ABN·AMRO

Frequently Asked Questions

IBOR Transition

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Introduction: benchmark reforms

LIBOR? EURIBOR? These abbreviations are examples of interest rate benchmarks that have been or are being reformed or discontinued. A worldwide transition from well-known existing interest rate benchmarks to alternative interest rate benchmarks is currently taking place: a transition from the so-called Interbank Offered Rates (IBORs) to the so-called Risk-Free Rates (RFRs).

The benchmark reforms may impact ABN AMRO's products and services you are currently using and those we may provide to you in the future. Most IBOR-based contracts have been amended or will need to be amended to reference alternative benchmark rates, or be provided with a robust fallback option. New contracts will reference alternative interest rate benchmarks and/or contain appropriate fallback language.

If you want to know more about the benchmark reforms and if and how these reforms may affect you, please read the questions and answers below.

1. General interest rate benchmark questions

1.1. What are interest rate benchmarks?

Interest rate benchmarks, also known as base rates or reference rates, are globally used as a basis to determine amounts payable, in particular interest payable, for a wide range of financial products. These include foreign exchange accounts, overdrafts, term loans, derivatives, structured products and retail mortgages. For example, the interest due is based on an interest rate benchmark such as EURIBOR or LIBOR plus a margin.

Interest rate benchmarks play an important role in price transparency, as they provide an independent measure for the valuation of contracts for financial products. While a variety of interest rate benchmarks exists, the most widely used interest rate benchmarks are the sterling and US dollar London Interbank Offered Rate (LIBOR) and the European Interbank Offered Rate (EURIBOR).

1.2. What is happening to interest rate benchmarks?

Due to international developments and European regulations, a number of well-known and widely used interest rate benchmarks (Interbank Offered rates or IBORs) are being or have recently been reformed or are expected to be discontinued and replaced with alternative (nearly) risk-free rates (RFRs).

For each IBOR benchmark rate and the alternative benchmark rate the developments are at different stages and vary in scope and transition time. The worldwide benchmark reform is a continually evolving process across multiple product areas and jurisdictions. For example, quote-based GBP LIBOR has been discontinued on 31 December 2021, whereas most tenors of USD LIBOR will continue until 30 June 2023. At the same time, EURIBOR has been reformed and is not scheduled to be discontinued soon.

The benchmark reforms may impact ABN AMRO's products and services you are currently using and those we may provide in the future. If this applies to your contract(s), we will inform you in a timely manner and provide you with more detailed information about any changes.

1.3. Why are interest rate benchmarks being reformed or discontinued?

As interest rate benchmarks are fundamental to so many contracts for financial products, they need to be robust, reliable and resilient. Most of the interest rate benchmarks subject to reform or discontinuation are Interbank Offered Rates (IBORs). These rates are based on interbank rates. They reflect how much it costs for banks to borrow from each other for different borrowing periods, ranging from one day to one year. These rates are/were not based on actual transactions, but on estimates. For example, for many years LIBOR has been calculated based on a daily survey of banks. Each bank that contributes to the LIBOR estimates what it would be charged were it to borrow from other banks. This method for determination of interest rate benchmarks has proven to be sensitive to manipulation. In addition, in the recent years the underlying markets for interbank lending transactions has significantly decreased (and continues to do so) causing the representativeness of some benchmarks to come under even more pressure. For these reasons, a world-wide transition from IBORs to alternative interest rate benchmarks is currently taking place. In Europe, this benchmark transition is governed by the EU Benchmark Regulation (BMR).

Some well-known and widely used benchmark rates will be or have been reformed in order to increase their reliance on actual transactions (e.g. EURIBOR). Others have been discontinued (e.g. GBP LIBOR) and replaced with alternative interest rate benchmarks that meet the new regulatory and market requirements (e.g. SONIA-based rates). In addition, regulatory supervision of benchmark administrators, contributors and benchmark users (such as banks) has been reinforced.

1.4. What is the regulatory background of benchmark reforms?

In Europe, the benchmark transition is governed by the EU Benchmark Regulation (BMR). The BMR came into effect on 1 January 2018, with a transitional regime applying until the end of 2021. The BMR aims to enhance the reliability and robustness of benchmarks, sets out general rules on how benchmark administrators must conduct their activities and provides requirements about input data and the calculation methodologies of benchmarks. Also, it regulates the appropriate use of benchmarks. The Dutch Authority for the Financial Markets (AFM) supervises ABN AMRO's implementation of the BMR.

To enhance an orderly benchmark transition, regulatory authorities and central banks have established industry-led working groups tasked with recommending alternative reference rates and plans for adopting them. The main working groups are:

- in Europe, the Working Group on Euro Risk-Free Rates;
- in the UK, the Working Group on Sterling Risk-Free Reference Rates;
- in the US, the Alternative Reference Rates Committee;
- in Switzerland, the National Working Group on Swiss Franc Reference Rates; and
- in Japan, the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks.

1.5. Which products and contracts are impacted by benchmark reforms, and what does this mean for me?

Products that are impacted by benchmark reforms are products that are linked to an Interbank Offered Rate (IBOR), such as GBP LIBOR or USD LIBOR. For example, the contracts for these products state that the interest payable is based on an IBOR plus a margin, for example 3-month USD LIBOR plus a margin.

Examples of products that are linked to IBORs include (but are not limited to):

- retail mortgages with a variable interest rate linked to an interest rate benchmark (i.e. not fixed rate mortgages or mortgages on the basis of an "all-in" variable rate);
- overdraft facilities linked to an interest rate benchmark plus a margin;
- bilateral or syndicated loans linked to a variable interest rate;
- bank accounts in foreign currencies (FX accounts); and
- derivatives (for example an interest rate swap).
- Please note that a contract linked to certain LIBOR rates may need to be amended depending on its maturity date. Does the contract terminate before the relevant interest rate benchmark ceases to exist? No actions are needed. If the contract terminates after the relevant LIBOR will cease to exist, the contract needs to be amended to reflect a suitable alternative interest rate benchmark. We will let you know in a timely manner if this applies to your contract(s). And what the changes entail.
- Is your contract based on EURIBOR? Then the contract needs to contain a robust fallback provision for the event EURIBOR would cease to exist. This is a regulatory requirement. At this moment in time, EURIBOR has been reformed and as such is not scheduled to be discontinued. Therefore, EURIBOR itself does not have to be actively replaced in your contract.

Contracts for products that are based on a fixed interest rate, or a variable interest rate that is not based on an IBOR (for example an "all-in" variable interest rate or "Cost of Funds") do not have to be amended.

