

Press release

(For meeting minutes, please see page 3 ff.)

National Working Group on Swiss
Franc Reference Rates

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Zurich, 10 November 2021

Executive summary of the 9 November 2021 meeting of the National Working Group on Swiss Franc Reference Rates

The National Working Group on Swiss Franc Reference Rates (NWG) met on 9 November 2021 to discuss the progress of the LIBOR transition in Switzerland and relevant international developments.

The key items and main recommendations of yesterday's meeting were:

- (i) Members were briefed on the progress in legislation in some jurisdictions that included the [Critical Benchmarks Bill](#) in the United Kingdom and the [Senate Bill 297B/Assembly Bill 164B](#) under New York state law. Further, members were informed about the [confirmation](#) of the UK Financial Conduct Authority (FCA) that it will require ICE Benchmark Administration (IBA) to publish 1M, 3M and 6M GBP and JPY LIBOR under a synthetic methodology. Additionally, FCA conducted a [consultation](#) on the proposed decision to permit use in all legacy contracts except cleared derivatives. Finally, members were notified of the publication of the European Commission's [Implementing Regulation](#), which designates a statutory replacement for 1M, 3M, 6M and 12M settings of CHF LIBOR for contracts without fallback provisions.
- (ii) FINMA provided an update on their self-assessment survey, according to which those firms that were closely monitored had made strong progress and largely adhered to the milestones of the roadmap set out in [Guidance 10/2020](#). The transition from CHF LIBOR to SARON has been largely successful with a 97% reduction of contract volumes without robust fallbacks since mid-2020 (remaining contracts amounting to CHF 12bn by end of September 2021). Firms' expected "tough legacy" has also reduced and amounts to CHF 375m, all relating to OTC derivatives. As also highlighted in [Guidance 03/2021](#), FINMA stated that it will consider the disregard for the cessation of LIBOR-based new business transactions

in the second half of 2021 as a violation of the supervisory requirements with regard to adequate risk management (except in exceptional cases). FINMA emphasized that full operational readiness is required by 31 December 2021.

- (iii) A representative of SIX Financial Information Ltd presented the draft of the revised correction policy. The revision is intended to further strengthen the robustness of SARON.
- (iv) Members discussed the transition to SARON in loan markets. According to SNB data, new loans are predominantly based on SARON across various product types and across all cantons. A member of LMA updated members about most recent deals in the syndicated loan market.
- (v) Members discussed the transition to SARON in swap markets. Since the last NWG meeting, turnover in the SARON swap market increased considerably and dominates the trading activity since the summer months with a share of SARON-based swaps of about 60-80%. Remaining LIBOR-based swaps are mainly traded to close and net existing LIBOR swap positions. In the cross-currency basis swap (CCBS) market, trading conventions were successfully switched on 21 September 2021 for CHF, GBP, JPY and USD. Feedback from market participants about the transition in the CCBS market is positive.
- (vi) An overview of the remaining key dates in the transition of cleared LIBOR swap contracts by LCH and EUREX was given and technical details of the transition were discussed. Further, the transition of ICE LIBOR Futures was presented and members were informed that EUREX revised the contract naming convention for SARON Futures.
- (vii) As a last item, members concluded that the transition to SARON is conceptually completed and the operational transition to SARON is on track. Consequently, there is no further NWG meeting planned and *the NWG and its sub-groups will cease to exist after the end of Q1 2022 in line with its statutes. The final termination decision will be taken by the Co-Chairs and communicated by the NWG Secretariat.* Information and references will remain available for the foreseeable future on the [NWG website](#). Additionally, the NWG Secretariat will remain available until the end of Q1 2022 and provide updates on material developments.

The minutes of the meeting will be published in due course on the [NWG website](#).¹

¹ The NWG is the key forum to foster the transition to SARON and to discuss the latest international developments. The NWG ceases to exist once the transition to SARON is materially completed. The NWG is co-chaired by a representative of the private sector and a representative of the Swiss National Bank (SNB). The SNB supports the NWG by co-chairing the working group alongside a representative from the private sector. The NWG publishes recommendations based on consensus. Recommendations are not legally binding. The SNB acts as a moderator. Furthermore, the SNB runs the NWG's technical secretariat and facilitates the organisation of the meetings. In this capacity, the SNB also publishes on its webpage documents discussed by the NWG such as this document. The items published do not necessarily reflect the views of the SNB.

Minutes of the 9 November 2021 meeting of the National Working Group on Swiss Franc Reference Rates

1. Opening Remarks

- The two Co-Chairs of the National Working Group on CHF Reference Rates (NWG) welcomed all attendees to the 28th meeting and reminded them of their responsibilities related to [competition law and confidentiality](#). The meeting was held virtually for the fifth consecutive time.

2. End of LIBOR

- NWG members were given an update on forward-looking term rates based on RFR-derivatives in several jurisdictions.
 - CME Group publishes Benchmark Regulation (BMR) and International Organization of Securities Commissions (IOSCO) compliant forward-looking Secured Overnight Financing Rate (SOFR) term rates, which can be used in cash products. The Alternative Reference Rates Committee (ARRC) has [formally recommended](#) these rates, following the successful completion of the SOFR First initiative for linear swaps on 26 July 2021 and specified their limited [scope of use](#). Also, the ARRC has released [FAQs](#) on best practices related to the scope of use of the CME's SOFR term rates. Regarding the use of credit sensitive rates, the [IOSCO](#) urged caution and also pointed out that such rates need to be compliant with IOSCO Principles on Financial Benchmarks. Furthermore, IOSCO mentioned the lack of sufficient underlying transaction volumes as a potential aspect of concern and supported remarks made earlier by the [Financial Stability Board \(FSB\)](#) that “to ensure financial stability, benchmarks which are used extensively must be especially robust”. Market participants should therefore generally use RFRs in transitioning away from LIBOR. One member pointed out that in the European market, some parties are viewing the use of term SOFR as a long-term solution for new deals. The NWG Private Sector Co-Chair referred to the ARRC specification on the limited [scope of use](#) of term SOFR.
 - In the GBP market, official SONIA term rates were launched on 11 January 2021 by Refinitiv Benchmark Services Limited and ICE Benchmark Administration for the 1M, 3M, 6M and 12M tenors. The [UK authorities](#) have been supportive of the development of term SONIA reference rates for limited use in cash markets and welcomed the publication of the FICC Markets Standards Board's (FMSB) [transparency draft](#) on the “Standard on use of Term SONIA reference”. The [final standard](#) was released on 28 July 2021.

- In the euro area, potential administrators indicated an intention to publish an €STR term rate.
- In the JPY market, the Tokyo Term Risk Free Rate (TOFR) is published by QUICK Benchmarks Inc. since 26 April 2021.
- Finally, it is important to note that a SARON term rate was neither recommended by the NWG nor is there any work ongoing to create a term rate due to the [lack of sufficient liquidity](#) to calculate robust derivatives-based term rates. Developments show that market participants can cope well without such a rate in CHF.
- Furthermore, NWG members reviewed important milestones regarding the forthcoming cessation of the various LIBOR settings as announced by the Financial Conduct Authority (FCA) and ICE Benchmark Administration (IBA) on 5 March 2021 and were given an update on the progress in international legislation.
 - CHF and EUR LIBOR will completely cease to exist after 31 December 2021. For financial instruments governed by the laws of one of the EU Member States which are based on 1M, 3M, 6M and 12M settings of CHF LIBOR and do not contain fallback provisions, the EU Commission has published the [Implementing Regulation](#) of 14 October 2021 on the designation of a statutory replacement. According to this regulation, CHF LIBOR tenors will be replaced by SARON Compound Rates (SARON 1M Compound Rate for 1M LIBOR; SARON 3M Compound Rate for all other LIBOR settings) plus the relevant fixed spread adjustment value. The regulation does not limit applicability to specific products or contracts entered into before a certain date.
 - For GBP and JPY LIBOR, the UK Financial Conduct Authority (FCA) [confirmed](#) that it will require ICE Benchmark Administration (IBA) to publish 1M, 3M and 6M tenors under a synthetic methodology for the use in some legacy contracts. The synthetic JPY LIBOR settings will cease at end-2022, while the synthetic GBP settings may exist up to a maximum period of 10 years. For the latter, the FCA must review the use at least annually. Further, the FCA [consulted](#) on their proposed decision to permit legacy use of the abovementioned six synthetic LIBOR settings in all legacy contracts except cleared derivatives. In this context, the UK [Critical Benchmarks Bill](#) stipulates that references to LIBOR should be treated as equivalent to references to synthetic LIBOR.
 - For the USD LIBOR, only the 1W and the 2M tenors will cease at end-2021. The remaining tenors (ON, 1M, 3M, 6M and 12M) shall only be used in legacy contracts and will be discontinued at the end of June 2023. The State of New York adopted a LIBOR legislation ([Senate Bill 297B/Assembly Bill 164B](#)), which provides a statutory remedy for tough legacy contracts referencing USD LIBOR. This legislative solution is limited to New York law governed contracts, but efforts are being made for a similar legislation at the federal level with the [Adjustable Interest Rate \(LIBOR\) Act of 2021 \(H.R. 4616\)](#).

3. Update by FINMA

- A representative of FINMA informed about the progress of the LIBOR transition. Based on the monthly self-assessment surveys of the 20 most heavily impacted Swiss banks and securities firms, the monitored institutions made good progress and largely adhered to the milestones of the roadmap set out in [Guidance 10/2020](#). The transition from CHF LIBOR to SARON has been largely successful with a 97% reduction of CHF LIBOR contract volumes without robust fallbacks since mid-2020. Over 70% of the remaining volume (approx. CHF 12 bn by end of September 2021) stems from individual firms' large positions in OTC derivatives. With an estimated volume of CHF 375 mn, firms now expect significantly fewer individual OTC derivatives to materialize as "tough legacy" than they did last year. Also, several firms reported a recent strong uptick and momentum in terms of activity in the CHF syndicated loan transition.
- Given the progress made, FINMA does no longer consider a disorderly and disruptive LIBOR transition as one of the main risks for the Swiss financial center. Nonetheless, FINMA will continue its monitoring of the LIBOR transition in a risk-based manner in 2022 with a reduced number of firms in scope and a reduced frequency of self-assessments. A lot of work remains in particular with regards to the USD LIBOR transition.
- FINMA presented the key recommendations per currency outlined in the [Guidance 03/2021](#) and reminded that disregard for the cessation of LIBOR-based new business transactions in the second half of 2021 will be considered as a violation of the supervisory requirements with regard to adequate risk management (except in strictly limited, justified and documented exceptional cases). After year-end 2021, there should be no new LIBOR transactions in any currency, with the only exceptions being those specified by the US authorities.

