The transition from LIBOR to risk-free rates: legacy bonds

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Summary

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As part of ICMA's programme to raise awareness of the transition to risk-free rates, this Quarterly Assessment provides a market perspective on the transition of legacy LIBOR bonds, particularly bonds denominated in sterling under English law, and on the continuing need for international coordination.

Introduction

1 Since Andrew Bailey, the Chief Executive of the FCA[1] (the regulator of LIBOR), announced in July 2017 that the FCA would no longer intend to persuade or compel banks to submit contributions for LIBOR after the end of 2021, considerable progress has been made in transitioning from LIBOR to near risk-free rates[2] in the bond market, in particular in the UK through the adoption of SONIA in new bond issues. In 2019, there were 33 different issuers – mainly banks, building societies and SSAs – of new floating rate notes (FRNs) referencing SONIA with a value of over £35 billion; and securitisations referencing SONIA with a value of over £15 billion were distributed to investors.[3] These transactions all used the same market conventions: overnight SONIA compounded over the interest period, with the margin added, and with a five-day lag before the end of each interest period.

2 But challenges remain. The biggest challenge in the bond market is how to transition legacy bonds referencing LIBOR to risk-free rates. Andrew Bailey spoke about this in New York on 15 July 2019:

- "Market participants will ask whether legislation could help. For example, could legislators redefine LIBOR as risk-free rates plus fixed spreads for those tough legacy contracts? Or could they create safe harbours for those adopting consensus industry solutions which enjoy authorities' support such as compounded risk-free rates and fixed spreads? These measures are not in the gift of regulators, but it is sensible to consider their pros and cons."
- He also said: "One task for the second half of this year will be to see if and where consensus exists, so relevant authorities can share and consider the feasibility and consequences of each path. But I want to be very clear – none of the options except that of cessation can be relied upon to be deliverable. Those who can transition should do so."[4]

LIBOR fallbacks

3 Following the adoption of SONIA as the preferred risk-free rate for sterling, new issues of sterling FRNs and securitisations are nearly all now referencing SONIA rather than LIBOR. Consequently, there is no longer a need for fallbacks from sterling LIBOR to SONIA in new bond market documentation. But fallbacks already used in legacy bond contracts referencing sterling LIBOR complicate the transition to risk-free rates in the bond market, as many will fall back to a fixed rate (ie the last available LIBOR fix) when LIBOR is permanently discontinued.[5] These fallback clauses are of three main types:

1. Andrew Bailey has been appointed as the next Governor of the Bank of England with effect from 16 March 2020.

2. In all the main jurisdictions, the chosen risk-free rates are overnight rates: ie SONIA in the UK; SOFR in the US; €STR in the euro area; SARON in Switzerland; and TONA in Japan. A common objective is to make risk-free rates as robust as possible, with robustness measured primarily by the volume of underlying observable transactions.

3. Source: FSB, 18 December 2019. The FSB also reports that over $300 billion in SOFR debt has been issued in the US.

4. Andrew Bailey: *LIBOR: Preparing for the End,* New York, 15 July 2019.

5. This may also be the case with legacy FRNs denominated in other LIBOR currencies, including US dollars.

- *Type 1:* Before Andrew Bailey's speech in July 2017 announcing the potential discontinuation of LIBOR after the end of 2021, most FRNs referencing sterling LIBOR include fallbacks which do not contemplate the permanent discontinuation of LIBOR and rely on the application of the last available LIBOR rate. When LIBOR is permanently discontinued, such fallbacks will result in the rate being fixed for the remaining life of the bond. Some legacy bonds may have fallback language which is unclear or have no fallback provisions at all.[6]
- *Type 2:* Since July 2017, many FRN fallback clauses referencing sterling LIBOR have been drafted to take account of the permanent discontinuation of LIBOR and provide for the application of a successor or alternative rate.
- *Type 3:* Some more recent FRN fallback clauses referencing sterling LIBOR also take account of a possible future declaration by the FCA that LIBOR is no longer representative of its underlying market and so apply on the basis of this "pre-cessation" trigger.[7]

4 Type 1 fallback clauses, which will fall back to a fixed rate (ie the last LIBOR fix) when LIBOR is permanently discontinued, represent much the largest proportion of outstanding legacy sterling LIBOR bond contracts.