1.6. What is a Fallback Plan?

As a supervised entity that uses benchmarks, we are required to comply with the regulatory requirements laid down in the EU Benchmark Regulation (BMR). This means, among other things, that we are required to have a robust written (contingency) plan in place that deals with cessation or material changes of benchmarks (Article 28(2) of the BMR). Where feasible and appropriate, the plan nominates one of more alternative benchmarks that could be referenced to substitute benchmarks no longer provided, indicating why such benchmarks would be suitable alternatives.

ABN AMRO has written a plan for cessation or material changes of benchmarks (Fallback Plan) setting out the action that we would take in the event that a benchmark materially changes or ceases to be provided or the benchmark administrator (and the benchmark itself in case of a non-EU benchmark) is not included or will no longer be included in the ESMA register. The Dutch Authority for Financial Markets monitors the Fallback Plan of ABN AMRO.

2. Moving from IBOR to RFR-based rates

2.1. What are IBORs?

IBOR stands for "Interbank Offered Rate". It is a general description for a number of different interest rate benchmarks that are derived from the rate at which banks could borrow from other banks in particular markets and currencies. The term "interbank" has to do with the fact that it refers to a market for banks and financial institutions rather than individuals or non-financial businesses.

IBORs are (were) widely used by banks for all kinds of products such as mortgages, bank accounts, overdrafts, term loans and more complex financial transactions (such as securities with variable rates, options and swaps).
IBORs were based on banks' quote submission, and have being reformed (EURIBOR) or replaced (GBP LIBOR transition to SONIA) in order to make each currency's benchmark rates as much anchored in real transactions as possible.

2.2. What are RFRs and which have been recommended?

In preparation for the transition away from the Interbank Offered Rates (IBORs), various regulatory authorities, central banks and industry bodies have identified nearly Risk-Free Rates (RFRs) as recommended replacement rates for IBORs. RFRs are secured or unsecured overnight rates which are published after the period to which they relate, usually on the following business day. SONIA-based rates, for instance, are currently the reference rates for the GBP-denominated market, replacing GBP LIBOR. RFRs are considered to be more robust and representative than IBORs because transactions in the underlying market form the determined rate to a greater extent than is currently the case for many IBORs.

For each existing IBOR and the recommended replacement RFR, proposals within the various jurisdictions are at different stages and vary in scope and transition timing. This increases the complexity of the world-wide benchmark transition.

Jurisdiction	IBOR Rate	Recommended RFR	Administrator	Secured/ Unsecured	Status
UK	GBP LIBOR	Sterling Overnight Index Average (**SONIA**)	BOE	Unsecured	GBP LIBOR discontinued on 31 Dec 2021. Currently published on a Synthetic basis. Transition to SONIA occurred.
USA	USD LIBOR	Secured Overnight Financing Rate (**SOFR**)	FED New York	Secured	USD LIBOR to be discontinued on 30 Jun 2023. 1w, 2m tenors already discontinued. New issuance based on SOFR as per 1 Jan 2022.
Switzerland	CHF LIBOR	Swiss Average Rate Overnight (**SARON**)	SIX	Secured	CHF LIBOR discontinued on 31 Dec 2021. Transition to SARON occurred.
Japan	JPY LIBOR	Tokyo Overnight Average Rate (**TONAR**)	BOJ	Unsecured	JPY LIBOR discontinued on 31 Dec 2021. Currently published on a Synthetic basis. Transition to TONAR occurred.
Singapore	SIBOR, SOR	Singapore Overnight Rate Average (**SORA**)	MAS	Unsecured	End Mar 2022: 6m SIBOR discontinued. End Dec 2024: 1m, 3m SIBOR discontinued. End Jun 2023: SOR discontinued.
Eurozone	EURIBOR	**EURIBOR** (not an RFR)	EMMI	Unsecured	Reformed to become BMR-compliant. Not to be discontinued in the upcoming years.

Sweden	STIBOR, SEK	**STIBOR** (not an RFR)	SWESTR (in case STIBOR is discontinued) SFBF Swedish Riksbank	Unsecured	As of 2022 STIBOR is calculated based on actual transactions from contributing panel banks. Not to be discontinued in the upcoming years. In the long run STIBOR may be discontinued. In that case SWESTR is the alternative supported by the Swedish Regulator
				Unsecured	
Denmark	CIBOR, DKK	**CIBOR** (not an RFR)	DFBF	Unsecured	No formal obligation to replace the Copenhagen Interbank Offered Rate (CIBOR), since it is not considered a "critical" benchmark rate.
		DESTR (in case CIBOR is discontinued, and substituting Tom/Next)	Danmarks National bank	Unsecured	DESTR function as both a complement to and fallback for the CIBOR fixings (in case CIBOR will be discontinued in the future)
Canada	CDOR	Canada Overnight Repo Rate Average (**CORRA**)	Bank of Canada	Secured	CDOR will be discontinued at June-end 2024. By June-end 2023 new production base on CDOR has to be stopped (both derivatives and cash products). Term CORRA is currently being investigated as a replacement option for certain products.
Turkey	TRLIBOR	Turkish Lira Overnight Reference Rate (**TRLEF**)	Borsa Istanbul	Secured	TRLIBOR ceased to be published after June 30, 2022. The replacement can be expressed as "TRLIBOR=TLREF+Basis". "The quantification of this basis adjustment was calculated as a result of the analyses conducted by the National Working Committee. The calculated basis adjustment is a recommendation and indicator, and the final specification is made between the parties of active agreements as of July 1, 2022."

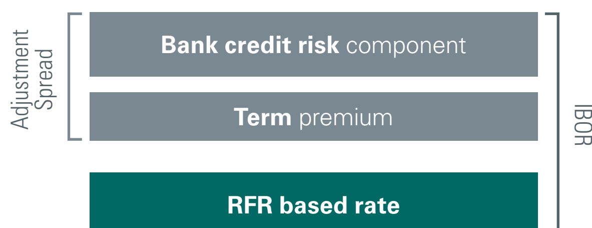
2.3. Which are the main differences between IBORs and RFRs?

Risk-Free Rates (RFRs) are calculated on a different basis and are not like-for-like replacements for the Interbank Offered Rates (IBORs). The key differences between RFRs and IBORs include, amongst other:

	IBORs	**RFRs**
Basis of calculation	IBORs depend primarily on a panel of banks submitting quotes	RFRs are based on actual transaction
Tenor	Multiple, e.g. 1w, 1m, 3m, 6m, 12m	Overnight
Horizon	Forward-looking	Backward-looking (based on actual transactions and calculated afterwards) and a few Forward-looking
Captured risks	IBORs include a term liquidity premium and a bank credit risk component	RFRs are considered nearly-risk-free, therefore not economically equivalent to IBORs (in most cases lower)

2.4 Why do we need credit adjustment spreads (CAS) during the benchmark transition

Risk-Free Rates (RFRs) are not economically equivalent to Interbank Offered Rates (IBORs). Some elements included within IBORs (a term liquidity premium and a bank credit risk component) are not found in the alternative rates. In most cases, RFRs are therefore expected to be lower than their IBOR equivalent.