4. Update by SIX Financial Information

- A representative from SIX Financial Information Ltd, the benchmark administrator of SARON, presented the draft of the revised Correction Policy, which sets out how errors in the publication of SARON are treated. The revision is intended to further strengthen the robustness of SARON and to enhance international alignment with the Correction Policies of other RFRs. The draft specifies that identified errors, which result in a difference of more than 2 basis points relative to the final Fixing (6:00 p.m. CET) of SARON ("error threshold") will be corrected and SARON will be republished between 8:00 a.m. and 11:00 a.m. CET ("time window for correction and republication") on the following business day, provided they have been identified by 8:00 a.m. CET. Derived rates or indices from SARON are corrected, given that the underlying SARON is corrected. Errors that are identified after 8:00 a.m. CET on the following business day or that are not within the error threshold are not corrected but are published semi-annually under the Transparency Policy. The error threshold itself is reviewed by the Index Commission for Swiss Reference Rates (SRR) annually or ad hoc depending on market conditions. The revised Correction Policy is scheduled to be discussed in the SRR end of November 2021 and the final version is expected to be live in Q1 2022.

5. SARON-based cash products

- NWG members were presented the latest market developments. According to data collected by the SNB, new loans are predominantly based on SARON across various product types and across all cantons. In particular, the share of new SARON-based company loans exceeded 90% over the summer months. Similarly, the share of new SARON-based mortgages in the first half of 2021 averaged over 80%. Remaining LIBOR-based new loans are statistical artifacts due to reporting updates and payment of tranches of existing loans.
- A representative from the Loan Market Association (LMA) provided an update on their documentation developments, most notably:
 - the continued work on updating LMA's facility agreements for RFRs;
 - the release of a single currency term SOFR facility agreement for use in developing markets transactions in October 2021; and
 - the publication of practical guidance on the documentary amendment process for transitioning legacy LIBOR facilities in August 2021.

In respect of the term SOFR documentation, permanent fallbacks are left blank due to the lack of consensus and market practice. However, potential options are discussed in the accompanying commentary. It was noted that discussions are taking place in the European market on term SOFR use in corporate multicurrency facilities given differing term rate use cases. Additionally, LMA has continued its work on general education with respect to the transition. Finally, a selection of the most recent RFR loan deals was presented. It was noted that different forms of SOFR usages were being seen in the market (compounded, simple and term SOFR as well as SOFR averages).

6. SARON-based derivatives

6.1. Market developments

- The development of the SARON-based swap market over the last twelve months was discussed. Since the last NWG meeting in July 2021, turnover in the SARON swap market increased considerably and dominates the trading activity since the summer months with a share of SARON-based swaps of about 60-80%. The remaining LIBOR based swaps are mainly traded to close and net existing LIBOR swap positions. Notably, more transactions with longer tenors of SARON-based swaps were traded since the start of 2021 and particularly in the recent months.
- As the NWG recommended at its 27th meeting to switch to the SARON swap curve as the only pricing reference, market participants have been using the SARON swap curve since 1 September 2021. The liquidity of the SARON swap curve is substantially higher than of the Swiss government bond curve.
- In the cross-currency basis swap (CCBS) market, quoting conventions were successfully switched on 21 September 2021 for CHF, GBP, JPY and USD. Feedback from market

participants on the transition in the CCBS market is positive. New trades are RFR-based with very few exceptions. LIBOR-based trades are client driven and to unwind existing positions.

- An update on the market development of ICE CHF LIBOR and SARON Futures was given. The trading volume and open interest of 3M SARON Index Futures on ICE have increased over the recent months but remain significantly behind those of 3M Euroswiss Futures. Market participants anticipate that the transition process will be considerably accelerated with the transition date of existing positions on 17 December 2021.

6.2. Transition by CCPs

- A representative from ICE Futures Europe gave an update on the [transition of ICE LIBOR Futures](#). ICE reiterated its recommendation to convert the affected positions ahead of the transition date. ICE has listed on the Exchange the Inter Contract Spreads and Asset Allocation trade types to facilitate on market position transitioning. After the clearing processes on 17 December 2021, ICE will convert all outstanding 3M Euroswiss Futures to 3M SARON Index Futures for an effective clearing business date of Monday, 20 December 2021. The final price of the 3M Euroswiss Futures will be the price of the respective 3M SARON Index Futures minus a fixed ISDA adjustment spread of 0.31 basis points.
- A representative from EUREX informed about the revised contract naming convention for SARON futures ([Eurex Circular 083/21 Money Market Futures](#)). The new contract “3M SARON® Futures” contains the new naming convention, whereby the contract name matches the start of the contract period, and not the expiry. The previous “Three-Month SARON® Futures” contracts with the former naming convention have been set on “halt” and are planned for de-listing by the end of 2021. Lastly, EUREX amended its Clearing Conditions and the Price List. There is no specific action required for participation.
- A representative from LCH reiterated remaining key dates of the transition of cleared LIBOR swap contracts and briefed the members on the transition process. Trades that are outstanding at close of business on Friday, 3 December 2021 and are linked to CHF, EUR and JPY LIBOR will be converted on 4 December 2021. Trades that are linked to GBP LIBOR and are outstanding at the close of business on Friday, 17 December 2021, will be converted on 18 December 2021. Prior to the LIBOR conversion, basis swap splits were executed on 3 October 2021 for purely operational purposes, whereby basis swaps were split into pairs of outright fixed/float bookings (still LIBOR based) each with a fixed rate of 0%. If not subsequently compressed, these new swaps will be part of the LIBOR conversion process on 4 December 2021 (18 December 2021 for GBP respectively), where LIBOR swaps will be terminated and re-booked as RFR swaps. An operational overlay is booked to account for representative LIBOR fixings until cessation (two fixed/float instruments each with 0% fixed rate). There will also be a cash compensation to account for small valuation differences between old LIBOR and new RFR (plus spread) swaps. The LCH representative briefly articulated the results of LCH’s EONIA to €STR contractual conversion that took place on 16 October 2021.

- As for the transition plan on EurexOTC Clear, the EUREX representative recapitulated that CHF and JPY LIBOR conversion will commence on the weekend of 3 December 2021 and GBP LIBOR conversion on 17 December 2021. Both conversions will be executed over the respective weekends (rehearsals on 19-21 October 2021 and 9-11 November 2021). Details can be found in the Eurex Clearing Circulars ([022/21](#), [081/21](#)) and Newsflashes ([26 May 2021](#), [14 Jul 2021](#), [15 Oct 2021](#)). The conversion will be mandatory for all cleared OTC transactions referencing the CHF, JPY and GBP LIBOR floating rates on the abovementioned dates and such transactions will not be eligible for clearing post conversion.

6.3. Legacy solution for LIBOR swaps

- The LCH representative informed members about LCH's legacy LIBOR solution. Market participants are able, with certain eligibility restrictions, to submit new swap contracts linked to CHF LIBOR for clearing subsequent to the CHF conversion date (after 3 December CoB) and before 31 December 2021. Generally, vanilla transactions are supported. Further, if legacy contracts linked to CHF LIBOR are submitted for clearing after 31 December 2021, parties are required to represent that the submitted transaction was originally executed before the date of [LCH's circular](#) (21 September 2021) announcing the availability of this service. The same criteria and eligibility restrictions will apply to CHF LIBOR swaps resulting from physically-settled swaptions submitted for clearing after LCH's conversion dates and beyond 31 December 2021. The availability of this service is limited until 31 December 2024.

7. Recommendation and next steps

- A summary of the NWG recommendations on all product categories was given. In general, product categories rely on compounded SARON with only few exceptions. This consistency across product categories mitigates the risk of confusion regarding the use of reference rates in new and legacy contracts. Exceptions only occur where specific reasons prevented the use of compounded SARON (e.g trade finance). Further, for each product category, whether in new or legacy contracts, the recommendations for the LIBOR transition progress are considered complete. A product based description of all NWG recommendations can be found under the [FAQ on Products](#).
- Prior to wrapping up the meeting, the NWG decided that *the NWG and its sub-groups will cease to exist after the end of Q1 2022 in line with its statutes. The final termination decision will be taken by the Co-Chairs and communicated by the NWG Secretariat*. The NWG members did not raise any objection nor express a need for further recommendations.
- The NWG Secretariat will remain available until the end of Q1 2022 and provide updates on material developments. Information and references will remain available for the foreseeable future on the [NWG's website](#). There is no further NWG meeting expected.

Attendance at the 9 November 2021 meeting

Martin Bardenhewer	–	Zürcher Kantonalbank, Co-Chair
Marcel Zimmermann	–	Swiss National Bank, official sector representative, Co-Chair
Frank Paniandy	–	ACTSR/Maus Frères S.A.
Guillermo De La Fuente	–	ACTSR/SITA
Christian Gerber	–	AXA Versicherungen AG
Rolf Meyer	–	Bank CIC (Schweiz) AG
Marco Steiner	–	Banque Pictet & Cie. SA
Carlo Acerbi	–	Banque Pictet & Cie. SA
Laurie Doug	–	Barclays
Pierre-Henri Turc	–	Banque Cantonale de Genève
Christophe Cherdel	–	Banque Cantonale Vaudoise
Stéphane Hegi	–	Banque Cantonale Vaudoise
Christof Schlenk	–	Basler Kantonalbank
Rolf Konrad	–	Basler Kantonalbank
Michel Erni	–	Basler Kantonalbank
Bruno Marin	–	BNP Paribas (Suisse) SA
Kévin Ferrier	–	CA Indosuez
Thomas Damagnez	–	CA Indosuez
Isabelle Sutter	–	Bank CIC
Christian Stebler	–	Bank CIC
Beat Schlegel	–	Clientis
Gaelle Barlet	–	Compenswiss
Félix Roudier	–	Credit Suisse (Chair D&C sub-working group)
Hugues Weil	–	Credit Suisse
Daniel Puskas	–	Credit Suisse
Kevin Sibold	–	Credit Suisse
Andreas Perret	–	Credit Suisse
Soeren Kretschmar	–	Deutsche Bank
Andrea Surro	–	EFG Bank
Raffael Goldenberger	–	Entris Banking AG
Neil McLeod	–	Erste Group Bank AG
Juergen Maurer	–	Erste Group Bank AG
Andreas Franke	–	Eurex
Maesa Beany	–	Eurex
Robert Eigenheer	–	Eurofima
Stefan Hoferlin	–	Eurofima
Nicolas Lergier	–	Graubündner Kantonalbank
Kpate Adjauté	–	HSBC PB (Suisse)

Uriel Amitai	–	ICE
Katie Kelly	–	ICMA
Thomas Miguel Reeg	–	J. Safra Sarasin
Thomas Sturzenegger	–	Julius Bär
Davide Tortora	–	LCH
Valère Henrotte	–	Leonteq
Alexandre Tamisier	–	Leonteq
René Schwyzer	–	LGT
Kam Hessling	–	LMA
Bertrand Lamoureux	–	Natixis
Roland Schwab	–	Postfinance
Sebastiaan Krist	–	Raiffeisen
Nina Fraefel	–	Schweizerische Bankiervereinigung
Henrique Schneider	–	Schweizerischer Gewerbeverband
Fernando Gardoni	–	St. Galler Kantonalbank
Christian Bahr	–	SIX
Susanne Ramer	–	SIX
Philipp Schmid	–	SIX
Mathieu Casadevall	–	Société Générale SA
Sandro Schmid	–	Swiss Risk Association/AAAccell
Markus Bieri	–	Swiss ACT/LafargeHolcim
Matthias Vögeli	–	SwissLife
Ernst Lienhard	–	SwissRe
Alfred Ledermann	–	UBS (Chair L&D sub-working group)
Etienne Perret	–	UBS
Zoran Celeketic	–	UniCredit SpA
Christophe Schaefer	–	Union Bancaire Privée
Thomas Graf	–	Valiant Bank
Stefan Pomberger	–	Vontobel
Elizabeth McGowan	–	Wells Fargo
Pascal Anderegg	–	Zürcher Kantonalbank
Daniel Schenker	–	Zürcher Kantonalbank
Michael O'Donovan	–	Zurich
Paolo Monticolo	–	Zurich
Anne Feidt	–	Swiss Financial Market Supervisory Authority (FINMA)
Roman Baumann	–	Swiss National Bank, official sector representative
Lucas Fuhrer	–	Swiss National Bank, official sector representative
Oliver Gloede	–	Swiss National Bank, official sector representative
Julia Baer	–	Swiss National Bank, official sector representative
Florentina Herr	–	Swiss National Bank, official sector representative

National Working Group on CHF Reference Rates

28th Meeting, 9 November 2021

All slides are confidential until publication, which will be done in due course on the NWG website.

