expects that most firms have already identified LIBOR exposures and dependencies, initiated a project plan, focused on industry and regulator recommendations, assessed what changes will be needed in systems and processes, and created a communications plan.

Going forward, the FSB recommends:

- By the effective date of the ISDA Fallbacks Protocol,[\[2\]](#) firms should adhere to the protocol as appropriate and, for providers of cleared and exchange-traded products, ensure that these incorporate equivalent fallback provisions.
- By the end of 2020, lenders should offer non-LIBOR loans.
- By mid-2021, firms should have fully assessed their legacy contracts and made plans for remediating those contracts.
- By end-2021, firms should prepare for LIBOR discontinuation by switching all new business to alternative reference rates, taking steps to prepare for the impact of

tough legacy contracts that cannot be remediated, and conducting all business critical systems and processes without reliance on LIBOR.

The FSB intends this roadmap to supplement existing timelines and milestones from industry working groups and regulators.

Bridget Farrell
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endnotes

[1] See Financial Stability Board, Global Transition Roadmap for LIBOR (Oct. 16, 2020), available at <https://www.fsb.org/wp-content/uploads/P161020-1.pdf>.

[2] See ICI Memorandum No. 32825, available at https://www.ici.org/my_ici/memorandum/memo32825. ISDA will launch its fallback protocol and supplement on October 23, 2020 to be effective on January 25, 2021.

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