In line with recommendations of the relevant working groups, when existing contracts are transferred onto RFRs, a credit adjustment spread (CAS) may be applied in addition to the RFR.

This is to minimize the economic impact of transitioning away from the relevant IBOR. For new transactions referencing directly RFRs a CAS is not necessary, but some market participants include it as a "baseline" CAS.

The purpose of applying the CAS is to ensure that existing contracts referencing an IBOR continue to function as closely as possible to what was intended in economic terms before the replacement with the RFR.

CAS values can be based on two main approaches:

- fixed 5-year historical median CAS; and
- forward CAS.

The fixed 5-year historical median approach takes the difference between IBORs for a particular interest period and RFR compounded in arrears over the same period calculated using a median over a 5-year lookback period. This approach is endorsed by ISDA, the Working Group on Sterling Risk-Free Reference Rates and the Alternative Reference Rates Committee (ARRC). On 5 March 2021 the spreads for all LIBOR settings have been fixed for ISDA and ARRC-recommended fallbacks, and are currently published by Bloomberg. Being theoretically a fallback CAS value, this should be used as close as possible to the discontinuation of each IBOR.

The forward CAS approach involves calculating the CAS based on the forward-looking basis swap market. This methodology reflects market expectations for this basis also between now and each IBOR discontinuation date, and may therefore lead to different values versus the fixed 5-year historical median approach. This methodology, for USD LIBOR, is currently yielding results similar to the 5-year historical median approach. This methodology is also endorsed in certain cases by working groups.

2.5 What is Synthetic LIBOR?

On 16 November 2021, the FCA has confirmed it will allow the temporary use of "synthetic" sterling and yen LIBOR rates in all tough legacy LIBOR contracts, other than cleared derivatives, that have not been changed at or ahead of 31 December 2021. Tenors involved are 1, 3 and 6 months. The synthetic rates will be published from 3 January 2022, but will not be available for use in any new contracts. The deadline for synthetic yen LIBOR is end-2022, while sterling LIBOR might continue to be published after 2022, only if necessary and subject to annual review.

The synthetic LIBOR quotes will be based on the sum of two building blocks on a daily basis: Term SONIA Reference Rates (TSRR) and the fixed 5-year historical median credit adjustment spread (CAS) as published by Bloomberg. The TSRR measures the expectation of SONIA interest rates over the relevant forward-looking time period. It is based on the fixed rates offered in SONIA-referencing derivatives markets, e.g. overnight indexed swaps (OIS), which provide information on market expectations of the varying overnight SONIA rates over a forward-looking 1-, 3- or 6-month period. The CAS values are the ones fixed on 5 March 2021, calculated by ISDA following a 5-year median of the difference between each GBP LIBOR tenor and each Adjusted SONIA average over the same tenor (compounded average in arrears).

Edwin Schooling Latter, Director of Markets and Wholesale Policy at FCA, commented: “November 2021 publications form some of the final building blocks in the transition from LIBOR, a global effort led by the FCA and the Bank of England in conjunction with industry and overseas regulators. But work should not stop here. While synthetic LIBOR reduces risk in the transition and provides a bridge to Risk-Free Rates like SONIA, it will not last indefinitely and contracts need to be moved away from LIBOR wherever possible.”

3. EURIBOR reform and €STR transition

3.1 What is EURIBOR?

The Euro Interbank Offered Rate (EURIBOR) is intended to reflect the average interest rate at which banks borrow from and lend to each other in the unsecured money market. EURIBOR is widely used in the Netherlands and the European Union as a whole. To determine EURIBOR, the European Money Markets Institute (EMMI) surveys a pool of banks located mainly in the euro area to estimate an average interest rate for intra bank funding. The results of the survey are published daily in the form of an unsecured interest rate, with five different maturities (1 week, 1 month, 3 months, 6 months and 12 months).

EURIBOR's calculation methodology has recently been reformed to meet the regulatory requirements under the EU Benchmark Regulation (BMR). The underlying interest of EURIBOR has been clarified and its determination has shifted from a quotes-based to a transactions-based methodology. In the wake of this reform process of EURIBOR, the EMMI was granted, in July 2019, an authorisation by its supervisor – the Belgian Financial Services and Markets Authority (FSMA) – for the administration of EURIBOR under BMR.

3.2 Is EURIBOR going to be discontinued?

The reformed EURIBOR meets the requirements of the BMR and EURIBOR is therefore not scheduled to be discontinued in the foreseeable future. Nonetheless, pursuant to the BMR, all contracts referencing EURIBOR need to include a robust fallback option for the event EURIBOR would cease to exist or would no longer be representative. In this way, EURIBOR-linked contracts can be adjusted to an alternative benchmark on a pre-agreed basis. This enhances predictability for both banks and their clients, and financial stability for banks and the market as a whole.

Despite the fact that EURIBOR is intended to remain in place for the foreseeable future, the Working Group on Euro Risk-Free Rates is looking at €STR-based fallbacks for the scenarios in which EURIBOR permanently ceases to exist or is no longer representable.

3.3 What is the timeline in relation to EURIBOR?

The process of reforming EURIBOR was successfully completed in 2019. At the time of writing, the industry expectation is that the reformed EURIBOR will remain in place for the foreseeable future. €STR-based fallbacks for the scenarios in which EURIBOR permanently ceases to exist or is no longer representable are being developed. The Working Group on Euro Risk-Free Rates recommendations have been published in May 2021.

3.4 What impact do the developments in relation to EURIBOR have on me?

Financial instruments and products referencing EURIBOR remain available for the foreseeable future. Nonetheless, the EU Benchmark Regulation (BMR) requires that contracts referencing EURIBOR should include robust fallback provisions to account for the eventuality that EURIBOR is discontinued in the future or is no longer representative.

3.5 What is €STR?

The Euro Short-Term Rate (€STR) is an interest rate benchmark that reflects the wholesale euro unsecured overnight borrowing costs of banks located in the euro area. The rate is calculated and published by the European Central Bank (ECB). €STR is published on each TARGET2 business day based on transactions conducted and settled on the previous TARGET2 business day (the reporting date "T") with a maturity date of T+1.

€STR replaced the euro overnight index average (EONIA). €STR-based rates will be the fallback for EURIBOR if EURIBOR permanently ceases to exist or is no longer representable.

3.6 How is €STR different from EONIA?

€STR is computed as a volume-weighted trimmed mean of the overnight unsecured lending transactions reflecting the wholesale (not merely interbank) borrowing cost of a panel of 50 euro area banks. EONIA was computed as a volume-weighted mean of the overnight unsecured lending transactions in the euro interbank market for a panel of 28 banks.