Agenda

1. Opening remarks
2. End of LIBOR
3. Update by FINMA
4. Update by SIX Financial Information
5. SARON-based cash products
6. SARON-based derivatives
 - a) Market developments
 - b) Transition by CCPs
 - c) Legacy solution for LIBOR swaps
7. Next steps

1. Opening remarks

2. End of LIBOR

Limited usage of forward-looking term rates based on RFR-derivatives

USD: SOFR term rate*

- [CME](#) publishes BMR and IOSCO compliant SOFR term rates, which can be used in cash products. [ARRC](#) formally recommended CME's SOFR term rates, following the successful completion of the SOFR first initiative for linear swaps.
- ARRC specified the limited [scope of use](#) and released [FAQs](#) on best practices related to the scope of use of the CME SOFR term rate.

GBP: SONIA term rate

- [Refinitiv](#) and [IBA](#) launched the publication of forward-looking term SONIA reference rates on 11 January 2021 (1M, 3M, 6M and 12M).
- The [UK authorities](#) have been supportive of the development of term SONIA reference rates for limited use in cash markets and welcomed the publication of the [FICC Markets Standard Board's \(FMSB\)](#) transparency draft of its market standard on use of term SONIA reference rates ([usage of term rates](#) cannot be restricted under UK BMR). The [FMSB](#) published its finalized standard on the use on 28 July 2021.

EUR: €STR term rate

- An €STR term rate is not yet available. However, potential administrators have indicated an intention to publish a term rate.

JPY: Tokyo Term Risk Free Rate (TORF)

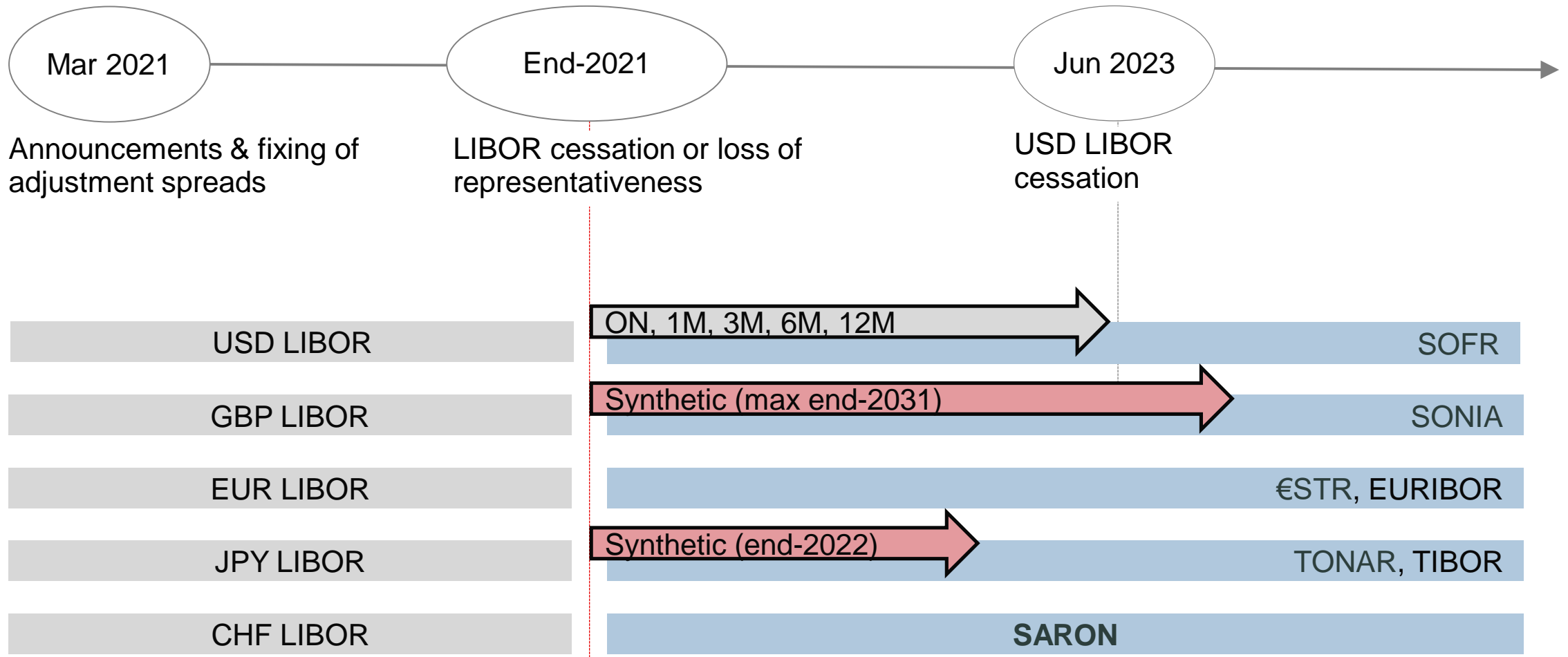
- QUICK Benchmarks Inc. [publishes](#) term reference rates since 26 April 2021 (1M, 3M and 6M). The main purpose is for cash products, however, TORF can also be used for derivatives.

CHF: SARON term rate

- The NWG has [not recommended to develop a SARON term rate](#) due to a [lack of sufficient liquidity](#) to calculate robust derivatives-based term rates. Developments show that market participants can cope well without such a rate in CHF.

* The [International Organization of Securities Commissions \(IOSCO\)](#) published a statement urging caution regarding the use of credit sensitive rates, as the widespread use of these rates may pose risks to financial stability. IOSCO further pointed out that credit sensitive rates will need to be compliant with IOSCO Principles on Financial Benchmarks and that the lack of sufficient underlying transaction volumes is a potential aspect of concern. As highlighted by authorities in the [US](#) and the [UK](#), credit sensitive rates may replicate many of LIBOR's shortcomings. Also, IOSCO supported remarks made earlier by the [Financial Stability Board \(FSB\)](#) that "to ensure financial stability, benchmarks which are used extensively must be especially robust". Therefore, market participants should generally use RFRs in transitioning away from LIBOR. These views are supported by FINMA.

The endgame of LIBOR: continuation of some USD LIBOR settings and synthetic GBP/JPY LIBOR due to remaining legacy contracts



Usage of synthetic GBP/JPY LIBOR and USD LIBOR only for legacy contracts

Synthetic GBP and JPY LIBOR

- The FCA [confirmed](#) that it will require ICE Benchmark Administration (IBA) to publish 1M, 3M and 6M GBP and JPY LIBOR under a synthetic methodology.
- The [Critical Benchmarks Bill](#) stipulates that references to LIBOR should be treated as equivalent to references to synthetic LIBOR and indemnifies IBA from legal claims related to the publication of synthetic LIBOR.
- Synthetic JPY settings will cease at end-2022. Synthetic GBP settings may exist up to a maximum period of 10 years, however, the FCA must review the use of its power at least annually.
- Synthetic LIBOR settings will be available for use in legacy contracts. The FCA [consulted](#) on their proposed decision to permit the use of synthetic LIBOR in all legacy contracts except cleared derivatives.

USD LIBOR

- Cessation as of end-2021 includes USD LIBOR 1W & 2M; remaining USD LIBOR settings will cease to exist in June 2023 and should only be used in legacy contracts (see [US regulators](#), [FSB](#) and [FINMA](#)).
- A synthetic USD LIBOR is rather unlikely as outlined in various speeches ([Randal K. Quarles](#), board member of the Fed, and [Gary Gensler](#), Chair of SEC).
- The State of New York adopted a LIBOR legislation ([Senate Bill 297B/Assembly Bill 164B](#)), which provides a statutory remedy for tough legacy contracts referencing USD LIBOR. This legislative solution is limited to New York law governed contracts, but efforts are being made for a similar legislation at the federal level with the [Adjustable Interest Rate \(LIBOR\) Act of 2021 \(H.R. 4616\)](#).

EU Commission adopts regulation for contracts based on CHF LIBOR without fallback provisions

Background

- Some mortgages in EU Member States are based on CHF LIBOR. Due to consumer protection regulations, an in-arrears rate is not in all EU Member States possible (see also [NWG meeting](#) November 2019, page 38 of 86).
- Market participants have asked the EU Commission to designate a fallback rate for CHF LIBOR, as otherwise a private contractual conversion from CHF LIBOR to compounded SARON could be subject to litigation.
- The [EU Commission has consulted](#) on the suitability of designating a statutory replacement rate for CHF 3M LIBOR in mortgages and small business loans concluded prior to the entry into application of the EU Benchmark Regulation and governed by the laws of one of the EU member states. The consultation proposed the SARON Compound Rates and the CHF ISDA spreads as a fallback rate for CHF LIBOR.

Commission Adoption

- The EU Commission published the [Implementing Regulation](#) of 14 October 2021 on the designation of a statutory replacement for 1M, 3M, 6M and 12M settings of CHF LIBOR for EU-law governed contracts, which do not contain fallback provisions.
- The regulation does not limit applicability to specific products or contracts entered into before a certain date. CHF LIBOR tenors will be replaced by SARON Compound Rates (SARON 1M Compound Rate for 1M LIBOR; SARON 3M Compound Rate for all other LIBOR settings) plus the relevant fixed spread adjustment value.

