FSB FINANCIAL STABILITY BOARD

Press release

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Progress in Reforming Major Interest Rate Benchmarks

The FSB is publishing today an interim progress report on reforms to existing major interest rate benchmarks (such as LIBOR, EURIBOR and TIBOR, collectively the "IBORs") and in the development and introduction of alternative near risk-free interest rate benchmarks (termed "RFRs").

The report examines progress toward the FSB's recommendations for reforms in this area, developed by the Official Sector Steering Group (OSSG) and published in July 2014, namely:

- There should be a strengthening in existing IBORs and other reference rates based on unsecured bank funding costs by underpinning them to the greatest extent possible with transactions data. These enhanced rates are termed "IBOR+".
- Steps should be taken to develop alternative RFRs, given that there are certain financial transactions, including many derivatives transactions, that are better suited to reference rates that are closer to risk-free.[1]

Since July 2014, the administrators of the most widely used IBORs – EURIBOR, LIBOR and TIBOR – have all taken major steps in this regard. These steps have included reviews of respective benchmark methodologies and definitions, data collection exercises and feasibility studies, consideration of transitional and legal issues, and broad consultations with submitting banks, users and other stakeholders.

While the FSB recommendations were directed at the three major IBORs, OSSG member authorities, benchmark administrators and market participants from other jurisdictions, including Australia, Canada, Hong Kong, Mexico, Singapore and South Africa, have also taken steps towards reforming the existing rates in their own jurisdiction, given the

[1] For more information on these recommendations and related reports, see the FSB's July 2014 press release, available at http://www.financialstabilityboard.org/2014/07/pr_140722/

importance of these rates to their domestic markets and their role as international financial centres.

OSSG members have also made concrete progress in identifying potential RFRs. In particular, detailed data collection exercises have been undertaken in key markets, and work is now underway to identify potential RFRs, where these do not currently exist. In addition to authorities in the euro area, Japan, UK and US, several other OSSG members are also working with industry in local markets to develop RFRs in their respective currencies.

The OSSG will continue to monitor progress in implementing the FSB's recommendations in the year ahead, and will prepare an updated progress report for publication by the FSB in July 2016.

Notes to editors

The Official Sector Steering Group is co-chaired by Martin Wheatley (Chief Executive Officer, UK Financial Conduct Authority) and Jerome Powell (Member, Federal Reserve Board of Governors). The OSSG brings together central banks and regulatory authorities to coordinate international work to review and reform interest rate benchmarks.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 65 other jurisdictions through its six regional consultative groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.financialstabilityboard.org.