The difference in underlying market and transactions led to a difference between the two rates. The 8.5 basis points difference between EONIA and €STR has been provided in May 2019 by the ECB. This is a trimmed arithmetic average of the daily spread between EONIA and the preliminary "pre-€STR" for the most recent year of publicly available pre-€STR data (from 17 April 2018 until 16 April 2019).

3.7 How did the transition from EONIA to €STR occur?

After calculating the EONIA to €STR spread of 8.5 bps in Q2 2019, on 30 September 2019 the last publication of the regular EONIA occurred. From 2 October 2019, the ECB started publishing €STR and EONIA became "synthetic", i.e. €STR+8.5bps with publication on T+1. The transition phase from EONIA to €STR has ended on 3 January 2022, when the recalibrated synthetic EONIA has been discontinued.

4. GBP LIBOR reform: transition to SONIA

4.1 What is (was) GBP LIBOR?

The GBP LIBOR calculation methodology recently changed. We therefore outline how GBP LIBOR was calculated until 31 December 2021 and how it is currently being provided under a "synthetic" methodology for tough legacy transactions purposes only.

GBP LIBOR until 31 December 2021

GBP LIBOR was intended to reflect the interest rates at which banks borrow from and lend to each other in the unsecured short-term market. To determine GBP LIBOR, ICE Benchmark Administration (IBA), surveyed a pool of banks to estimate the rate at which they could borrow from other banks. It was produced for seven tenors: overnight/spot next, 1 week, 1 month, 2 months, 3 months, 6 months, and 12 months.

Synthetic GBP LIBOR in 2022

The FCA announced on 29 September 2021 its decision on a fair, transparent and appropriate way of calculating synthetic LIBOR, approximating what LIBOR might have been in the future. The method is said to be robust against manipulation and was supported by a large majority of respondents as set out in this feedback statement. The synthetic rates are no longer, however, "representative" as defined in the Benchmarks Regulation (BMR).

The synthetic LIBOR quotes will be based on the sum of two building blocks on a daily basis: Term SONIA and the fixed 5-year median historical median credit adjustment spread as published by Bloomberg. Publication of synthetic GBP LIBOR is limited to 1, 3 and 6 months, and is not guaranteed after the end of 2022.

4.2 Is GBP LIBOR still being published?

GBP LIBOR is still being published, but under a synthetic methodology, starting in January 2022 and its publication is not guaranteed after the end of 2022. Only 1-, 3- and 6-month tenors are published. The 1-, 3- and 6-month GBP LIBOR settings are Article 23A benchmarks, meaning they are now permanently unrepresentative of the underlying market they seek to measure. This is because the panel of banks, which used to provide submissions to create these rates, has now ended. FCA allows use of these synthetic rates in all legacy contracts except cleared derivatives. New contracts cannot be based on GBP LIBOR.

4.3 What is SONIA?

As defined by the Bank of England, the Sterling Overnight Index Average (SONIA) is a measure of the rate at which interest is paid on sterling short-term wholesale funds in circumstances where credit risk, liquidity risk and other risks are minimal.

On each London business day, SONIA is measured as the trimmed mean, rounded to four decimal places, of interest rates paid on eligible sterling denominated deposit transactions. The trimmed mean is calculated as the volume-weighted mean rate, based on the central 50% of the volume-weighted distribution of rates.

Eligible transactions are transactions that are:

- reported to the Bank's Sterling Money Market daily data collection, in accordance with the effective version of the "Reporting Instructions for Form SMMD";
- unsecured and of one business day maturity;
- executed between 00:00 hours and 18:00 hours UK time and settled that same-day; and
- greater than or equal to £25 million in value.

4.4 How did the transition from GBP LIBOR to SONIA occur?

During 2020 and 2021 the gradual phasing-out of GBP LIBOR has been achieved via a series of milestones set by the Working Group on Sterling Risk-Free Reference Rates (RFRWG). In late 2020 and beginning 2021 the focus has been on the identification of all legacy GBP LIBOR contracts expiring after end 2021 that could be actively converted. By end-Q1 2021, the aim has been to cease initiation of new GBP LIBOR-linked loans, bonds, securitisations and linear derivatives that expired after the end of 2021. Active conversion from GBP LIBOR to SONIA-based alternatives followed, and was concluded before the end of 2021.

4.5 What SONIA-based rates are mainly adopted in the market?

One of the main aims of the benchmark reform is to make new reference rates as much as possible anchored in real transactions. Basing a rate on real transactions means that the rate will be likely known only afterwards the period it refers to. SONIA is a backward-looking daily overnight rate, unlike LIBOR which is forward-looking and set for different tenors matching the most used interest periods (e.g. 1, 3, 6 months). Deriving from SONIA a rate applicable for an interest period longer than one day implies applying calculation conventions on the daily SONIA rates. The type of solution mainly depends on the type of product and the financial sophistication of the client.

For most of the professional clients (including large/mid corporate clients and the full derivative market)

GBP LIBOR used to be a forward-looking rate, meaning that at time t0 of an interest period running 1 month till t+1 the rate would be known at the very beginning of that interest period. In the new RFR-based rate world, the reference rate will be based on daily SONIA rate contributions, averaged for the duration of the interest period. There are therefore conventions around how to average daily SONIA rates for an interest period. The main rate variety used in the sterling market is compounded average SONIA in arrears. When using compounded average SONIA in arrears, the interest rate payable is aggregated over the interest period and finalised at the end. Based on operational feasibility and product appropriateness, compounded average SONIA in arrears can use a lookback or a payment delay. Please see question 4.6 (What is compounded average SONIA in arrears?) for more information.

For some SME, some Retail and Trade/Working Capital clients

Some SME clients and some Retail and Trade/Working Capital clients for which it is impossible or too cumbersome to implement tech and process changes overtime are allowed to explore alternatives instead of using compounded average SONIA in arrears. This holds in particular for products that require a cashflow calculation in advance, which cannot be based on daily SONIA rates compounded in arrears, known only around the end of the interest period. Instead of using compounded average SONIA in arrears, Term SONIA might be used, or even a fixed rate/Bank of England Bank Rate. Term Sonia is suggested by the Bank of England for limited use only in certain circumstances, to a much lower extent than its USD-based counterpart Term SOFR, also different in its methodology. Please see question 4.7 (What is Term SONIA?) for more information about this SONIA-based rate variety.

4.6 What is compounded average SONIA in arrears?

Compounded average SONIA in arrears is calculated by compounding SONIA daily during the interest period. The interest amount is known close to the end of the interest period.

Since 2019 the prevailing view of the Working Group on Sterling Risk-Free Reference Rates is that “overnight SONIA, compounded in arrears, should become the norm in most derivatives, bonds, and bilateral and syndicated loan markets given the benefits of the consistent use of benchmarks across markets and the robust nature of overnight SONIA.”