3. Update by FINMA

Satisfactory progress overall

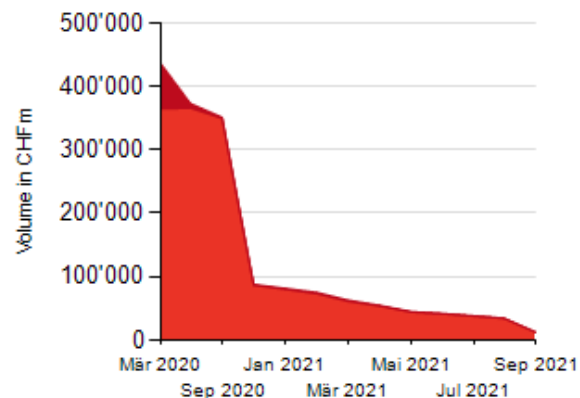
- In 2021, FINMA has been monitoring the progress of the LIBOR transition through a **monthly self-assessment** of the 20 most heavily impacted banks and securities firms. FINMA has been tracking adherence to the milestones communicated in the FINMA Guidance 10/2020 *LIBOR transition roadmap*, across all currencies.
- The **monitored firms have made good progress**, with only a few lagging behind in certain aspects of the transition such as reducing LIBOR exposures or stopping entering into new LIBOR contracts. New potential outliers have been and will continue to be identified on a monthly basis and are required to implement corrective measures.
- **Operational readiness:** As at 30 September 2021, in average operational readiness was reported to be at 91%.

Transition to SARON

- The transition from CHF LIBOR to SARON has been largely successful with a **97% reduction** of contracts without robust fallbacks and a **SARON adoption rate of 97%** vs. LIBOR in new transactions in September 2021.
- More than 70% of the remaining **CHF LIBOR contract volume without robust fallbacks** (approx. CHF 12bn) stems from individual firms' large positions in OTC derivatives. A smaller part of the volume without robust fallbacks stems from loans, in particular corporate and syndicate loans, and is spread across more firms.
- Recommendations by the NWG from 1 July 2021 and by FINMA in its Guidance 03/2021 for proactive outreach by all lead institutions, participants and borrowers of **syndicated loans** appear to have been implemented and negotiations are in progress. Several firms reported a strong uptick recently and momentum in terms of activity in the CHF syndicated loan transition. FINMA reiterates its call from Guidance 03/2021 that the recommendations should be implemented as soon as possible to ensure conversion of syndicated loans to SARON before year-end.
- Firms expect that only a few individual OTC derivatives may materialize as "**tough legacy**". Their current estimate is for CHF 375m in terms of total gross volume of contracts affected. Primary reasons cited are i) existing disputes that are not related to the LIBOR transition or ii) a conservative classification of the contract as tough legacy since counterparties have announced to sign the ISDA IBOR Fallbacks Protocol, but have not actually done it.

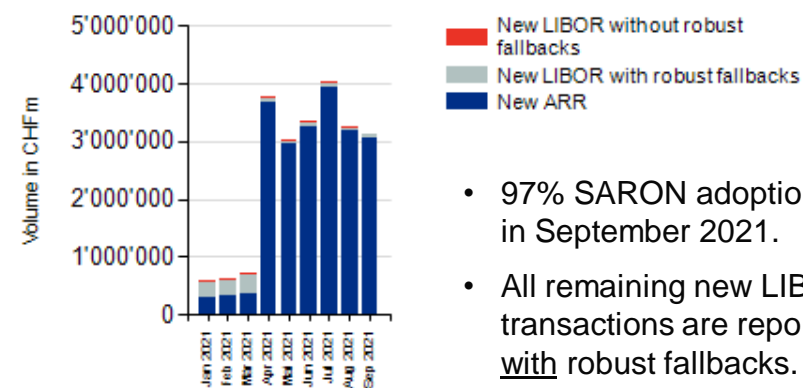
Transition to SARON (data per 30.09.2021)

Legacy LIBOR volume mature after 2021 without fallbacks



- 86% reduction since December 2020 of CHF LIBOR volume without robust fallbacks.
- 97 % reduction since June 2020.
- 75% reduction since December 2020 of what firms consider to be potential "tough legacy". Makes up 3% of CHF LIBOR legacy volume (CHF375m) and relates to OTC derivatives.

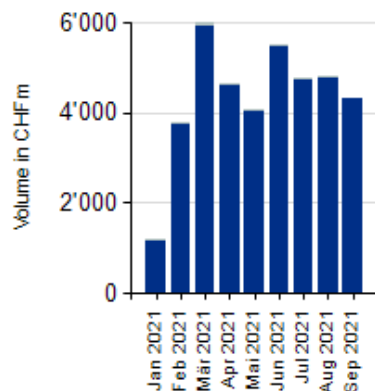
New business mature after 2021



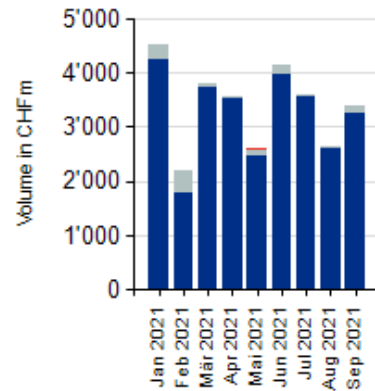
- 97% SARON adoption rate in September 2021.
- All remaining new LIBOR transactions are reported as with robust fallbacks.

SARON adoption (in blue) in new business mature after 2021 – per month:

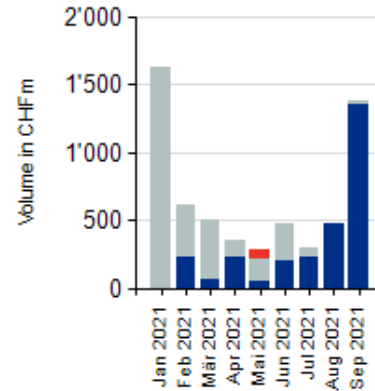
Retail loans



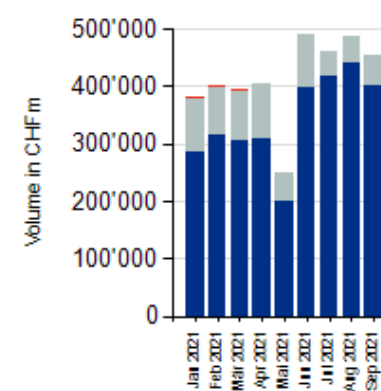
Corporate loans



Syndicated loans



OTC derivatives



FINMA Guidance 03/2021 – Key recommendations

CHF and EUR LIBOR: FINMA supports the recommendations of the NWG concerning syndicated loans and expects them to be implemented as a matter of urgency.

GBP and JPY LIBOR: FINMA [...] expects the supervised institutions to accord a high priority to amending their GBP and JPY LIBOR legacy contracts before year-end 2021. The application of the synthetic LIBOR after 2021 is subject to the specifications of the FCA.

USD LIBOR: FINMA reminds the supervised institutions that the milestone “new contracts in general based on ARR” from July 2021 also applies to USD. This means that there should be no more new contracts linked to USD LIBOR apart from strictly limited, justified and documented exceptions. **In this context FINMA also refers to US interagency statements from 30 November 2020 and 20 October 2021 regarding discontinuation of new use of USD LIBOR at the latest by year-end 2021.**

Even if the replacement of USD LIBOR in legacy contracts that mature after 30 June 2023 is still possible after end-2021, the supervised institutions should accord priority to an early replacement of USD LIBOR in these contracts.

Generally:

FINMA is calling on all financial market participants to continue to press ahead with their preparations for transitioning from LIBOR as a matter of the highest priority. It will continue to closely monitor the development of the contract volume linked to LIBOR. **It will consider disregard for the cessation of LIBOR-based new business transactions (except in strictly limited, justified and documented exceptional cases) in the second half of 2021 as a violation of the supervisory requirements with regard to adequate risk management.** Where necessary, FINMA will take institution-specific measures to mitigate the risks of inadequate preparation for the LIBOR transition.

Overall transition incl. other LIBOR currencies

- FINMA considers a disorderly and disruptive LIBOR transition no longer as one of the main risks for the Swiss financial center given the progress made by most of the monitored supervised institutions. Nevertheless, FINMA urges all market participants to respect FINMA Guidances 10/2020 and 03/2021 and continue to put high attention and resources on the transition.
- Based on the monthly self-assessments by the 20 most exposed firms per September 2021:
 - The **LIBOR replacements in CHF, EUR and JPY have seen the largest progress** in terms of reduction of the volume of LIBOR contracts without robust fallbacks (-97%, -99% and -99% respectively), followed by the transition in GBP (-89%), and in USD (-69%) since mid-2020.
 - The smallest remaining exposure is in EUR LIBOR (approx. CHF 0.06bn), the largest in USD LIBOR (approx. CHF 707bn).
- Especially when it comes to structured products linked to the USD LIBOR, firms have been reporting that international counterparties are not yet ready to trade in alternative reference rates (ARR). This has been a key driver of **new USD LIBOR transactions in H2 2021**. Notwithstanding this, progress has been made in adopting ARR in USD transactions: 65% ARR adoption rate in August 2021, 59% in September 2021.

Outlook to year-end 2021 and 2022

- Upcoming and final milestones from the roadmap for the LIBOR transition (FINMA Guidance 10/2020):

By **31 December 2021**:

- **Full operational readiness:** All relevant systems and processes should already be able to function without reliance on LIBOR.
 - **All new contracts based on ARR:** All new transactions with variable interest in CHF, EUR, GBP, JPY and USD¹³ should be based on ARR.
- For the transition in foreign currencies, FINMA expects that international milestones and expectations by the respective foreign regulators are met, in particular stopping new USD LIBOR transactions at the latest by year-end (as also mentioned in FINMA Guidance 10/2020) and specifications regarding the use of synthetic LIBOR (as also mentioned in FINMA Guidance 03/2021).
 - FINMA will continue to **monitor the LIBOR replacement in 2022** in a risk-based manner, with a reduced number of firms in scope and a reduced frequency of self-assessments.
 - The focus of the monitoring will be on materialized tough legacy in the discontinued currency-tenor combinations, the ongoing reduction of legacy cases in those currency-tenor combinations that are continued or for which a synthetic LIBOR will be in place, and the use of LIBOR in new transactions.

