

**Minutes of LIBOR Trade Association Working Party Meeting  
held on 9 October 2018**

**Present:**

AFME  
APLMA  
FIA  
ICMA  
ICMSA  
ISDA  
JBA  
JSLA  
LMA  
LSTA  
SIFMA

**1. Introduction**

The purpose of the meeting was for the trade associations to provide updates on any developments since the last meeting in relation to the global transition from LIBOR, as well as (given the interconnectivity of different product types) to discuss the external visibility of trade associations' communications with each other and what can be done to improve this.

**2. AFME update**

AFME noted that its model wording had been used on an increasing number of transactions. AFME also continued to participate within the sterling and euro working groups.

**3. APLMA update**

The APLMA noted market awareness is still an issue in Asia, but this is slowly improving. The APLMA had launched its own webinar ([click here](#) to view) to aid market awareness and also flagged the impending publication of a Clifford Chance briefing note covering various cross-product challenges of transition ([click here](#) to view). The Asia-Pacific LIBOR working party had also recently met to discuss developments.

It was noted that close attention is being paid in Asia to developments in the US and the ARRC fallbacks consultation given the widespread use of USD LIBOR in Asia.

**4. FIA update**

The FIA had recently joined some of the workstreams of the euro working group and would be attending the public roundtable in Frankfurt on 9 November. The FIA was focusing on education. In particular, a conference was being held in Chicago which would include a panel on LIBOR reform ([click here](#) for more details). The FIA was also participating in the ARRC working group.

**5. ICMA update**

The ICMA noted that more SONIA bonds had been issued since the last meeting. The sterling bond market sub-group was continuing to look at market conventions for SONIA referencing bonds and potential market solutions for legacy bonds referencing LIBOR. The sub-group would also be discussing the ARRC consultation on fallback language for floating rate notes ([click here](#) to view) and its relevance for sterling floating rate notes.

ICMA is continuing to focus on communication and education. ICMA was due to publish its quarterly report which would include articles on benchmark transition ([click here](#) to view). There would also be events in the Autumn discussing LIBOR transition ([click here](#) to view).

ICMA continues to be involved in the Swiss and euro working groups.

## **6. ISDA update**

ISDA's consultation on spread and term adjustments for IBOR fallbacks would be closing shortly ([click here](#) to view) and it is hoped that the results could be announced by the end of the year.

ISDA had published its benchmark supplement in response to the EU Benchmark Regulation for bilateral incorporation ([click here](#) to view). ISDA is considering a protocol that counterparties can use for multilateral incorporation. Unlike the fallbacks ISDA is implementing in its definitions, the supplement does not provide for a fallback to a specific rate, rather it provides a waterfall of options.

## **7. ICMSA update**

LIBOR transition remains a very significant topic for the ICMSA, especially amongst the post trade committee. The trustee committee would shortly be publishing a bulletin setting out the impact for trustees under English law and urging issuers to consider the situation (this has now been published: [click here](#) to view).

The ICMSA noted that the AFME model wording was helpful for new securitisations and is being adopted. However, legacy documentation poses an issue given difficulties with amending documentation.

## **8. JBA update**

The JBA noted that the sub-groups of cross-industry committee on Yen benchmarks started discussion on topics such as the need for a term rate. The committee will be meeting in late October.

## **9. JLSA update**

The JSLA is working with the JBA and there were no additional updates to the above.

## **10. LMA update**

The LMA held its annual conference in London in September, as part of which it had a LIBOR panel which included representation from the FCA, LSTA, the euro group and a UK bank. Over 900 people attended in person and 400 watched the live online stream. This was useful in terms of raising awareness.

The sterling loans sub-group is looking at producing a paper on issues for new and legacy loan transactions referencing LIBOR. Whilst the focus of the note will be on sterling, it will be relevant to other currencies.

The LMA also continues to be engaged with various euro working groups.

## **11. LSTA update**

The ARRC Working Group on business loans and CLOs, co-chaired by the LSTA, developed a market consultation on fallback language for syndicated loans which the ARRC published on 24 September 2018; this was due to close on 8 November ([click here](#) to view the consultation). The consultation contains two proposals for fallbacks: an amendment approach (which is in line with the approach adopted by the market to date); and a hard-wired approach. The LSTA is in the process of seeking market feedback and is encouraging borrowers to engage.

**12. SIFMA update**

SIFMA would be responding to the ISDA consultation on fallbacks, particularly in respect of the impact on cash products. In respect of the ARRC consultations, SIFMA is publicising these to its members and is focused on awareness raising.

SIFMA is focusing on education and noted that the SIFMA annual meeting had two panels on LIBOR ([click here](#) to view the agenda).

**13. Discussion re external publication of minutes**

The working group agreed that going forward it would publish a set of minutes from its meetings to publicise the fact that this working group exists. The agreed minutes would be made available on each trade association's website.