This rate variety is considered to be inherently more robust than Term SONIA rates because of the amounts of transactions underlying daily SONIA. Moreover, participants with hedging needs will want cash products to be on the same basis as derivatives to ensure effective and cost-efficient hedging. Compounding in arrears is also used in markets denominated in other currencies. Consistency across markets is therefore a good reason for using such a SONA-based rate.

Firms of course need a period of certainty over their payments to operate smoothly. The market has therefore developed conventions to provide time after the last SONIA observation for the final interest to be calculated & verified before it needs to be paid, among which:

- 5 business day lookback: the period for calculating interest starts 5 business days before the actual interest period begins ends that same number of days before the interest is due. This sub-variety is therefore including a lookback.
- Payment delay: the period for calculating interest starts and ends exactly the same days as the actual interest period, but interest payments are delayed by a certain number of days. This sub-variety is therefore including a payment delay.

4.7 What is Term SONIA?

Term SONIA is a forward-looking, near-risk-free reference rate available in 1-month, 3-month, 6-month and 12-month tenors denominated in sterling and designed to be an alternative to LIBOR. It measures the expectation of SONIA interest rates over the relevant forward-looking time period. It is based on the fixed rates offered in SONIA-referencing derivatives markets, e.g. overnight indexed swaps (OIS), which provide information on market expectations of the varying overnight SONIA rates over a forward-looking period.

Each published ICE Term SONIA Reference Rate (each an “ICE TSRR Rate“) is calculated using eligible prices and volumes for specified SONIA-linked interest rate derivative products, provided by trading venues in accordance with a "waterfall" methodology. The full methodology description can be found here.

4.8 What impact does the discontinuation of GBP LIBOR have on me?

GBP LIBOR has been discontinued immediately after 31 December-2021. From 1 April 2021, we ceased entering into new GBP LIBOR-based instruments and products. New GBP instruments and products will reference a SONIA-based rate.

Contracts referencing GBP LIBOR that matured after 31 December 2021 have been amended to include fallback language that avoids disruption due to a cessation event. ABN AMRO contacted clients in 2020 and 2021 to include robust fallback provisions or to replace GBP LIBOR directly with SONIA. If any, tough legacy positions can make temporary use of synthetic GBP LIBOR and will be transitioned to a SONIA-based rate well before the discontinuation of synthetic GBP LIBOR.

5. USD LIBOR reform: transition to SOFR

5.1 What is USD LIBOR?

USD LIBOR is the average interbank interest rate at which banks on the London money market are willing to lend each another unsecured funds denominated in US dollars. Following the cessation of certain LIBOR currencies and tenors after 31 December 2021, this "panel bank" methodology relates only to USD LIBOR calculated using USD LIBOR panel bank (Contributor Bank) submissions from 4 January 2022 until 30 June 2023 in five tenors (overnight, 1-month, 3-months, 6-months and 12-months). Each Contributor Bank's submissions made in accordance with the USD LIBOR Output Statement are determined through the use of a "waterfall submission methodology", which utilises eligible transaction data where available, transaction-derived data otherwise, and, if neither is available, market and transaction data-based expert judgement, appropriately framed, using the bank's own internally approved procedure (based on a set of permitted inputs and agreed with IBA).

5.2 Is USD LIBOR still being published?

From 4 January 2022 until 30 June 2023 USD LIBOR will be published in five tenors (overnight, 1-month, 3-months, 6-months and 12-months).

As of the end of 2021, the 1-week and 2-month tenors of USD LIBOR ceased to be published. Although the 1-month, 3-months, 6-months and 12-months tenors of USD LIBOR will continue to be published, they are not to be used in new LIBOR contracts. In fact, US and UK regulatory supervisors have prohibited supervised entities from entering into new LIBOR contracts after December 31, 2021, as this would create various risks, including undermining financial stability, and the safety and soundness of the practices of financial institutions, as well as litigation, operational and consumer protection risks. Exceptions to this prohibition apply. Please see question 5.4 (Can USD LIBOR be used in new contracts?) for mor information.

5.3 What is the timeline for USD LIBOR transition?

On 5 March 2021 the FCA has announced the cessation or loss of representativeness of the 1-week and 2-month USD LIBOR settings after the end of 2021 and the cessation of the overnight and 12-month USD LIBOR settings immediately after 30 June 2023. The US regulators are encouraging banks and other market participants to actively transition away from USD LIBOR as soon as practicable and to strictly limit entering into new transactions referencing USD LIBOR after 31 December 2021, given the potential safety and soundness concerns associated with new USD LIBOR contracts.Can USD LIBOR be used in new contracts?

Although 5 USD LIBOR settings will continue to be calculated by panel bank submission until end-June 2023, the regulating bodies of US and UK have also confirmed that the use of USD LIBOR will not be allowed in most new contracts entered into after 31 December 2021. Contracts entered into before 31 December 2021 can continue referencing USD LIBOR for the time being but if they mature after 30 June 2023 they will need to be repapered in order to reference a SOFR-based rate.

The exceptions to the prohibition of referencing USD LIBOR in new contracts (as outlined by the FCA) are the following:

- market making in support of client activity related to USD LIBOR transactions executed before 1 January 2022;
- transactions that reduce or hedge the supervised entity's or any client of the supervised entity's USD LIBOR exposure on contracts entered into before 1 January 2022;
- novations of USD LIBOR transactions executed before 1 January 2022;
- transactions executed for the purposes of participation in a central counterparty auction procedure in the case of a member default, including transactions to hedge the resulting USD LIBOR exposure; and
- interpolation or other use provided for in contractual fallback arrangements in connection with the USD LIBOR settings that ceased immediately after 31 December 2021 (1-week and 2-month USD LIBOR).

5.4 What is SOFR?

The Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasury securities. SOFR is calculated as a volume-weighted median of transaction-level tri-party repo data collected from the Bank of New York Mellon as well as GCF Repo transaction data and data on bilateral Treasury repo transactions cleared through FICC's DVP service, which are obtained from the US Department of the Treasury's Office of Financial Research (OFR). Each business day, the New York Fed publishes SOFR on the New York Fed website at approximately 8:00 a.m. ET.

5.5 What SOFR-based rates are mainly adopted in the market?

One of the main aims of the benchmark reform is to make new reference rates as much as possible anchored in real transactions. Basing a rate on real transactions means that the rate will be likely known only afterwards the period it refers to. SOFR is a backward-looking daily overnight rate, unlike LIBOR which is forward-looking and set for different tenors matching the most used interest periods (e.g. 1-, 3- and 6 months). Deriving from SOFR a rate applicable for an interest period longer than one day implies applying calculation conventions on the daily SOFR rates, or using a different forward-looking rate implied from the SOFR-linked derivatives markets.

