FSB FINANCIAL STABILITY BOARD

Press release

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FSB issues statements to support a smooth transition away from LIBOR by end 2021

The Financial Stability Board (FSB) has today published a set of documents to support a smooth transition away from LIBOR by the end of 2021. On 5 March 2021, ICE Benchmark Administration (IBA) and the UK Financial Conduct Authority (FCA) formally confirmed the dates that panel bank submissions for all LIBOR settings will cease, after which representative LIBOR rates will no longer be available. The majority of LIBOR panels will cease at the end of this year, although a number of key US dollar (USD) settings will continue until end-June 2023, to support the rundown of legacy contracts only.

In light of these developments, and to facilitate an orderly transition by end-2021, the FSB has published the following statements and reports that set out recommendations for financial and non-financial sector firms, as well as the authorities, to consider:

- An **updated global transition roadmap** that, drawing on national working group recommendations, summarises the high-level steps firms will need to take now and over the course of 2021 to complete their transition.

- A paper reviewing **overnight risk-free rates and term rate**, building on the concept that the tools necessary to complete the transition are currently available. The FSB cautions market participants against waiting for the development of additional tools, in particular forward-looking term risk-free rates.

- A statement on the **use of the ISDA spread adjustments** in cash products, to support transition particularly in loan markets, which remains an area of concern with much new lending still linked to LIBOR.

- A **statement encouraging authorities** to set globally consistent expectations that regulated entities should cease the new use of USD LIBOR in line with the relevant timelines for that currency, regardless of where those trades are booked.

The FSB also welcomes the statement on benchmarks transition published today by the International Organization of Securities Commissions, which reiterates the importance of ensuring a smooth and timely transition away from LIBOR.

Given the limited time available until the end of 2021, the FSB strongly urges market participants to act now to complete the steps set out in its global transition roadmap.

The FSB plans to produce its next full report on progress in November 2021.

Notes to editors

The FSB set out in 2014 a series of recommendations for strengthening key interbank offered rates (IBORs) in the unsecured lending markets, and for promoting the development and adoption of alternative nearly risk-free reference rates, where appropriate. The FSB and member authorities, through the FSB Official Sector Steering Group (OSSG) chaired by Andrew Bailey (Governor, Bank of England) and John C. Williams (President and CEO, Federal Reserve Bank of New York), are working to implement and monitor these recommendations. The FSB published its most recent annual progress report on implementation of the recommendations in November 2020.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes 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 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman, US Federal Reserve; its Vice Chair is Klaas Knot, President of De Nederlandsche Bank. The FSB 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.fsb.org.