4. Update by SIX Financial Information

Reference Rates and Correction Policies: International Comparison and Alignment

	FED – SOFR	ECB – €STR	BOE – SONIA	ICE – LIBOR	SIX – SARON Current version	SIX – SARON Proposal*
Fixing	T + 1, 08:00 ET	T + 1, 08:00 CET	T + 1, 09:00 GMT	T + 0, 11:00 GMT	T + 0, 18:00 CET	T + 0, 18:00 CET
Error Threshold	> 1 bp	>2 bp	≥ 2 bp	≥ 3 bp	Not explicit	> 2 bp
Review of Error Threshold	Yes, periodic review and ad hoc depending on market conditions	No	No	Yes, periodic review (every 3 months) and ad hoc if urgent	N/A	Annual review or ad hoc depending on market conditions
Time window for correction & republication	Same day within 6.5 hours (8:00 to 14:30 ET).	Same day within 3 hours (08:00 - 11:00 CET).	Same day within 3 hours (9:00 - 12:00 GMT)	Same day by 15:00 GMT to be considered for a refix.	N/A	Following day within 3 hours (08:00 - 11:00 CET).
Correction of Errors older than one day (i.e. past the time window)	No, but errors published under Transparency Policy	No information	No, but errors published under Transparency Policy	No, but errors published under Transparency Policy	If feasible	No, but errors published under Transparency Policy
Correction of derived rates/indices	Yes, if SOFR gets corrected	No information	Yes, if SONIA gets corrected	No information	No information	Yes, if SARON gets corrected
Transparency Policy (Publication of errors below threshold and errors identified late)	Yes, in updated summary statistics shortly after each quarter	Yes, errors below threshold are published on a regular basis	Yes, errors that did not meet republication are published on a regular basis	Yes, errors that did not meet republication criteria are published on a quarterly basis	N/A	Yes, errors that did not meet republication criteria are published on a semiannual basis
Source	Link	Link	Link	Link	Link	(not yet live)

Source: SIX own compilation

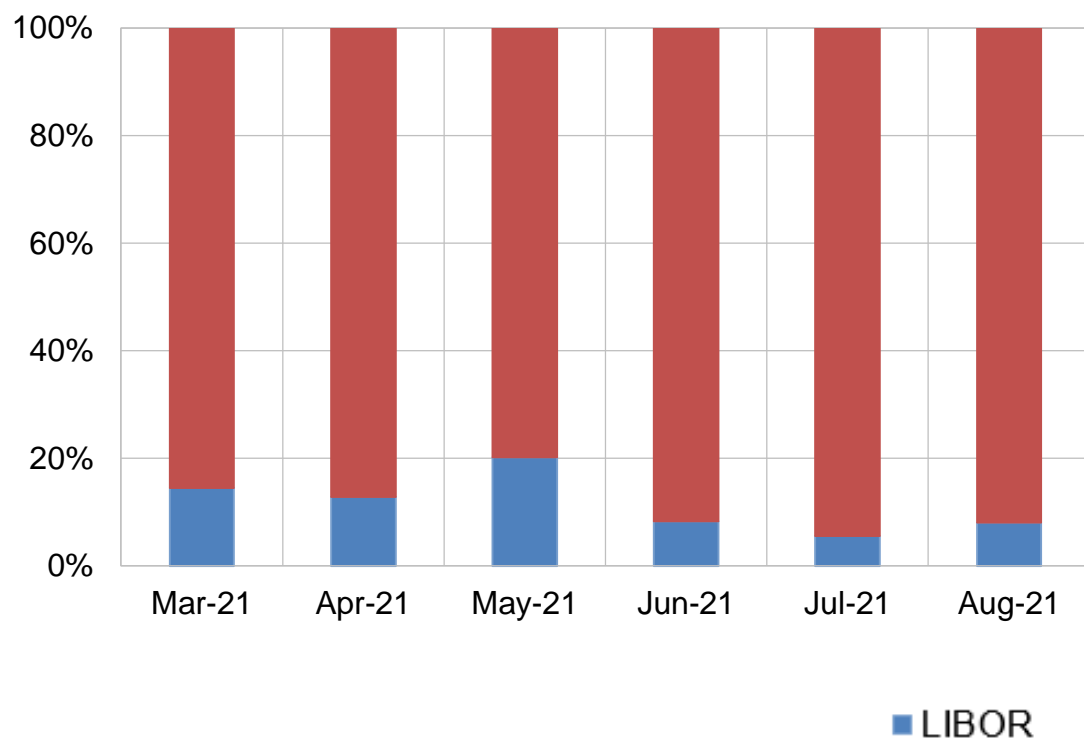
*Proposed version will also be discussed in SRR Index Commission end of November. The final version will be live in Q1 2022.

5. SARON-based cash products

SARON-based products dominant across all credit segments

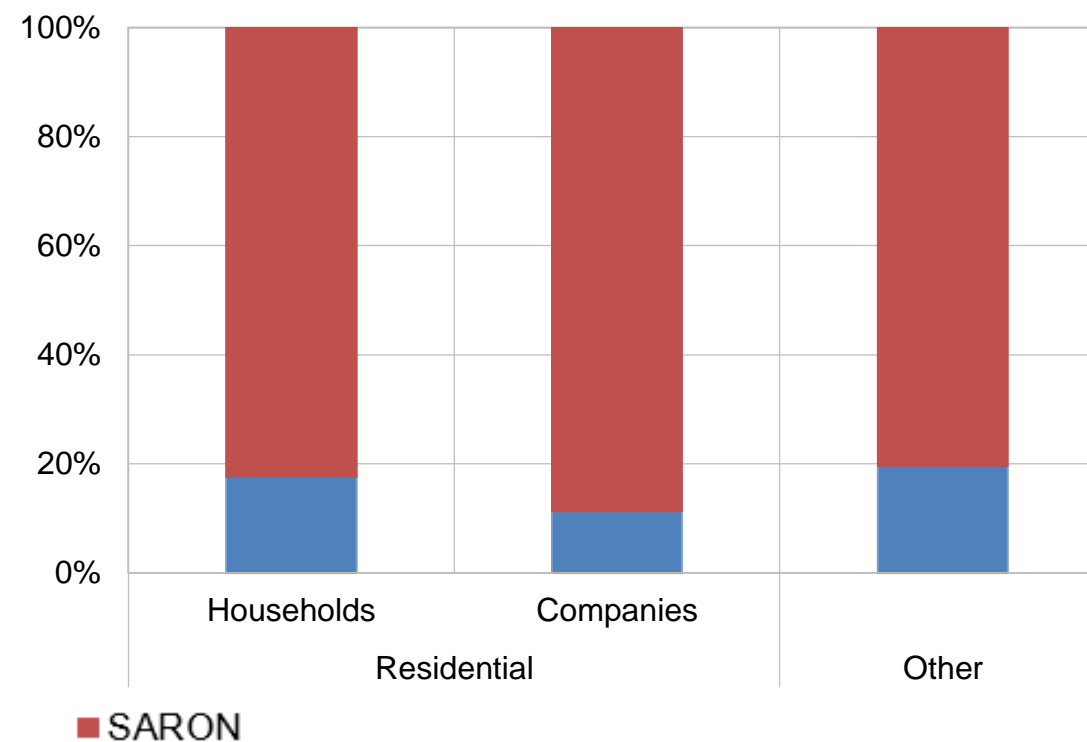
New* company loans

New loans to non-financial domestic companies



New** mortgages

New mortgages by segment in Q1/Q2 2021

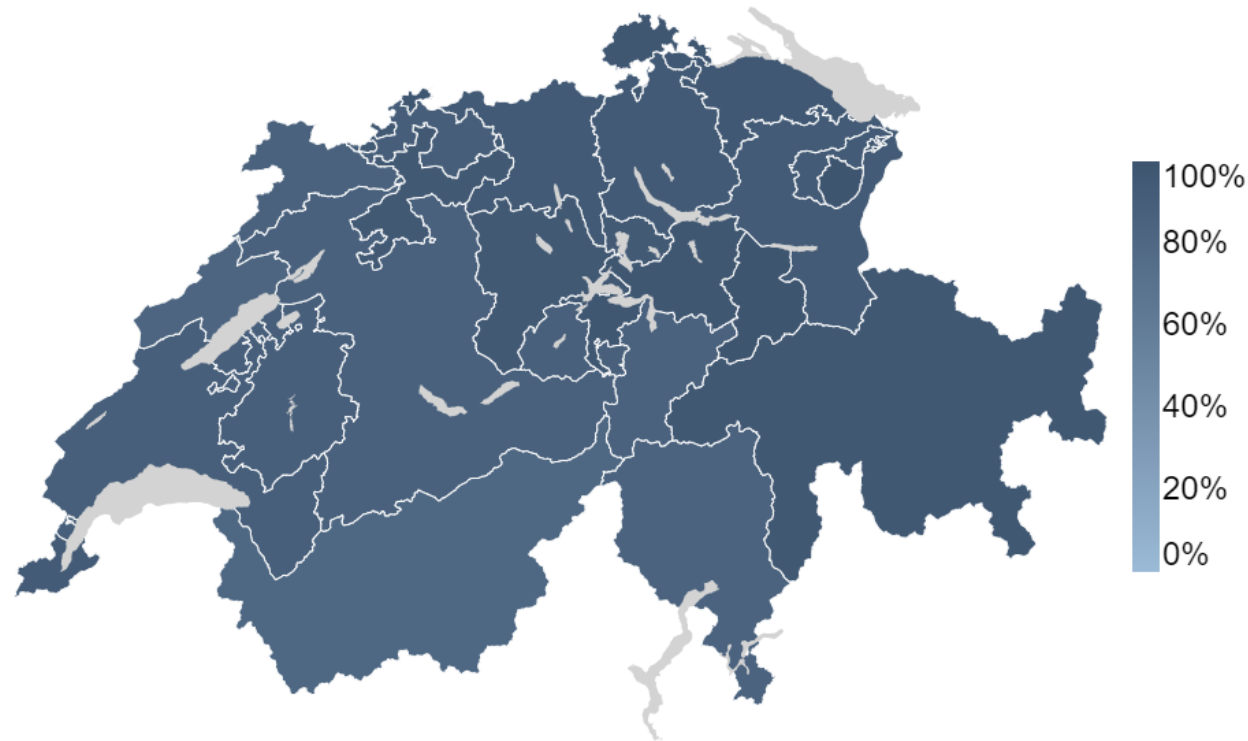


* In the lending rate statistics, not only new loans are reported but also existing loans for which important conditions have changed.

** In the survey on new mortgages, new mortgages include payouts of tranches of existing loans.

SARON also primary reference across all cantons

Share of SARON-based loans of total new* variable rate loans in July and August 2021



* In the lending rate statistics, not only new loans are reported but also existing loans for which important conditions have changed.