Compounded average SOFR in arrears

Compounded average SOFR in arrears is a way to compound the daily SOFRs over a period of the same length of the relevant interest period, in order to obtain a rate based on daily rates which is applicable to a period. It has been recommended and adopted in the derivatives market, consistent with the methodology adopted in the context of other currencies. Compounded average SOFR in arrears has also been used predominantly in the USD-denominated market in case of floating rate notes and syndicated and bilateral business loans. When using compounded average SOFR in arrears, the interest rate payable is aggregated over the interest period and finalised at the end. Based on operational feasibility and product appropriateness, compounded average SOFR in arrears can use a lookback, usually 5 business day.

Term SOFR

Term SOFR (focus on the version published by CME) is a forward-looking interest rate which estimates overnight SOFR for reference periods starting T+2 from the date of publication, calculated and published for 1-month, 3-month, 6-month and 12-month tenors. The Alternative Reference Rates Committee (ARRC) supports the use of Term SOFR in addition to compounded average SOFR in arrears for business loan activity — particularly multi-lender facilities, middle market loans, and trade finance loans — where transitioning from LIBOR to an overnight rate has been difficult and where use of a term rate could be helpful in addressing such difficulties. This implies that a large part of the new SOFR-based production is expected to be still based on compounded average SOFR in arrears given its robustness and consistency with hedging products, for which ARRC does not support use of Term SOFR.

Compounded average SOFR in arrears is the rate which is most purely based on daily risk-free rates (RFRs), being a realized backward-looking rate, while Term SOFR involves a certain degree of guesswork about how future real rates will evolve. The advantage of compounded average SOFR in arrears, being based on realized rates, is also responsible for its less-liked feature: the rate is available only at the end of the interest period, making it impossible for a borrower to know exactly the amount to be paid for an interest period until the end of each period. Term SOFR, on the contrary, can be easily known in advance, making known the interest amount to be paid already at the very beginning of the interest period. This operational advantage, however, makes it possible for the realized rate during the interest period to deviate from the initial Term SOFR quote.

5.6 What is compounded average SOFR in arrears?

Compounded average SOFR in arrears is calculated by compounding SOFR daily during the interest period. The interest amount is known close to the end of the interest period. This rate variety is considered to be more robust than Term SOFR because of how it is basically a compounded average of the realized rate, known close to the end of the interest period. Moreover, participants with hedging needs will want cash products to be on the same basis as derivatives to ensure effective and cost-efficient hedging. Compounding in arrears is also used in markets denominated in other currencies. Consistency across markets is therefore a good reason for using such a SOFR-based rate.

Firms of course need a period of certainty over their payments to operate smoothly. The market has therefore developed conventions to provide time after the last SOFR observation for the final interest to be calculated and verified before it needs to be paid, among which the 5 business day lookback is the most frequently used. The period for calculating interest may start 5 business days before the actual interest period begins and it end that same number of days before the interest is due.

5.7 What is Term SOFR?

Term SOFR provides an indicative, forward-looking measurement of SOFR rates, based on market expectations implied from derivatives markets. The officially recommended CME Term SOFR Reference Rates (Term SOFR) are derived from CME SOFR futures, a data set still very much in growing and development phase. Term SOFR is calculated by means of using data from SOFR futures to provide estimates of future overnight SOFR for each day over the relevant period. A compounded average of those estimated overnight SOFRs is then calculated. That compounded average is then published as "Term SOFR". Volume in CME SOFR futures contracts underpinning Term SOFR calculations (first 13 SR1 and first 5 SR3) averaged $260 billion in representative notional per day in Q4 2021. Term SOFR is estimated for 1-month, 3-month, 6-month and 12-month tenors.

5.8 What impact does the USD LIBOR transition have on me?

The announced cessation of USD LIBOR is impacting ABN AMRO’s products and services you are currently using and those we may provide to you in the future.

Contracts with reference to a 1-week or 2-months USD LIBOR setting have already been amended (unless the contract provided for interpolation as a fallback) to transition to a SOFR-based alternative or to disable the 1-week and/or 2-months interest period for USD, given the 1-week and 2-months USD LIBOR discontinuation immediately after 31 December 2021. When amending contracts, we align with established market consensus as far as possible.

Contracts with reference to an overnight, 1-, 3-, 6- or 12-months USD LIBOR setting that mature before or on 30 June 2023 can be expected to do so without any change. Contracts referencing USD LIBOR with the aforementioned tenors with a maturity date after June 2023 will need to be amended either to include robust fallback provisions referencing SOFR or to immediately replace USD LIBOR with SOFR. We will inform you in a timely manner if amendments are needed to your contract and provide you with more detailed information on the relevant change.

The offering of new USD LIBOR-referencing products is prohibited as of 1 January 2022, other than a few very limited exceptions. You can therefore expect to be using a SOFR-based rate when entering into a new contract denominated in USD. Financial instruments and products that reference SOFR are already onboarded and used within ABN AMRO.

6. Other LIBORS being reformed

6.1 What is the status of CHF, JPY and EUR LIBOR?

LIBOR was calculated for five currencies (GBP, USD, EUR, CHF and JPY) and for seven tenors (up to 12 months) in respect of each currency. This resulted in publication of 35 individual rates on each applicable London business day. On 5 March 2021 the FCA announced the cessation or loss of representativeness of all EUR, CHF and JPY LIBOR settings after the end of 2021.

Euros (EUR)

ABN AMRO does not offer EUR LIBOR-based products. EUR LIBOR is the least-used of the LIBOR currencies and its usage is significantly lower than that of EURIBOR, the main EUR funding benchmark. EUR LIBOR has been discontinued immediately after 31 December 2021 for all tenors. The Working Group on Euro Risk-Free Rates recommends that the Euro Short-Term Rate (€STR) is used as the alternative reference rate for the euro area.
Swiss Franc (CHF)

In the CHF-linked funding markets, wholesale unsecured funding activity declined noticeably following the start of the financial crisis in 2008. Additionally, an insufficient number of CHF LIBOR panel banks was willing to continue contributing to CHF LIBOR after end-2021. For these reasons, CHF has been discontinued immediately after 31 December 2021 for all tenors. The recommended alternative reference rate for CHF LIBOR is the Swiss Average Rate Overnight (SARON). SARON is being administrated by SIX Swiss Exchange and the transition is being supported by the Swiss National Working Group on Swiss Franc Reference Rates. The SARON rate reflects the conditions of the overnight transactions in the secured CHF money market. SARON has a clear governance in place and complies with international benchmark standards.