The legacy bond problem

5 The adoption of SONIA instead of LIBOR in new bond issues helps to cap the scale of the legacy sterling LIBOR bond problem but does not solve it. Market estimates indicate that legacy bonds referencing LIBOR with a value of at least $864 billion equivalent globally are due to mature beyond the end of 2021, with around 80% denominated in US dollars and 9% in sterling.[8] Maturing bonds will reduce the scale of the problem in time, but there is a significant volume of maturities beyond 2030, and some bonds are perpetual, with no maturity date.[9] In addition, legacy bond contracts are difficult to change.

Transitioning individual bonds through consent solicitations

6 Consistent with the policy that those who can transition should do so, the Sterling Risk-Free Rate Working Group is keen to encourage the transition of as many legacy sterling LIBOR bonds as practicable to SONIA using market-based solutions, with the objective of reducing dependence on LIBOR and taking LIBOR risk out of the financial system before the permanent discontinuation of LIBOR. This is because the regulator has stated that LIBOR is certain to end, but that it is not possible at this stage to rely on legislation to solve the legacy sterling LIBOR bond problem.[10]

7 One way of addressing the legacy sterling LIBOR bond problem is to amend the interest rate provisions in bond contracts through a process of consent solicitation. This is an existing market practice for individual bonds. Issuers can propose to undertake consent solicitations if and when they wish. Successful completion is dependent on consent thresholds being met by a sufficient proportion of investors. Following ABP's pioneering transaction in June 2019, seven other consent solicitations were successfully completed in the second half of 2019 by Lloyds Banking Group, Santander and Nationwide with a value of £4.2 billion in total.[11] Successful consent solicitations and other liability management exercises – such as bond exchanges or buybacks – reduce the amount of legacy sterling LIBOR bonds outstanding.

8 Where sterling LIBOR is replaced by SONIA for outstanding legacy bonds, a fixed credit market adjustment spread is needed to address the economic differences between LIBOR and SONIA.[12] The credit adjustment spread used in consent solicitations to date is a market rate, based on the linear interpolation for the relevant tenor of LIBOR versus SONIA basis swaps, which is then added to the original margin of the legacy bond. Over the period between now and the permanent discontinuation of LIBOR, the market rate for consent solicitations may converge on ISDA's proposal for a fixed adjustment spread, using the median of the spread between LIBOR and risk-free rates over a five-year look-back period.[13] This is expected to be used in derivatives fallbacks on the permanent discontinuation of LIBOR.

6. Where derivatives are used to hedge legacy bond contracts which fall back to a fixed rate when LIBOR is permanently discontinued, there may be a hedging mismatch, as derivatives may fall back to an alternative rate in accordance with their own terms.

7. See Catherine Wade, Linklaters, *Fallbacks for LIBOR Floating Rate Notes,* ICMA Quarterly Report, Third Quarter 2019.

8. Source: RBC Capital Markets, October 2018.

9. However, it is relevant to note that the average life of some securitisations is significantly shorter than their final maturity, and some have call options.

10. Edwin Schooling Latter, Director of Markets and Wholesale Policy, FCA: "The best way to avoid LIBOR-related risks is to move off LIBOR altogether.": *Next Steps in Transition from LIBOR,* Risk.net Summit, 21 November 2019.

11. Market sources.

12. Andrew Bailey, Chief Executive of the FCA: "Today we see no prospect of the administrator being able to continue with a dynamic credit spread – the likely choice would be between a risk-free rate plus fixed spread, or nothing. In other words, this does not provide a route to making LIBOR representative again.": *LIBOR: Preparing for the End:* New York, 15 July 2019.

13. See Edwin Schooling Latter, *Next Steps in Transition from LIBOR:* Risk.net LIBOR Summit, 21 November 2019.

Consent solicitations from LIBOR to SONIA under English law[14]

A bond is a contract between an issuer and bondholders (and the trustee for the bond, where relevant), which can only be amended with the consent of the parties, in accordance with the bond's terms and conditions.

Under English law, amendments to interest rate provisions in bond terms and conditions are usually "reserved matters" or "basic terms modifications" which typically require a quorum of two-thirds or 75% of holders of the outstanding principal amount of bonds, of which 75% have to vote in favour of the extraordinary resolution to amend the relevant terms and conditions. For an adjourned meeting or a reserved matter, a quorum of one-third or 25% of holders of the outstanding principal amount of bonds is required (if the first meeting is adjourned for want of quorum), of which 75% have to vote in favour of the extraordinary resolution to amend the relevant terms and conditions.

