

Hot topics:

- The press hit the high points of the ICA, FCA, BOE, and ISDA announcements:
<https://www.ft.com/content/95487446-6f79-4af7-a219-482d8f0fdd15>
- The ABCs that are alternatives to SOFR for USD LIBOR replacers are now in limbo. Unlike SOFR, the fallback spread to recover LIBOR is undefined. This is a bit of a horror show.
- The fallback spreads adopted by ISDA for derivatives are likely to be adopted by the cash markets, though a one-year phase in period is probable for consumer products (like consumer mortgages).

New issuance and trading:

(No activity this week).

NEW! Legal :

- A leading UK law firm breaks out the high points of the FCA announcement:
<https://www.traverssmith.com/knowledge/knowledge-container/fca-announces-cessation-and-pre-cessation-triggers-for-libor-linked-loans-and-derivatives/>
- The NY State safe harbor bill is not a panacea:
<https://www.lexology.com/library/detail.aspx?g=86345c04-d9f5-4aae-9a12-844a0441d681>
- What considerations are there for Islamic finance in the LIBOR transition?
<https://www.wfw.com/articles/libor-transition-implications-for-islamic-finance/>

Central banks and regulators:

- ICE's statement of feedback on the cessation consultation:
https://www.theice.com/publicdocs/ICE_LIBOR_feedback_statement_on_consultation_on_potential_cessation.pdf
- Joint statement by the Bank of England and the FCA:
<https://www.bankofengland.co.uk/news/2021/march/announcements-on-the-end-of-libor>

- Statement by the ARRC:
https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2021/ARRC_Press_Release_Endgame.pdf
- ISDA's announcement of fallback spreads:
<https://www.isda.org/2021/03/05/isda-statement-on-uk-fca-libor-announcement/>
- ICE has created a number of different SONIA indexes, showing how the details of compounding in arrears can be tweaked:
<https://www.theice.com/iba/sonia-indexes>
- Good Friday 2021 (April 2nd) will affect SOFR values:
https://www.newyorkfed.org/markets/opolicy/operating_policy_210303a

Local area talks, webinars, podcasts etc.:

(Nothing this week.)

Academic and Trade literature:

☆☆☆ LIBOR legacy loans can be tricky: See the LinkedIn post by Patrick Carey of 3/4/2021 entitled "LIBOR Transition: the legacy loan book challenge and related issues." The author does not appear to have made the paper downloadable, or into a link.

☆☆☆ Insightful comments on the IBA decision by a LIBOR expert:

<http://multi-curve-framework.blogspot.com/2021/03/ale-jacta-est-libor-non-est.html>

☆☆☆ A great introduction to SOFR:

<https://www.spglobal.com/en/research-insights/articles/understanding-sofr>

☆☆ Seems to emphasize only 1M and 3M USD LIBOR postponements to 2023. No discussion of the complexity of RFR loans, a point made clearly by LTSA and others.

https://www.chathamfinancial.com/insights/libor-transition-timing-update-the-regulators-have-spoken?utm_source=linkedin.com&utm_medium=referral&utm_campaign=wc+cs+libor+transition

☆☆ A Bloomberg report on the FCA decision speaks of the publication of fallback spreads relative to RFRs as the end of the road. But Bloomberg in particular has emphasized alternatives to the RFR designated by the ARRC, SOFR. It's clear as mud what the fallback spreads will be for BSBY (the Bloomberg also-ran to SOFR), Ameribor, CMT, any other in this category.

[https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation Announcement 20210305.pdf](https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation%20Announcement%2020210305.pdf)

☆☆ Agency loan embedded floors and caps do not fall under the ISDA fallbacks, but experience with callable bonds indicates that when they don't trade freely, their pricing and dynamics are hard to model anyway.

https://www.chathamfinancial.com/insights/libor-fallbacks-in-agency-loans-and-caps?utm_source=linkedin.com&utm_medium=referral&utm_campaign=wc+re+insights

☆ LIBOR subjectivity was not the problem, but rather the bias (some of it evidently criminal):

<https://lnkd.in/daxvBJC>

ABC Rates (Ameribor, Bank Yield Index, and Constant Maturity Treasury) etc.:

(Issues with fallbacks are noted above.)

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