The discontinuation of CHF LIBOR impacts ABN AMRO's products and services you are currently using and those we may provide to you in the future. Any contract referencing CHF LIBOR that matures after 31 December 2021 has already been amended to replace CHF LIBOR with SARON. From 1 July 2021, we ceased entering into new CHF LIBOR-based instruments and products. New CHF instruments and products will reference a SARON-based rate.
Japanese YEN (JPY)

In the JPY-linked unsecured funding markets, wholesale unsecured funding activity declined noticeably following the start of the financial crisis in 2008, as banks increased their reliance on core deposits and longer-term funding. Because of this, and also as a consequence of the negative interest rate environment in Japan, there was particularly low activity in the types of banking transactions that would have been eligible for the determination of the JPY LIBOR benchmark. Also, an insufficient number of JPY LIBOR panel banks was willing to continue contributing to JPY LIBOR after end-2021. JPY LIBOR has been discontinued immediately after 31 December 2021 for all tenors.
The preferred alternative reference rate for JPY LIBOR is the Tokyo OverNight Average Rate (TONA). TONA is being published by the Bank of Japan, and the transition is being supported by the Cross-industry Committee on Japanese Yen Interest Rate Benchmarks.

The discontinuation of JPY LIBOR impacts ABN AMRO's products and services you are currently using and those we may provide to you in the future. Any contract referencing JPY LIBOR that matures after 31 December 2021 has already been amended to replace JPY LIBOR with TONA. From 1 July 2021, we ceased entering into new JPY LIBOR-based instruments and products. New JPY instruments and products will reference a TONA-based rate.

6.2 What is the status of NIBOR, STIBOR, CIBOR, CDOR and SIBOR/SOR?

Norway

The Norwegian Interbank Offered Rate (NIBOR) is a collective term for Norwegian money market interest rates with maturities of one week, one month, two months, three months and six months. NIBOR is intended to reflect the interest rate level a bank requires for unsecured money market lending in Norwegian kroner (NOK) to another bank. There are currently no plans to discontinue NIBOR. A new "waterfall" calculation methodology was introduced in January 2020 to bring NIBOR in line with the EU Benchmarks Regulation (BMR). In line with the NIBOR Benchmark Statement,

published on 23 October 2020, the NIBOR Oversight Committee will conduct at least an annual review of the underlying market and determine the fitness of the methodology for calculating NIBOR.

A working group on alternative NOK reference rates was established by the Norwegian central bank, Norges Bank, in early 2018. At the end of September 2019 this group recommended a reformed version of the Norwegian Overnight Weighted Average (NOWA) as alternative NOK reference rate. NOWA is a wholly transaction based overnight rate, based on the average of interest rates for unsecured loans between banks in the Norwegian overnight market and administered by Norges Bank. The working group on alternative NOK reference rates has published a user's guide for NOWA in December 2021. The guide contains specific descriptions for how to use NOWA as a reference rate in different financial products, in addition to how fallback solutions for NIBOR can be implemented.

Sweden
On December 27th, 2021, Swedish Financial Benchmark Facility (SFBF) has lodged an application for authorisation under the (EU) Benchmark Regulation (BMR) with the Swedish Financial Supervisory Authority. The Stockholm Interbank Offered Rate (STIBOR) remains eligible and can be used for existing and new contracts, financial instruments or measuring investment funds during the application process as per BMR article 51, unless or until the authorisation is refused. The application includes a revised transaction based STIBOR calculation methodology which, in an automated and controlled manner, calculates the contributing banks' cost of fund using the banks funding transactions. As STIBOR is an offered rate, a predetermined "bid to offer spread" is added to the cost of funds to produce the STIBOR rates. The revised methodology has been developed in collaboration with market participants. SFBF have entered into the final stage of the transition to the revised transaction based calculation methodology in close collaboration with the panel banks. Once the transition is concluded it will be communicated via the SFBF website and appropriate channels.

The Swedish krona Short Term Rate (SWESTR) is a reference rate calculated and published by the Riksbank. SWESTR is a transaction-based reference rate calculated by the Riksbank based on transactions executed on the money market from one banking day to the next in Swedish kronor. The Riksbank also provides compounded average rates and an index based on SWESTR. Publication of these begins gradually from 1 October 2021. Reference rates fulfil an important function in the financial system in Sweden and in other countries and are used as a common benchmark when pricing financial products. To maintain confidence in Swedish reference rates, the Riksbank would like to see transaction-based reference rates used instead of traditional interbank rates. The Riksbank believes market participants should as soon as possible stop using STIBOR at its shortest maturity and instead use SWESTR. In the longer run, the Riksbank considers that STIBOR should cease for all maturities. Such a change must be done in an orderly manner and is a multi-year development project. The Riksbank will be active in supporting such a change.

Denmark
No formal obligation to replace the Copenhagen Interbank Offered Rate (CIBOR), since it is not considered a "critical" benchmark rate. Expected to remain as it is, also in its current methodology.

Danmarks Nationalbank updates a time-series for pre-DESTR weekly, based on daily reporting from the reporting banks. Please note that pre-DESTR can be updated historically during the test period. Danmarks Nationalbank starts publishing the Denmark Short-Term Rate (DESTR) on 4 April 2022. The first publication reflected trading activity on 1 April 2022. Thus, DESTR is available for use in contracts with effect from 1 April 2022.

Canada
Calculation and publication of the 6-month and 12-month CDOR tenors ceased from 17 May 2021 onwards. In May 2022 Refinitiv (CDOR Benchmark Administrator) announced that in June 2024 remaining CDOR tenors will be discontinued.

An updated version of the Canadian Overnight Repo Rate Average (CORRA), a pre-existing rate, has been identified by the Bank of Canada's Canadian Alternative Reference Rate Working Group as the preferred RFR for Canada. Benchmark reform efforts are being led by the CARR, a group of financial sector firms and public sector institutions. The CARR's mandate includes promoting the use of the Canadian Overnight Repo Rate Average (CORRA) as a key risk-free interest rate benchmark in Canada. CORRA is a robust, transaction-based benchmark that reflects billions of dollars in daily overnight repo transactions. It meets global benchmark standards and is similar to other global risk-free rates (RFRs).

Singapore

The Singapore Steering Committee for SOR Transition to SORA (SC-STS) is guiding the markets away from the use of the Singapore Interbank Offered Rate (SIBOR) and the Swap Offer Rate (SOR) towards the use of the Singapore Overnight Rate Average (SORA) as the alternative risk-free rate.

SC-STS recommends in its publication of 31 March 2021 that financial institutions and their customers cease usage of SIBOR in new contracts by end-September 2021. The less widely used 6M SIBOR will be discontinued on 31 March 2022 and the widely used 1M and 3M SIBOR by end-2024.

For SOR, which relies on USD LIBOR in its computation methodology, SC-STS has provided guidance to stop using SOR in new contracts after end-April 2021 in contracts that mature after 31 December 2021 and in all contracts after end-September 2021. SOR will be discontinued immediately after 30 June 2023.