The provisions of each relevant legacy bond transaction need to be checked to ensure that any consent solicitation is conducted in accordance with its terms and conditions, including as to quorum and consent thresholds.

Issuers of floating rate notes may undertake a consent solicitation exercise to amend the interest rate provisions in the terms and conditions of legacy bond transactions (eg Type 1 legacy LIBOR bond contracts) so that they reference another rate in future (eg SONIA plus an adjustment spread).

As an alternative, issuers may undertake a consent solicitation exercise to amend the Type 1 fallback provisions in their legacy bond transactions so that the fallbacks to the risk-free rate are triggered on the occurrence of a specific event, such as the permanent discontinuation of LIBOR (akin to a Type 2 fallback), or the declaration that LIBOR is no longer representative (akin to a Type 3 fallback).

In the case of securitisations, consent solicitations need to be analysed on a tranche-by-tranche basis. It may be possible to group together series of securitisations when voting but, given the significance of a change to the interest rate, it is expected that the changes would need to be voted on tranche-by-tranche.

As a matter of market practice, irrespective of whether the underlying contracts formally require it, any consent solicitation proposal for securitisations would need to include a confirmation that the ratings on the relevant securitisation are unaffected.

A consent solicitation of a securitisation requires the involvement of the issuer, the trustee and other transaction parties, including the originator. While the directors of SPVs (special purpose vehicles, the issuers of the securitisations) may be prepared to engage with the trustee and put a proposal to a vote of holders of the securitisation, there may be concerns about whether the structure can bear the cost where the originator or sponsor is not willing to fund such costs itself.

In the European securitisation market, AFME has developed model benchmark rate modification language[15] to allow changes to be made to terms and conditions of securitisations via a simplified consent mechanism with the involvement of the trustee (so-called "negative consent" wording). This negative consent mechanism has not been adopted elsewhere in the bond market.

14. It is also important to note that the Sterling Risk-Free Rate Working Group is expected shortly to publish a statement and considerations relating to consent solicitations from LIBOR to SONIA so far. These considerations will be kept under review as the market continues to develop.

15. AFME, *Benchmark Rate Modification Language*.

Transitioning the legacy bond market as a whole

9 Transitioning the legacy bond market *as a whole* – involving FRNs, covered bonds, capital securities and securitisations – through consent solicitations and other liability management exercises would be a long, complex and costly process.[16] In the UK, the growing experience of consent solicitations to date may help to streamline the process. But individual bond contracts will still need to be amended, bond by bond. (A protocol cannot be used to change legacy bond market contracts, unlike the protocols used by ISDA in the derivatives market.)

10 There are two main constraints limiting the ability to transition the legacy bond market as a whole by the end of 2021:

- *Feasibility:* The first constraint is that, even though consent solicitations and other market-based solutions are being encouraged wherever possible, some bonds may be too difficult to transition from LIBOR to SONIA: for example, consent thresholds are often high and individual bonds – which are freely transferable – are often held by many investors, not all of whom can necessarily be identified; the process is voluntary, so some issuers may decide not to convert; some securitisations may in practice have no decision-taker; and regulatory capital may prove difficult to convert. This would leave a rump of unconverted bonds still referencing LIBOR.
- *Time:* The second constraint is that, even where transition is possible in principle, there are likely in practice to be too many bonds to transition from LIBOR to SONIA before the end of 2021, given the time needed to undertake consent solicitations, bond by bond.

11 It is also relevant to note that, in the US, consent thresholds for legacy bonds referencing LIBOR are commonly 100%. Given that the identity of bondholders is not always known, consent solicitation in the US may not be practicable.[17]

A declaration by the FCA that LIBOR is no longer representative

12 It is already clear that some banks will leave LIBOR panels at, or shortly after, the end of 2021.[18] This will require the FCA, as regulator of LIBOR, to make a judgment about whether LIBOR is still representative of its underlying market under the EU Benchmarks Regulation (BMR). If and when the FCA declares LIBOR to be no longer representative and LIBOR is no longer registered under the BMR, supervised entities will no longer be able to use LIBOR for new debt and swap transactions.[19] The FCA has stated that "the potential solution of allowing continued publication of LIBOR for use in legacy instruments that do not have mechanisms to remove their dependence on LIBOR could help to prevent otherwise unavoidable disruption in cash markets."[20]

