

Hot topics:

In contrast to the clamoring for term SOFR, the UK has concluded that few people will be using term SONIA:

[Term Sonia use will be nearly non-existent | Conduct | Practice Insight \(iflrinsight.com\)](#)



In the aftermath of passage of the NY State LIBOR safe harbor law, the focus has shifted to Congress. Yet Rep. Brad Sherman's home page doesn't mention the bill he is sponsoring, and a search for the word "LIBOR" gives zero results:

[New York Enacts Legislative 'Fix' for Legacy LIBOR Contracts Governed by NY Law; Will a Federal Fix Be Next? – Publications | Morgan Lewis](#)



LIBOR safe harbor provisions will be excluded from Parliament's financial services bill.

[Letter to HM Treasury on safe harbour provisions \(bankofengland.co.uk\)](#)



CLOs will be very painful to transition:

[Libor transition presents deep complexities for CLOs | Asset Securitization Report \(americanbanker.com\)](#)



By accident, many CLOs issued in the last few years have the wrong fallback:

[Botched fallbacks leave CLOs facing early Libor switch - Risk.net](#)

New issuance and trading:



Islamic Development Bank issued its first SOFR bond:

[Moving away from LIBOR: Islamic Development Bank issues SOFR-linked sukuk | ZAWYA MENA Edition](#)



A large reinsurance deal involved a 21 year SOFR note:

[Radian obtains \\$498m of mortgage reinsurance via Eagle Re - Reinsurance News](#)



The European Investment Bank issued a 5 year SOFR floater:

[EIB returns to dollars with SOFR tap | IFR \(ifre.com\)](#)



Bank of America released what was described as a floating-rate note, though its maturity is only 6 months. It probably should be thought of more as commercial paper than an outright bond.

[Bank of America Announces Floating Rate Notes Issuance Referencing BSBY](#)



LCH will charge fallback and conversion fees starting 9/30/2021:

[Rates Reform: LIBOR Fallback and Conversion Fees | LCH Group](#)

Central banks and regulators:



Treasury and the SEC among others are looking carefully at money market funds, which were problematic in the pandemic. The cessation of LIBOR will complicate MMFs.

From Delta Vega Inc.

FREE Version

April 26, 2021

[Money Market Funds Melted in Pandemic Panic. Now They're Under Scrutiny. - The New York Times \(nytimes.com\)](https://www.nytimes.com)



ISDA published a pep talk on the end of LIBOR:

[No Delay for US Dollar LIBOR – International Swaps and Derivatives Association \(isda.org\)](https://www.isda.org)



A very helpful update, including an updated road map:

[Active transition of legacy GBP LIBOR contracts \(bankofengland.co.uk\)](https://www.bankofengland.co.uk)



Fitch and S&P have acknowledged that credit-sensitive benchmarks can be used in money market funds. As stated above, the B of A BSBY deal is basically commercial paper, so this makes sense. The other money market categories are unlikely to have a credit-sensitive benchmark (bankers' acceptances, certificates of deposit, repos, and US Treasuries).

[Moody's on Rule Changes; S&P, Fitch on Bloomberg Libor Alternative \(cranedata.com\)](https://www.cranedata.com)



The ARRC released principles for term SOFR:

[20210420-arrc-press-release-term-rate \(newyorkfed.org\)](https://www.newyorkfed.org)

Local area talks, webinars, podcasts etc.:

A webinar on 4/28 at 4 PM ET will discuss “LIBOR’s Sunset and AMERIBOR’s Dawn.” This despite the fact that a major activity after the 12/31/2021 sunset and deadline for new LIBOR deals will be transitioning legacy LIBOR deals – where there are no established AMERIBOR fallback spreads:

[Paul Noring | Jeffrey Armstrong | LIBOR’s Sunset and AMERIBOR’s Dawn | Insights | Berkeley Research Group \(thinkbrg.com\)](https://www.thinkbrg.com)

Academic and Trade literature:

☆☆☆ Nice transition discussion, US focused, including term SOFR, fallbacks, and credit spread adjustments:

[LIBOR's Long Good-Bye | Allen Matkins - JDSupra](#)

☆☆☆ A thorough description of the challenges for loans in the transition:

[LIBOR Transition: A Mix of Progress and Ambiguity for Loans \(wilmingtontrust.com\)](#)

☆☆☆ Islamic finance poses unique problems for the transition:

[LIBOR Transition: Challenges for Islamic Finance Transactions | King & Spalding - JDSupra](#)

☆☆ Hedge Trackers asserted that CME's term SOFR might be a solution for the markets, but it consists of only 3 of the 7 existing LIBOR maturities. Ideally, one vendor would provide forward SOFR across all maturities:

[Reference Rate Reform - Hedge Trackers](#)

☆ A SOFR hit job does nothing but sow confusion. Although the article purports to be about "End of LIBOR," it can't even seem to define what that means.

[End of Libor stirs anger on Wall Street \(ft.com\)](#)

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

☆ Finastra believes non-SOFR alternatives are "possible or possibly even likely." Yet few market instruments in Ameribor, BSBY etc trade. The B of A deal referenced above is merely 6 months.

(no article referenced)

★ LTSA announced that Ameribor can be used in syndicated loans, but recall that Zions Bancorp eschewed syndicated loans in its Ameribor issue.

[LSTA Includes AMERIBOR® As A Credit-Sensitive Replacement to LIBOR \(mondovisione.com\)](http://mondovisione.com)

Contact information:

Jonathan Schachter is the CEO of Delta Vega Inc., a leading firm at the forefront of regulatory quant research. Email: js1@delta-vega.com

See Jonathan's bio at <http://www.linkedin.com/in/jonathan-schachter-ph-d>