7. Existing contracts and products

7.1 How will my existing contracts and/or products be affected by benchmark reforms?

IBOR-based contracts and products that mature after the cessation date of the relevant Interbank Offered Rate (IBOR) need to transition to an alternative benchmark rate. Such transition and the selection of the alternative benchmark rate may be governed by the fallback provisions in the contract. The older, existing contracts may, however, not include appropriate provisions to deal with a permanent cessation of the initially agreed benchmark rate. If the latter is the case for your contract(s), we will contact you in a timely manner to amend your contract to include robust fallback provisions and/or to replace the IBOR directly with an alternative benchmark rate. When amending contracts, we will align with established market consensus, as far as possible, and only use alternative interest rate benchmarks that are recognized by relevant authorities and working groups as an appropriate solution.

7.2 What is a fallback provision?

A fallback provision is a provision in a contract that answers the question: If certain benchmark rate settings cease to exist or are no longer deemed representative, on what alternative benchmark rate would my product "fall back"? This enhances certainty for contract parties and financial stability for banks and the market as a whole.

A "robust" fallback provision comprises of three key components:

- Fallback trigger event: what event will give rise to a transition from the original benchmark rate (e.g. LIBOR can no longer be used)?
- Fallback rate: what rate will replace the original benchmark rate (e.g. SONIA, SOFR or another appropriate alternative reference rate)?
- Credit adjustment spread (as applicable): how will the interest rate be adjusted to account for the difference between the value of the original benchmark rate and the value of the replacement rate?

The use of fallback provisions in contracts was generally not required under EU law until January 2018, when the EU Benchmark Regulation (BMR) came into effect. Article 28(2) of the BMR requires all supervised entities using benchmarks to have robust fallback provisions for contracts concluded after 1 January 2018, and prior to January 2018 where practicable and on a best-effort basis. Older, existing contracts might need to be amended accordingly. If this applies to your contract(s), we will contact you in a timely manner.

7.3 Why can we not rely on historical fallback provisions?

New contracts may already include fallback provisions that avoid disruption due to a cessation event, but especially older, existing contracts may not have appropriate provisions to deal with such a contingency. The fallback provisions in the older, existing contracts were often written to provide an interim path forward should a benchmark rate be temporarily unavailable (e.g. a computer glitch). These older provisions do not generally envisage the permanent cessation of a benchmark rate (such as LIBOR or EURIBOR). If this is the case for your contract(s), we will contact you in a timely manner to enhance your existing fallback provision(s) with more robust fallback provision(s), or immediately use the recommended fallback rate, as applicable.

7.4 What should I do to prepare for the benchmark transition?

ABN AMRO worked on product development and benchmark transition, and we will continue that effort throughout the upcoming months. If your contracts with us are impacted, we will contact you well in advance to discuss what the relevant changes are.

At the same time, we also encourage you to check your contracts with us to establish whether these contain IBOR reference. In addition, we encourage you to stay up-to-date with the ongoing developments and obtain independent advice, if needed. Also, from an accounting, tax and operational perspective, you may want to consider the potential impact benchmark reforms may have on your business' treasury and risk management systems and processes.
If you have any questions regarding the benchmark reforms that are not answered after reading this FAQ, please contact your ABN AMRO contact person. You may also contact us at ibor-queries@nl.abnamro.com.

8. Contract and prodructs based on RFRS

8.1 Will ABN AMRO continue to sell products based on EURIBOR?

EURIBOR has been reformed and meets the requirements of the EU Benchmark Regulation (BMR). We can therefore continue to sell products based on EURIBOR. All newly issued contracts referencing EURIBOR will include robust fallback provisions to account for the eventuality that EURIBOR is discontinued in the future or is no longer representative.

8.2 Will ABN AMRO continue to sell products based on GBP LIBOR?

No, we ceased offering new GBP LIBOR based products on 1 April 2021. As of then, we are offering products based on SONIA.

8.3 Will ABN AMRO continue to sell products based on USD LIBOR?

We ceased offering new USD LIBOR based products on 1 January 2022. As of then, we are offering products based on SOFR. In line with regulatory timelines, no new exposure on USD LIBOR should be created after 31 December 2021, in light of the upcoming June 2023 USD LIBOR discontinuation. Exceptions to this practice are limited and also outlined by regulating bodies across jurisdictions. Please see https://www.fca.org.uk/publication/libor-notices/article-21a-benchmarks-regulation-prohibition-notice.pdf.

9. More information

9.1 Who should I contact for more information?

If you have questions regarding the benchmark reforms, please contact your ABN AMRO contact person. You may also contact us at ibor-queries@nl.abnamro.com.

9.2 Where can I find more information on the benchmark reforms?

Regulators, central banks and related institutions produced considerable material on the benchmark reforms which is available on their respective websites:

- Dutch Authority for the Financial Markets (AFM) in Dutch (here) or in English (here) and The IBOR transition in 90 seconds - Video by AFM;
- Dutch Banking Association (NVB) in Dutch (here) or in English (here);
- European Central Bank (ECB);
- European Securities and Markets Authority (ESMA) (EU benchmark (administrator) register)
- UK Financial Stability Board (FSB);
- UK Financial Conduct Authority (FCA);
- Financial Services and Markets Authority (FSMA) (EURIBOR regulator).

Each of the industry-led working groups has established a specific website to provide market participants with information regarding key transition topics and steps and other relevant data:

- EUR: Working Group on Euro Risk-Free rates;
- GBP: Working Group on Sterling Risk-Free Reference Rates;
- USD: Alternative Reference Rates Committee;
- CHF: National Working Group on Swiss France Reference Rates;
- JPY: Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks.

Industry bodies representing key stakeholders affected by the benchmark reforms have also produced further resources on the benchmark reforms which is available on their respective websites:

- Loan Market Association (LMA);
- International Swaps and Derivatives Association (ISDA);
- International Capital Market Association (ICMA).

Legal information

These Frequently Asked Questions (FAQs) are provided for information purposes only.

The information contained herein does not constitute and shall not be construed to constitute legal, tax, accounting or other advice by ABN AMRO Bank N.V. and its affiliates (collectively: ABN AMRO). We encourage you to obtain guidance and/or advice based on your own particular circumstances and from your own independent professional advisors (financial, legal, tax, accounting or otherwise) in light of IBOR and benchmark reform as you consider necessary.

The areas covered by these FAQs are continually evolving across multiple product areas and jurisdictions. ABN AMRO makes no representation as to the accuracy, completeness or timelines of the provided information, which may also be subject to change. We encourage you to keep up-to-date with the latest industry developments by consulting the relevant sources. Links to some of the relevant working groups and industry groups are included throughout these FAQs.

ABN AMRO accepts no responsibility or liability to you with respect to the use of these FAQs or their contents or the contents of any linked document and/or webpage.

These FAQs are not intended to be comprehensive and material developments may have occurred since they were last updated.