13 If LIBOR can continue to be used for legacy bonds after a declaration by the FCA that LIBOR is no longer representative, this will reduce the amount of legacy bonds outstanding at the time of the permanent discontinuation of LIBOR by giving more time for more bonds to mature, and it may also provide an opportunity for more consent solicitations to take place.[21] But the administrator and the banks quoting LIBOR may be reluctant to quote an unrepresentative rate without approval from the authorities, or to continue to do so for a long period. So this approach is unlikely to work for very long, particularly if banks decide subsequently to withdraw.[22]

16. Preliminary market estimates indicate that that there are around of 750 ISINs for bonds referencing sterling LIBOR across 438 deals, with a value of around £110 billion. These figures should be regarded as broad orders of magnitude, not precise estimates.

17. It is understood that there are no current plans to replace EURIBOR, though €STR will be built into fallbacks for new EURIBOR bond contracts, and €STR may be used for new floating rate euro-denominated bond issues (as already pioneered by the EIB).

18. Andrew Bailey, Chief Executive of the FCA: "We do expect panel bank departures from the LIBOR panels at end-2021.": *LIBOR: Preparing for the End,* New York, 15 July 2019.

19. EU BMR, Article 29(1). See also the letter from FSB Official Sector Steering Group Co-Chairs to ISDA: "While the EU BMR envisages circumstances in which a critical benchmark that has infringed the provisions of the Regulation may continue to be published to avoid a disruptive cessation and potential financial instability, it also envisages that EU supervised entities would no longer be able to enter into new derivative or securities transactions referencing LIBOR in those circumstances.": 15 November 2019.

20. Edwin Schooling Latter, Director of Markets and Wholesale Policy, FCA: *LIBOR Transition and Contractual Fallbacks,* ISDA Annual Legal Forum, 28 January 2019.

21. If or when the FCA declares that LIBOR is no longer representative, only Type 3 legacy bond contracts (ie those with Type 2 fallbacks plus a pre-cessation trigger) would be transitioned to SONIA.

22. Edwin Schooling Latter, Director of Markets and Wholesale Policy, FCA: "Even if some panel banks were willing to continue, it would not be comfortable for them – I imagine they would want to keep the period in which they continued submitting as short as they could. It will not be comfortable for the administrator of the rate.": *Next Steps in Transition from LIBOR:* Risk.net LIBOR Summit, 21 November 2019.

As an alternative, changing the method of calculating LIBOR would be likely either to depend on an initiative by the administrator or require the intervention of the authorities.[23]

Permanent discontinuation of LIBOR

14 At the permanent discontinuation of LIBOR, many legacy bonds still outstanding will fall back to a fixed rate (ie the last LIBOR fix) unless the authorities have decided to intervene (eg by using their regulatory powers or through new legislation.) The FCA has stated that it is sensible to consider the pros and cons of legislation, and to see if and where a consensus exists. But the FCA has made it clear that the market should *not* work on the assumption that legislation will be introduced; it is not a "magic wand"; it is not within the gift of the regulators; and it is not clear what the position in Parliament (or other jurisdictions) would be.

Pros and cons of official intervention, if feasible

15 The first question to consider from a bond market perspective is whether there is a significant risk of market disruption that would justify intervention by the authorities, if intervention is feasible. There are a number of important considerations to assess:

- *Fairness:* The permanent discontinuation of LIBOR was not contemplated when Type 1 LIBOR bond contracts were written before July 2017. Where these contracts are outstanding at permanent discontinuation, they will fall back to a fixed rate (ie the last LIBOR fix). This was not the original intention of the parties, even though the terms of the contract are quite clear. If the contracts fall back to a fixed rate (ie the last LIBOR fix), the result is likely to put either issuers or investors at a disadvantage, and quite possibly both.[24] As permanent discontinuation was not contemplated when the bonds were issued, there is a risk of market disruption if market participants challenge the outcome on the grounds that they do not consider that it is fair.[25]
- *Feasibility of transition:* The authorities have encouraged the market to transition from LIBOR to risk-free rates as soon as possible, where they can. But in some cases, this is not likely to be feasible, as the contracts cannot be changed: eg because consent thresholds cannot be reached. In others, there is not likely to be time to change them all by the end of 2021, because there are large numbers of outstanding bonds and each bond needs to be transitioned separately, bond by bond, which is a time-consuming process.[26] As consent solicitations are typically a voluntary initiative by issuers, investors may not have an opportunity to transition their bonds unless issuers agree. They may be able to sell their bonds in the market, but this could have a significant effect on the market price.
- *Variety of fallback clauses in financial contracts:* While Type 1 bond contracts will fall back to a fixed rate (ie the last LIBOR fix) on permanent discontinuation of LIBOR, there may be other bond contracts which have no fallbacks at all, or the fallbacks may not be effective. This is not just a risk in the bond market; it may be a feature of other financial products as well.
- *International consistency:* In the US, where consent solicitation is not expected to be practicable, as consent thresholds are commonly 100%, it is understood that the feasibility of legislative relief is being explored.[27] If there

