FSB FINANCIAL STABILITY BOARD

# Press release

Press enquiries:
+41 61 280 8477
press@fsb.org

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## FSB encourages final transition to robust reference rates as cessation of remaining LIBOR panels approaches

The Financial Stability Board (FSB) today published a progress report on the transition from LIBOR and other benchmarks.

The end of 2021 marked a major milestone in the transition away from LIBOR and we are reaching the finishing line of LIBOR transition at end-June 2023. The transition from LIBOR to overnight risk-free rates (RFRs) and efforts made to improve the robustness of interest rate benchmarks have increased market stability and integrity. Most LIBOR settings have now ceased and while certain panel-based US dollar (USD) settings are continuing until end-June 2023, to support the transition of legacy contracts, the market has already shifted new activity away from LIBOR and toward RFRs.

Benchmark transition remains an important priority for the FSB and the G20. In April, the FSB published a statement welcoming the smooth transition, but emphasising that firms must have plans in place to ensure their preparedness for the cessation of the USD LIBOR panel and stressing the importance for market participants to transition from LIBOR and other IBORs that are set to be discontinued.

This report presents findings from a follow-up questionnaire on supervisory issues related to LIBOR transition, which was conducted by the FSB and Basel Committee on Banking Supervision (BCBS) in June. The focus of the questionnaire was on identifying any continuing use of LIBOR contrary to FSB guidance, and the stock of legacy contracts that are still referencing LIBOR. While significant progress has been made, especially among FSB jurisdictions where exposure to LIBOR is the highest, the report notes that there may be some residual risk arising from relatively low awareness of transition among users of USD LIBOR in jurisdictions where LIBOR exposure is low. The report calls for market participants to take active steps to address existing legacy contracts in preparation for the end of the remaining panel-based USD LIBOR settings and for the winding down of temporary synthetic LIBOR rates. The report also notes that authorities have been coordinating closely with each other to ensure that approaches to provide targeted solutions for legacy contracts complement one another.

Looking ahead, it is essential that the financial system is anchored in robust reference rates that are underpinned by deep and liquid markets. The journey to robust reference rates has been a marathon. The FSB encourages market participants to use the most robust reference rates to achieve the intended benefits and avoid the need to repeat this exercise.

## Notes to editors

The FSB established the Official Sector Steering Group (OSSG) to strengthen confidence in the reliability and robustness of interest rate benchmarks and identify alternative RFRs and to lead work to ensure a smooth and timely transition to robust alternative benchmarks that are based on RFRs.

The FSB OSSG is co-chaired by John C. Williams, President of the Federal Reserve Bank of New York and Nikhil Rathi, Chief Executive Officer of the UK Financial Conduct Authority.

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 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.