

**Hot topics:**

Let's discontinue the use of the word "discontinuation" in its association with LIBOR. Remember the dead parrot sketch in Monty Python? Would you describe it as a "discontinued parrot"? Of course not. LIBOR is ceasing. As John Cleese said, "this is an ex-parrot." See more abuse of the term below.

[Discontinuation of LIBOR and Alter Domus' Continued Response - Alter Domus](#)



To help pay for Covid-19 and infrastructure, Treasury could issue SOFR floaters. This would help to spur more SOFR use.

[Treasury Issuance Could Aid Adoption of SOFR Benchmark - PIMCO - Commentaries - Advisor Perspectives](#)



Singapore continues its premature exit from USD LIBOR, on which its SOR depends. This despite USD LIBOR being around for more than two years from now.

[Singapore Passes Libor Milestone With \\$128 Billion at Stake - Bloomberg](#)

Most large non-financial companies have not adopted ISDA's swap fallback language:

[Corporates remain on swaps fallback sidelines - Risk.net](#)

**New issuance and trading:**

A one-year BSBY swap was issued:

[BofA, JPMorgan Do Swaps Trade Tied to New Libor Replacement - Bloomberg](#)



A six-month FRN based on BSBY was issued:

[Bank of America ticks boxes with new Libor alternative | GlobalCapital](#)



CME group began publishing SOFR term rate values at 1, 3, and 6 month tenors. Given that there are 7 tenors of LIBOR, and that CME doesn't have the input swap data to compute beyond 6 months, it is unlikely to be chosen as the vendor of choice by the ARRC.

### Central banks and regulators:



LSTA tackles the transformation of LIBOR floors to SOFR, though it would have been helpful to point out explicitly that  $\text{MAX}[\text{LIBOR}(\text{tenor}), \text{floor}]$  is replaced by  $\text{MAX}[\text{SOFR}(\text{tenor}) + \text{fallback spread}, \text{floor}]$ .

[Flooring It! LIBOR vs. SOFR - LSTA](#)



Participants are encouraged to use only SONIA for Nonlinear GBP derivatives as of May 11<sup>th</sup>.

[The FCA and the Bank of England encourage market participants in a switch to SONIA in the sterling non-linear derivatives market from 11 May | FCA](#)

ISDA will publish a new fallback protocol to extend the idea to markets such as India by end of 2021:

[Isda plans second benchmark protocol by 'end of this year' - Risk.net](#)



ISDA has amended derivatives documents to accommodate SOFR alternatives such as Ameribor, BSBY, etc.:

[Global Derivatives Get Leeway to Use Different Libor Successors - Bloomberg](#)



Mortgage industry group publishes templates to help with LIBOR transition:

[https://www.mba.org/Documents/Policy/MBA\\_LIBOR\\_Transition\\_Template\\_Consumer\\_Letter-PR.pdf](https://www.mba.org/Documents/Policy/MBA_LIBOR_Transition_Template_Consumer_Letter-PR.pdf)

### Local area talks, webinars, podcasts etc.:

The Mexican Stock Exchange will host a LIBOR transition Zoom in English and Spanish. It will take place on Friday, May 14<sup>th</sup>, at 10 AM ET / 1500 London. Register here:

<https://lnkd.in/djE-EFh>

The ARRC will host “The SOFR Symposium: The Final Year” via Zoom on May 11<sup>th</sup> at 10:30 AM ET.

[Summary - The SOFR Symposium: The Final Year \(cvent.com\)](#)

### Academic and Trade literature:

☆☆☆ People may need a refresher course in what LIBOR’s problems were. ‘LIBOR’s original problem was that too many contracts were based on rates derived from a relatively small number of transactions. He expressed concern that using a credit sensitive rate which is derived from a small pool of underlying transactions could recreate the same problem. Wipf strongly encouraged that companies do their due diligence before selecting a rate other than SOFR, stating “Although something looks and feels like LIBOR, that doesn’t make it the right answer.”’

[LIBOR transition: PwC](#)

☆☆☆ Great LIBOR legal analysis, covering the US (the NY State law), the UK, and EU:

<https://www.jdsupra.com/post/fileServer.aspx?fName=6e9ca435-0e17-4456-9b51-3fb75f03e946.pdf>

☆☆☆ Another annoying reference to LIBOR’s “discontinuation” rather than cessation, and some confusion about what tenors are ceasing in June, 2023:

[MBA creates servicer notifications for Libor's discontinuation | National Mortgage News](#)

☆☆☆ Although this has some useful basic information for someone unfamiliar with the transition, it also has some inaccuracies that should be corrected. First, the liquid tenors of USD LIBOR will live until June, 2023 -- far beyond December, 2021. Second, two key RFRs (SOFR and SARON) have the additional aspect of being based on collateralized lending. That indeed is why

unsecured SOFR alternatives are being considered. Finally, no motivation is given for the cessation of LIBOR. The financial world is not simply changing rates as if a person were to replace an empty milk carton with a new full one. This is as though a scandal showed that all cow milk is poisoned, and only almond milk is drinkable.

[Blog Article \(iaseminars.com\)](#)

☆☆ Not really up to date on facts of transition. Why does an article written in NY State make no mention of the new LIBOR safe harbor law passed in early April? And why does it flatly say there is no term structure to SOFR, when in fact vendors such as CME and ICE are developing forward-looking SOFR?

[Bottom Line it For Me – What do I need to know about LIBOR going away? | Berdon LLP](#)

☆☆ Unfortunate title for an important subject. It's not that the fallbacks are cash, such as the one-time adjustments exchanged when SOFR discounting kicked in. No, the notion is fallbacks for CASH PRODUCTS. How about: USD cash-product fallbacks?

[USD cash fallbacks and the LIBOR transition | Refinitiv Perspectives](#)

☆☆ A botched analysis of SOFR. The spikes are in the overnight rate itself, whereas the market primarily uses 30 and 90 day averages, which lack the spikes.

[Investors Closer to Getting a Credit-Based Alternative to Libor - Bloomberg](#)

☆☆ Way too rosy an outlook on a federal safe harbor bill. The federal bill is nowhere near the "stage." I will believe it is a reality when you can go to Rep. Sherman's website and find it mentioned. I periodically Google "LIBOR" in Sherman's pages and get "Not Found."

[The Empire State Assists In Toppling a Giant, Setting the Stage for Federal LIBOR Legislation | Law Bulletins | Taft Stettinius & Hollister LLP \(taftlaw.com\)](#)

☆☆ More discontinuation. Discontinue the use of "discontinuation"!

[The discontinuation of LIBOR and phasing in of SONIA in the Sterling Markets, what do we know so far? | Corporate and Commercial Law Blog | Kingsley Napley](#)

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

☆ An article on USD LIBOR replacements has no mention of BSBY at all:

[ABA Banking Journal \(BAKS\) - May/June 2021 - Ironing Out the Wrinkles in the Post-Libor Landscape \(bankingjournal-digital.com\)](https://www.bankingjournal-digital.com/2021/05/ironing-out-the-wrinkles-in-the-post-libor-landscape/)

☆ We should distinguish between companies joining the AFX and using Ameribor. PNC, like many large banks, falls in to the first category. Its transactions will be used as input to Ameribor.

[PNC Bank Joins The American Financial Exchange® \(mondovisione.com\)](https://www.mondovisione.com/en/pnc-bank-joins-the-american-financial-exchange/)

☆ A rosy assessment of BSBY, but no mention of the fact that it can't be used for fallbacks or multicurrency deals.

[BSBY - an elegant USD LIBOR solution! | LinkedIn](#)

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