23. European Commission: "Alongside the power to compel the administrator of a critical benchmark to continue publication, it might be useful for the competent authorities to have, also in these circumstances, the power to require the necessary changes to the benchmark's methodology.": *Review of the EU BMR,* October 2019.

24. £ RFR Working Group: "In the context of a permanent discontinuation of LIBOR, this would effectively result in the floating rate bonds becoming fixed rate bonds, because the last determined rate would be applied for the remainder of the life of the bond. This may be commercially unacceptable for both issuer and investors. From an investor perspective, such issues may become illiquid and may cease to perform the commercial purpose investors intended for them. From an issuer perspective, those that aim to match liabilities via other instruments may be adversely affected.": July 2018.

25. See, for example, the FCA (footnote reference above): "The potential solution of allowing continued publication of LIBOR for use in legacy instruments that do not have mechanisms to remove their dependence on LIBOR could help to prevent otherwise unavoidable disruption in cash markets." See also the European Commission, *Review of the EU BMR: Public Consultation Document,* October 2019: "On the basis of current estimates, contracts will be referencing IBOR rates at least until 2050. Certain contracts referencing IBOR rates might be impossible to change (eg mortgages or bonds with a 100% noteholder agreement clause). Should a critical IBOR rate cease, there is a risk of disruption to parties whose contracts reference this IBOR rate."

26. If the authorities decide not to intervene, it would still be possible after the permanent discontinuation of LIBOR for issuers to undertake consent solicitations under their existing legal contracts. But the economic terms would be different from the economic terms when the contracts were originally written because the contracts would involve transitioning to SONIA from a fixed rate for the remaining term of each contract rather than from a floating rate (ie LIBOR).

27. See Edwin Schooling Latter: "In the United States, where bond conversions are harder because they often require unanimous consent, the ARRC has been exploring whether there is a legislative option to build pre-cessation triggers into these contracts.": *Next Steps in Transition from LIBOR,* Risk.net LIBOR Summit, 21 November 2019.

is legislative relief for legacy bond contracts under New York law, US dollar bond contracts under New York law may be treated differently from US dollar bond contracts under English law, unless legislation is also considered in the UK.

Potential forms of official intervention, if feasible

16 In the US, the Alternative Reference Rates Committee (ARRC) is exploring whether to seek legislative relief under New York law for a proposal based on an ARRC-recommended SOFR rate and spread adjustment to LIBOR contracts governed by New York law across all asset classes, including LIBOR-based fallbacks to the last LIBOR fix (ie a fixed rate). Under the ARRC's proposal, potential legislative relief would:

- apply to all asset classes;
- apply to legacy contracts that are silent as to fallbacks;
- override legacy contract fallbacks if the legacy fallback is to a LIBOR-based rate (such as the last quoted LIBOR fix);
- *not* override legacy contract fallbacks to an express non-LIBOR-based rate (such as prime);
- provide a statutory safe harbour to parties who have the right to exercise discretion or judgment regarding fallbacks;
- allow parties to opt out of the application of the statute in writing at any time before or after the occurrence of a trigger event;
- provide a safe harbour to parties who add conforming changes to their documents to accommodate administrative/operational adjustments for the statutory endorsed benchmark rate; and
- apply or be available on the occurrence of statutory trigger events: for cash products, these would be based on the ARRC permanent cessation and pre-cessation trigger events; and for derivatives, they would be based on what ISDA does.[28]

17 If the ARRC proposal for SOFR were to be feasible under New York law, could it be adapted to SONIA under English law? There would be a range of precedents on which the authorities could draw, if they were willing and able to use their regulatory powers[29] or to introduce new legislation to determine that outstanding legacy LIBOR contracts in sterling would be read as (or deemed to be) SONIA plus a fixed adjustment spread.