LMA update – LMA documentation developments

LMA work on RFR documentation suite

Continued work on updating suite of LMA facility agreements for RFRs, including the publication of a real estate finance compounded RFR facility agreement in July 2021

Release in October of term SOFR facility agreement for use in developing markets transactions – reflects the identification of developing markets as a term rate use case

Permanent fallbacks left blank for term SOFR with discussion in commentary given lack of consensus and market practice – important consideration for developing markets

Discussions in European market on term SOFR use in corporate multicurrency facilities given differing term rate use cases (NB: FCA statement at September £RFR WG)

Practical guidance on the documentary amendment process for transitioning legacy LIBOR facilities published in August 2021

Continued work on education on transition more generally

LMA update – selection of RFR loans in practice

Date	Borrower	Amount / Tenor	Lender(s)	RFR construction	Observation shift	Interest periods	Other useful information
October 2021	Estee Lauder	US\$2.5bn	15 bank syndicate	Term SOFR for USD; daily simple RFR for sterling and Swiss francs			CAS set at 10bps for USD. Drawings can also be made in sterling, euro (EURIBOR), yen (TIBOR) or Swiss francs
October 2021	Hindalco Industries Limited		Axis Bank	90-day term SOFR			One of the first banks in India to arrange a term SOFR trade finance deal
July 2021	BankDhofar		Wells Fargo Bank N.A.	SOFR averages			One of the first banks in Oman and the region to execute a SOFR-linked transaction
July 2021	JV managed by Van Weelde Shipping Group		NIBC Bank N.V.	Compounded in arrears (calculated using a daily non-cumulative compounded rate); 5 banking days lookback	No	1 month	Day 1 SOFR loan
July 2021	HICL Infrastructure PLC		SMBC Group and MUFG				First UK PPP to amend its financing terms. Switch on LIBOR cessation.
June 2021	Bunge	US\$25m	DBS	SOFR averages			First SOFR-linked export finance transaction in Singapore.
June 2021	Grain Service LLC	US\$12m (18 months)	Sberbank	Compounded in arrears; 5 business day lookback	No		First SOFR-linked commercial loan in Russia
May 2021	JLEN Environmental Assets (JLEN)	£170m (3 + 1 years)	5 bank club				Sustainability-linked. Multicurrency (EURIBOR and SONIA)
May 2021	L&Q	£125m	Lloyds	Compounded in arrears (calculated using a daily non-cumulative compounded rate); 5 business days lookback	No		The transition took place as part of the exercise of an extension option
April 2021	Ethypharm	£245m TLB					First SONIA leveraged loan

Source: See LMA “List of RFR referencing syndicated and bilateral loans” for more deals <https://www.lma.eu.com/libor>

6. SARON-based derivatives

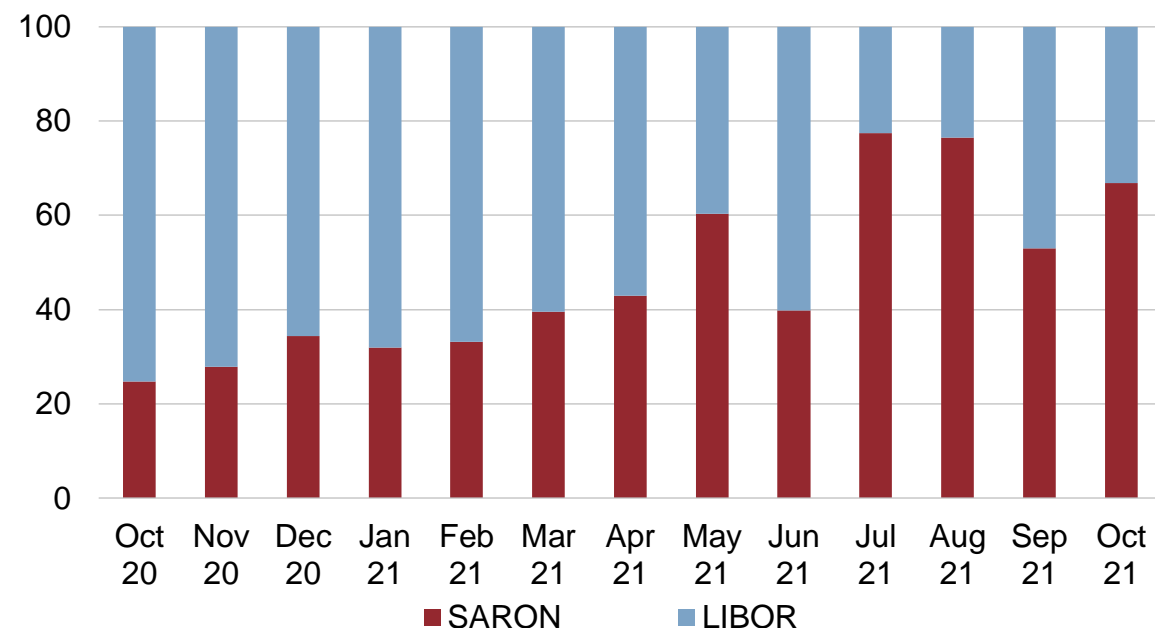
Topics

- a) Market developments**
- b) Transition by CCPs
- c) Legacy solution for LIBOR swaps

Development of the SARON-based swap market

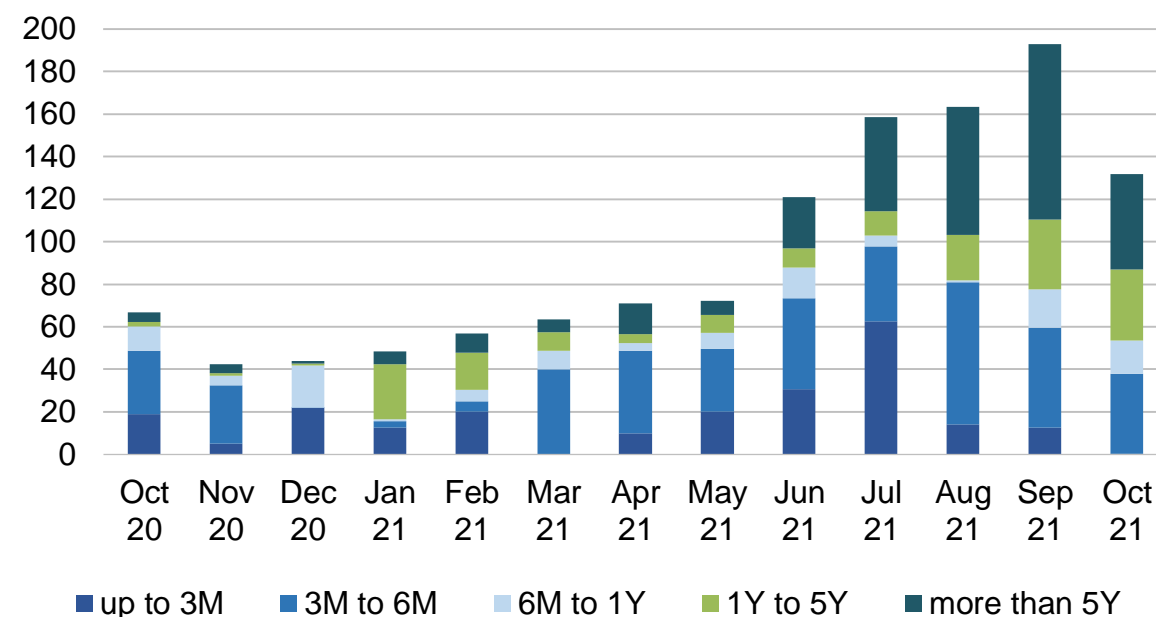
SARON- and CHF LIBOR-based IRS

Relative share of total monthly turnover in %



Volume SARON-based IRS-market

Estimated monthly volume in bn. CHF



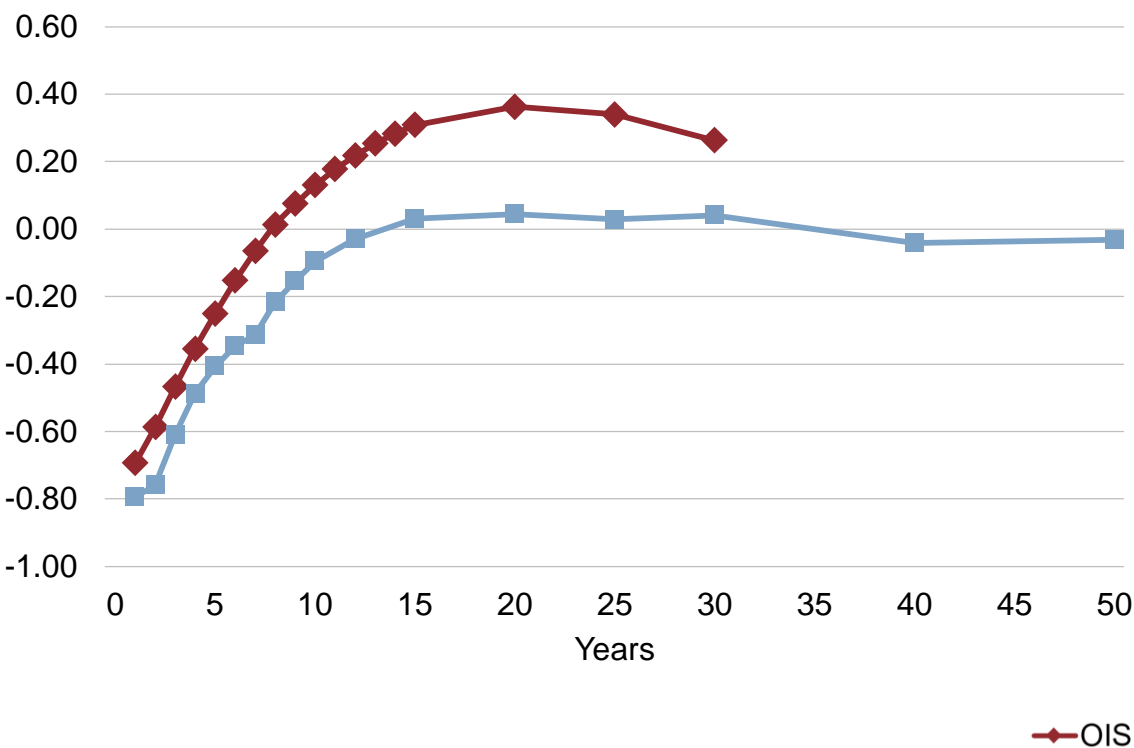
→ LIBOR-based interest rate swaps include all swaps irrespective of their purpose. Hence, LIBOR-based transactions which are conducted to reduce existing LIBOR swap exposures are not excluded and may overestimate the relevance of new LIBOR-based transactions.

→ Assessment consistent with considerable increase in notional amounts outstanding of cleared SARON swaps at [LCH](#) (as of 29 October 2021: USD 888.89 bn).

