



LIBOR: Be prepared!

The Financial Conduct Authority (FCA) announced that the LIBOR interest rate benchmark is to be phased out as of 31 December 2021.

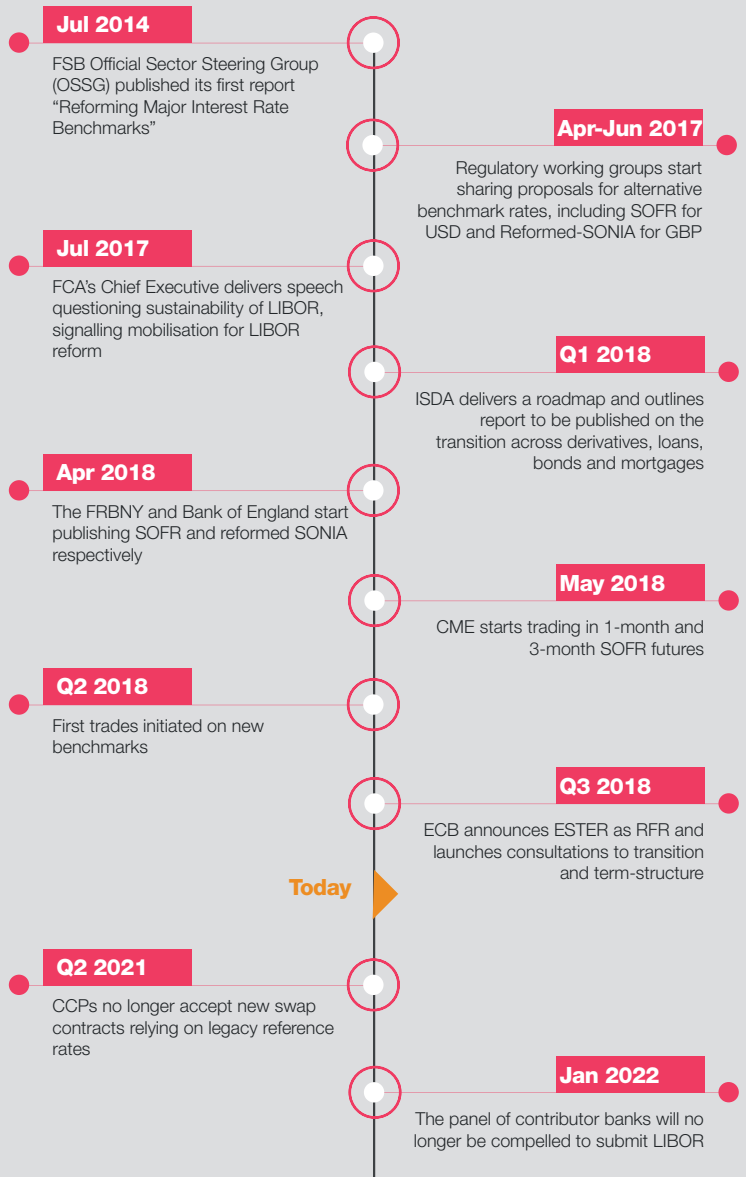
Consequently, Management Companies and Asset Managers should start assessing potential impacts on their products and operating models.



- Since 2014, **regulatory working groups** across the globe have been working to **identify alternative benchmark rates**, based more firmly on transaction data, and develop transition plans to these new rates
- However, the **transition roadmaps** across regions remain **unclear and inconsistent**
- LIBOR and Reference Rate Reform will have a significant commercial and operational impact on financial firms, including challenges around pricing, funding, risk management, contract management and many others areas/fields
- Besides **LIBOR** (London Interbank Offered Rate), **other IBORs** (Interbank Offered Rates) exist in the market, such as EURIBOR (European Interbank Offered Rate) and TIBOR (Tokyo Interbank Offered Rate)

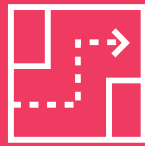
Existing IBOR rate(s)	Proposed alternative benchmark	Borrowing Type	Regulatory working groups
GBP LIBOR	Reformed-SONIA	Unsecured	Bank of England's Working Group on Sterling Risk Free Reference Rates
USD LIBOR	SOFR	Secured	Alternative Reference Rates Committee (ARRC)
EUR LIBOR, EURIBOR	ESTER	Unsecured	European Working Group
CHF LIBOR	SARON	Secured	National Working Group on Swiss Franc Reference Rates
JPY LIBOR, TIBOR	TONAR	Unsecured	Japanese Study Group on Risk Free Reference Rates

LIBOR Reform timeline



Challenges for the Luxembourg based asset management industry and services





1. Scoping

Define the project and mobilise the organisation:

- Training and awareness of stakeholders
- Review scoping, definition and prior work
- Identify the key stakeholder by service
- Kick-off and workshops with stakeholders

2. Impact assessment

- Identify the area / services that might be impacted
- Conduct gap analysis between current setup and requirements
- Analyse impact on asset/ portfolio value and subsequent impact on fee structure
- Perform documentation analysis to identify necessary changes

3. Prioritisation and roadmap

- Prioritise the required changes and implementation needs from the easiest to the more complex
- Develop a project approach for the implementation phase
- Present results to senior management

Stakeholder education

Governance

Project Steering & Management

Stakeholder Management & ad-hoc support

Provide guidance and insights from regulators, associations & market developments

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