- If this outcome was achieved by using regulatory powers to modify the methodology for calculating LIBOR so that LIBOR were to become SONIA plus a fixed spread, the approach would have some similarities with the statement by the ECB, following a recommendation by the Euro RFR Working Group, that from 2 October 2019 the method of calculating EONIA should be modified so that it is defined as €STR plus a fixed adjustment spread (of 8.5 basis points) for a transition period until 3 January 2022.[30] But it is important to note that the transition from EONIA to €STR is from one overnight rate to another, whereas the transition from LIBOR to compounded SONIA would be from a forward-looking term rate (ie LIBOR) to a backward-looking overnight rate (ie compounded SONIA).
- If the outcome was achieved by introducing legislation which would override contractual references to LIBOR so that they are read as (or deemed to be) references to SONIA plus a fixed spread, the approach would have similarities with the introduction of the euro in place of the national currencies of relevant EU Member States at fixed conversion rates on 1 January 1999, where references in contracts to the relevant national currency were read as references to the euro at the relevant fixed conversion rate.[31]

18 From the perspective of the bond market, the challenge would be to ensure that, on permanent discontinuation of LIBOR, (i) ISDA derivative contracts would fall back to compounded SONIA plus a fixed adjustment spread, as planned, while (ii) Type 1 bonds referencing LIBOR would be read as compounded SONIA plus a fixed spread instead of falling back to a fixed LIBOR rate (ie the last LIBOR fix), so that (i) and (ii) would have the same effect.

28. US Alternative Reference Rate Committee (ARRC) minutes for the 15 November 2019 meeting.

29. The scope of regulatory powers under the EU Benchmark Regulation is currently subject to review. See European Commission, *Review of the EU Benchmark Regulation*, October 2019.

30. From 2 October 2019, "EONIA will be calculated as the €STR plus a spread. On 31 May 2019, the ECB provided the market with a one-off calculation of the spread between the €STR and EONIA that will be used for the calculation of EONIA. This spread will remain fixed at the level computed and published by the ECB until the final discontinuation of EONIA." Source: European Money Markets Institute (EMMI), 31 May 2019. The value of this one-off spread, as computed and published by the ECB is 0.085% (ie 8.5 basis points).

31. Under EC/1003/97: "[On 1 January 1999] the euro will be substituted for the national currency of each participating Member State at the conversion rate." ... "At the end of the transition period (on 31 December 2001), contracts will be read as if all references to participating national currency units were to euro units at the conversion rates." And under EC/974/98: "Continuity and freedom of contact are safeguarded." Source: Bank of England, *Practical Issues Arising from the Introduction of the Euro,* No. 10, December 1998.

19 However, the feasibility of an approach of this kind would require a number of issues to be addressed. For example:

- It would need to be determined whether it would legally be possible to override existing bond contracts, the terms for which are quite clear in the bond documentation, even though the outcome of the fallback (ie a fixed rate bond) was not the original intention of the parties. In addition, any legislation would need to override contractual provisions relating to the timing and method of calculating interest, and not just references to LIBOR. This is because interest on legacy bonds referencing LIBOR is fixed at the start of the interest period, whereas the interest rate on compounded SONIA would only be available near the end of the interest period.
- If legislation could be used to override existing contracts, the provisions in the legislation – that references to LIBOR would be read as compounded SONIA plus a fixed spread – would apply to all LIBOR fallbacks, not just fallbacks to a fixed rate, unless there was provision in the legislation for exemptions. Some users of legacy products such as loans and mortgages – eg retail and small business users – might prefer to fall back to a term SONIA rate or base rate rather than a compounded SONIA rate, and provision might need to be made for this. Some of these alternative rates might be proprietary, and questions about intellectual property rights might arise.

International coordination

20 Finally, as LIBOR is used globally in contracts governed by a range of different laws in different jurisdictions, official intervention would preferably need to be agreed internationally and coordinated globally (eg by the FSB Official Sector Steering Group) for all jurisdictions using LIBOR, especially the US, which would represent the largest component. Work would take a considerable period to plan, and the market would need to be consulted.

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