SARON-based swap curve as price reference for CHF bond issuances

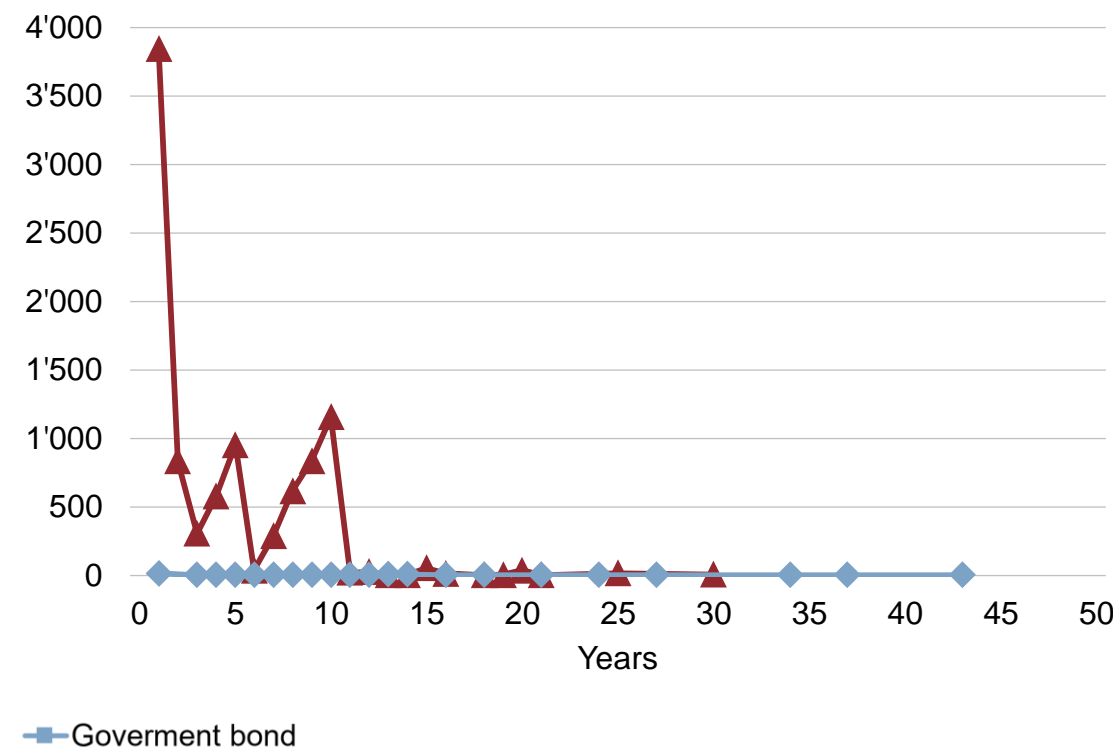
Interest rate curves

SARON-based swap curve and Swiss government bond curve based on Bloomberg generic maturities as of 21 October 2021 in %



Traded volumes

Avg. daily volumes in September 2021 in SARON-based swaps and Swiss government bonds, in mn CHF by tenor/residual maturity



Source: SNB, Bloomberg, SIX Group AG, trade repository data pursuant to Financial Market Infrastructure Act (FinfraG)

Development of CCBS

RFR first initiative for CCBS

- Switch in quoting conventions in the interdealer market for CCBS in CHF, GBP, JPY and USD LIBOR to RFR on 21 September 2021.

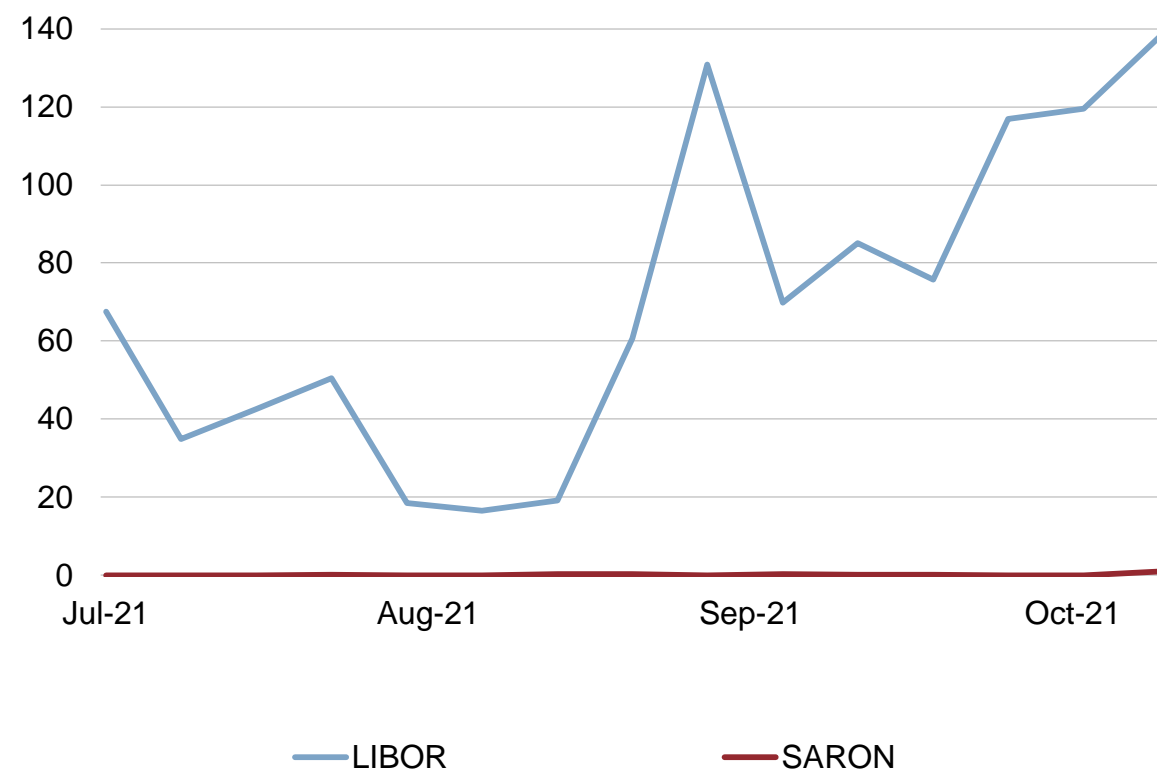
Market color on CHF CCBS

- Feedback from market participants is positive.
- Quoting conventions in the broker market are RFR-based since 21 September 2021.
- New trades are all RFR-based with very few exceptions.
- Remaining new LIBOR-based trades are client driven and conducted in order to unwind existing positions.

Development of CHF LIBOR and SARON Futures ahead of the official ICE transition in December 2021

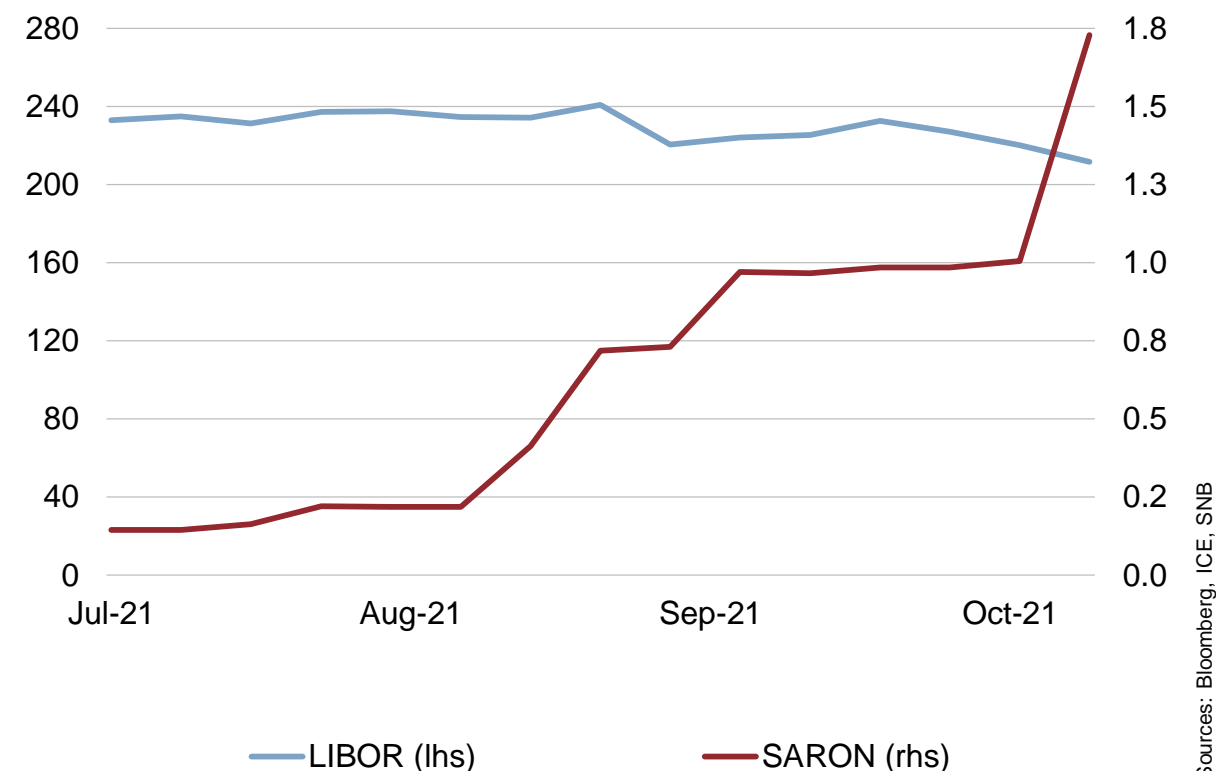
Trading volume

Number of weekly CHF Futures trades on ICE in thousand contracts



Open interest

Number of open CHF Futures on ICE in thousand contracts



Topics

- a) Market developments
- b) Transition by CCPs**
- c) Legacy solution for LIBOR swaps

ICE SARON Futures

- On 1 March 2021 the Exchange opened the Central Limit Order Book ('CLOB') and introduced the Inter-Contract Spread ('ICS') between Three Month SARON Index Futures and Three Month Euroswiss Futures Contract.
- The "Unit of Trading" is now CHF 2,500 (CHF 1m notional equivalent). 1:1 ratio to the Exchange's Three Month Euroswiss Contract.
- The 'Minimum Price Movement'
 - 0.0025 (CHF 6.25 on unit of trading size of CHF 2,500) for the front Contract.
 - all other Contracts 0.0050 (CHF 12.50 on a unit of trading size of CHF 2,500).
- The expiry nomenclature is consistent with SONIA - such that Mar 22 SARON aligns with a Mar 22 Euroswiss.
- 3M SARON Index Futures /3M Euroswiss Futures
 - Inter-Contract Spreads 1:1
 - Pricing Convention: the difference between SARON and Euroswiss, i.e., SARON minus Euroswiss

3M SARON Index Future

Contract size: CHF 2,500 * Rate Index
(CHF 1 million notional)

ICE Commodity Code: SA3

Bloomberg Code: SSYA Comdty

Reuters Code: 0#SARO3:

Margin efficiencies

A capital efficient way to manage exposure at the short-term end of the Swiss curve through a centrally cleared, exchange-traded contract

Breadth of products

Trade SARON futures alongside ICE's liquid European interest rate complex

Flexibility

Key spread trading functionality and strategies available for interest rates on the ICE platform

*All STIR Futures are now Rate Index futures. Notional values in this document are for illustrative purposes only. They use the historical interpretation of notional, the unit of trading represented based on a notional deposit

Euroswiss Futures - Transition Overview



Euroswiss Position Management

- ICE recommends that Clearing Members identify and monitor affected positions and encourages proactive conversion of positions via the market ahead of the transition date.



Transition Timing

- The transition will occur following the completion of end of day clearing processes on **Friday 17 December 2021**.
- This is for an effective clearing business date of **Monday 20 December 2021**.



Summary of Transition

- ICE will convert all remaining LIBOR Futures & Options at customer position level:
 - Transition remaining Three Month Euro Swiss Futures positions into Three Month SARON Index Futures positions this is a straight 1:1 conversion.



Fallback Futures Prices will be anchored off their ARR Equivalent, Euroswiss from SARON.

