

IBOR TRANSITION

GLOBAL EXPERTISE TO SUPPORT YOU IN THE TRANSITION FROM IBORS TO NEAR RISK-FREE RATES

The end of the world's most important financial services number is in sight. The London Interbank Offered Rate (LIBOR) and other IBORs will cease at the end of 2021, presenting one of the most significant challenges that the financial services industry has ever faced. The impact will be far-reaching and will affect all firms with exposure to IBOR-linked financial products documentation.

As the transition from IBORs to Risk Free Rates (RFRs) reaches its "endgame", the pressure is ramping up for financial services firms and corporates to plan and execute their IBOR transition plans for legacy transactions, and move. Early planning and an understanding of how to manage the inherent risks is imperative. As a trusted advisor who has been closely involved with the evolution of IBOR transition from the very beginning, we understand the profound impact that the reform represents for firms and their businesses. We are here to help on the transition of legacy transactions to the new RFRs.

For new transactions, we have advised both buy and sell side derivatives referencing RFRs for some time and we also advised on the first multicurrency widely syndicated loan in the market which contemplated a switch to RFRs from LIBOR, so are fully versed in the documentation issues which arise in writing new financial products in a post-LIBOR world.

As with all regulatory reform, IBOR transition represents significant litigation risk. We have been alive to these risks from the start and we have considered the impact of each major regulatory development on the risk profile of IBOR transition (see our collection of [banking litigation blog posts](#)). The complexity of the transition process, and the inherent risk that it poses both to financial services firms and their customers, means that the potential for customer claims and regulatory scrutiny is likely to be high. It is important that careful steps are taken to mitigate those risks, which is why we have developed an integrated approach to transition strategy to leverage the knowledge and experience of our litigation and contentious regulatory experts.

Through our participation in industry working groups and our close working relationships with the regulators, we continue to play an active role in shaping the approach of both the financial services sector and corporate clients to this disruptive event. This will ensure that by partnering with us, firms' response to the move away from IBOR will be based on the very latest thinking in the market.

RECENT EXPERIENCE

BRITISH AMERICAN TOBACCO

On its new £6 billion multi-currency revolving credit facility, the first widely syndicated credit facility executed globally to be linked to both the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR).

A GLOBAL FINANCIAL SERVICES FIRM

On its large-scale IBOR transition programme.

A GLOBAL BANK

On designing a risk taxonomy to allow different business lines to calibrate the risks associated with the bank's approach to the issue of whether or not to continue to sell or distribute IBOR-linked products to customers.

NUMEROUS BANKS, BORROWERS AND MARKET COUNTERPARTIES

On IBOR transition management issues, including best practice in documentation, strategy and market developments.

A NUMBER OF CLIENTS

On repapering support in relation to GDPR.

A LEADING FINANCIAL SERVICES FIRM

On a review of their marketing materials in light of MIFID II.

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