Update SARON futures by EUREX

- Revised contract naming convention
 - The new contract “3M SARON® Futures” (product code: FSR3) contains a new naming convention that matches the start of the contract period and not the expiry
 - Production start: 27 September 2021
- Previous contracts “Three-Month SARON® Futures” (product code: FSO3) with old naming convention have been set on “Halt” and are planned for de-listing by year end 2021
- Amendments to the Clearing Conditions and the Price List
- [Eurex Circular 083/21 Money Market Futures](#)

Transition of cleared LIBOR swap contracts by LCH

Key dates for LIBOR and EONIA conversion

Weekend of 2.10.21: Basis swap splitting

Weekend of 15.10.21: EONIA to ESTR conversion event

Weekend of 4.12.21: CHF, EUR, JPY LIBOR to RFR conversion (rehearsals 25.9. and 30.10.21)

Weekend of 18.12.21: GBP LIBOR to RFR conversion (rehearsals 25.9. and 30.10.21)

Basis swap splitting (2nd October)

- This was an operational event only
- In-scope basis swaps were split into pairs of outright fixed/float bookings each with fixed rate = 0%
- Each outright booking is/was eligible for independent compression if instructed
- The outright fixed/float bookings will be part of the conversion process on 4th December (or 18th Dec for GBP).

LIBOR conversion (4th and 18th December)

- Conversion of LIBOR swaps to RFR swaps
- Operational overlay to account for representative fixings until cessation via a single basis swap booking or two fixed/float bookings each with 0% fixed rate (the latter approach will apply for CHF LIBOR)
- There will be a cash compensation to account for small valuation differences between old (LIBOR) and new (RFR + Spread) swaps.

EurexOTC Clear: Transition plan for transactions referencing the CHF, GBP, JPY and USD LIBOR

Eurex Clearing Circulars [022/21](#), [081/21](#), and Newsflashes ([26 May 2021](#), [14 Jul 2021](#), [15 Oct 2021](#))

Overview

Eurex Clearing will actively convert the remaining cleared legacy LIBOR-based interest rate swap and basis swap trades to RFR OIS trades before the fallback provisions are triggered.

Conversion schedule:

- CHF LIBOR and JPY LIBOR starting on **3 December 2021** and executed over that weekend
- GBP LIBOR starting on **17 December 2021** and executed over that weekend
- 2 dress-rehearsals take place between **19-21 October** and **9-11 November 2021**

Further documentation:

A detailed explanation of the LIBOR transition including a description of the conversion related reports and reconciliation thereof can be found in the “LIBOR Trade Conversion Booklet”. The document is available in the Member Section of Deutsche Börse Group at [Resources > Eurex Clearing > Documentation and Files > Benchmark Transition Information > LIBOR Trade conversions](#)

The conversion will be mandatory for all cleared OTC transactions referencing the CHF, JPY and GBP LIBOR floating rates on the above mentioned dates and such transactions will not be eligible for clearing post conversion.

Topics

- a) Market developments
- b) Transition by CCPs
- c) Legacy solution for LIBOR swaps**

LCH's legacy LIBOR solution: CHF submissions after 3 December 2021

Background

- LCH discussed a solution that would enable, subsequent to the last publication date of the relevant LIBOR, submission of LIBOR swaps that arise as a result of physically-settled swaptions.
- NWG consulted D&C members on their opinion regarding such an offering and informed LCH that for CHF market an alignment with the service offered for other currencies would be preferable.

Service offered by LCH

- Submission of **CHF legacy contracts** beyond COB 3 December 2021 remains possible subject to a reduced eligibility criteria. In summary, this supports vanilla transactions.
- If the trade is submitted for clearing after 31 December 2021, parties are required to represent that the submitted transaction was originally executed before the date of the LCH's [circular](#) announcing the availability of this service (21 September 2021).
- Swap trades do not have to have arisen solely as a result of swaption expiries. Other legacy trades are also eligible.
- LCH will not provide overlay bookings (to preserve any representative LIBORs) on trades submitted.
- The service is expected to be available up to and including 31 December 2024.
- For further details on key dates and legacy trades see Appendix.

NWG recommendations on all product categories

For a product based description of all NWG recommendations, see [FAQ on Products](#)

Three options for LIBOR transitions: SARON, Compounded SARON, OIS (only exceptionally other rates)

Products		New contracts					Legacy				
		Status	SARON	Compounded SARON	OIS	Other	Status	SARON	Compounded SARON	OIS	Other
Loan & deposits	Mortgages	G		●			G		●		
	Corporate loans (bilateral) / SME loans (domestic)	G	●	●		●	G		●		
	Syndicated loans	G		●			G		●		
	Trade finance	G		● ¹		●	G		● ¹		●
	Intercompany	G		● ¹			G		● ¹		
Derivatives & capital market	FRN	G		●	●		G		●	●	
	Bonds (fixed rate)	G			● ²		-				
	Swaps	G		●			G		●		
	CCBS	G		●			G		●		
	Futures	G		●			-				
	Caps & Floors	G		●			G		●		

1) In-advance method (Last Recent SARON 1M Compound Rate).


2) SARON swap curve as the only pricing reference.

G Completed
 A In process
 R Pending
 - Not applicable

Source: NWG (FAQ on Products)

Final steps for NWG

- Although operational changes are still ahead, the transition to SARON is conceptually completed and the operational transition to SARON is on track.
- The statutes of the NWG foresee that *«the NWG will cease to exist once the transition to SARON is materially completed.»*
- No further NWG meeting is expected and after some buffer time the NWG will be terminated by a decision of the Co-Chairs.
- The NWG Secretariat will remain available until the end of Q1 2022 and provide updates on material developments
- Information and references will remain available for the foreseeable future on the [NWG's website](#)
- A social event is planned at the margins of the SNB's Money Market Event («Geldmarkt Apéro») on 31 March 2022



NWG and its sub-groups will cease to exist after the end of Q1 2022 in line with its statutes, final termination decision will be taken by the Co-Chairs and communicated by the NWG Secretariat.

Summary of recommendations

- NWG and its sub-groups will cease to exist after the end of Q1 2022 in line with its statutes, final termination decision will be taken by the Co-Chairs and communicated by the NWG Secretariat.

Next steps

- Publication of this NWG meeting's documents
 - Executive summary of the meeting by 10 November 2021
 - Meeting minutes will be published on NWG website in due course

Appendix

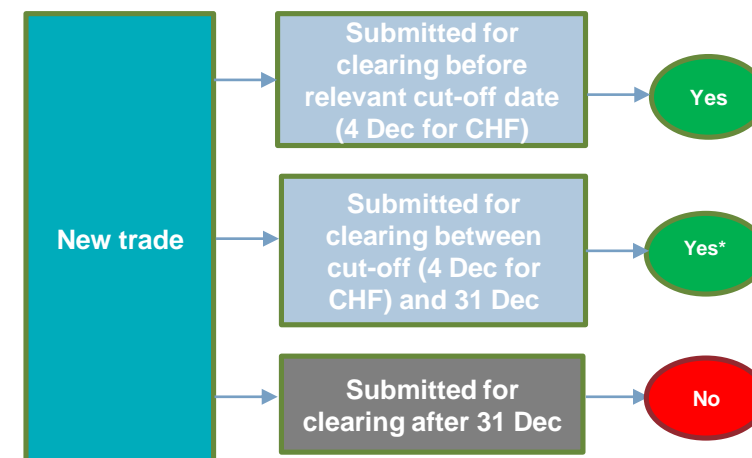
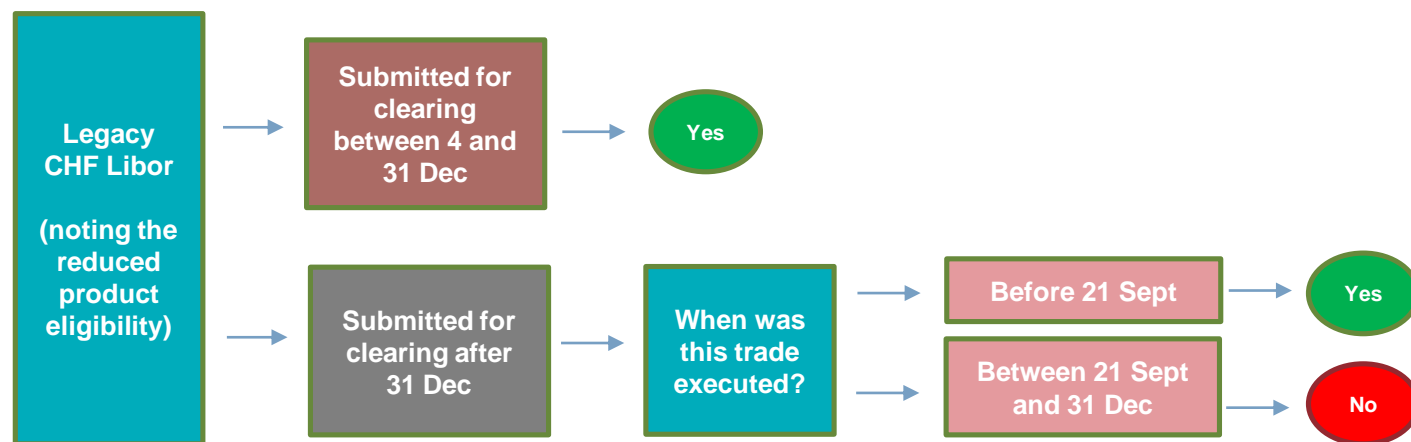
LCH: Legacy IBOR support

Legacy IBORs in scope*	Submission Date	Legacy LIBOR trade date eligibility	What happens to Legacy LIBOR trades upon registration?	Which products will be eligible?	For how long will the LIBOR legacy clearing capability be provided?	What about New trades?
CHF, EUR, and JPY LIBOR	After COB on 3 Dec 2021 but before COB on 31 Dec 21	Any in-scope LIBOR trade with the reduced product eligibility without a trade date limitation.	For any Legacy LIBOR trades that require a fixing after 31 Dec 2021 a daily conversion process will take place that converts each trade to an equivalent RFR + credit spread adjustment before EOD and cash compensates for any PV difference. LCH will be using the conversion process deployed in the main Dec 21 conversion events, with the exception that LCH would not generate the overlay bookings which preserve the LIBOR fixings for any periods which could otherwise make use of a representative LIBOR**.	Standard spot-starting & forward-starting IRS with a constant notional amount, with a constant fixed rate, without any floating spread and without any stub periods or other non-generic features.	The service will be available up to and including 31 December 2024.	No longer eligible for registration after 31 Dec.
GBP LIBOR	After COB on 17 Dec 2021 but before COB on 31 Dec 21					
All of the above	After COB on 31 Dec 2021	After Cessation, the service will be limited only to any in-scope LIBOR trade with the reduced product eligibility that was originally traded prior to 21 Sept (circular's date).				

* "Legacy IBORs in scope" mean those transactions executed prior to 1 Jan 2022.

**This aspect is still under internal review / discussion.

Graphical example (CHF specific)



* Possible as long as such swap meets the reduced product eligibility criteria.

Source: LCH