IBOR reform
*Overview*

EY - Pasquale di Nicola
**IBOR definition, uses and scope**

**$350 TN**

worth of financial instruments references IBORs across the globe*

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**IBOR geographical footprint**

- FRN
- Derivatives (OTC, ETD)
- Business loans
- Securitization (ABS, CLO, etc.)
- Retail loans & mortgages

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**IBORs are average rates** at which certain banks could borrow in the interbank market (unsecured)

Range in **tenors** from overnight to 12 months, with 3-month being most commonly referenced in all currencies

The rates include a **spread reflecting the credit risk** involved in lending money to banks.

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**Market participants using IBORs**

- Exchanges
- Investment banks
- Commercial banks
- Hedge funds
- Asset managers
- Insurance/Reinsurance
- Pension funds
- GSPs
- Private equity funds
- Non-bank lenders
- Supranationals
- Regulated funds
- Corporations
- Others

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**USD LIBOR and EURIBOR** represent approximately 80% of the total IBOR market exposure

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*The $350 trillion problem: Too big to solve?, Risk.net, 15/10/2018*
Summary of transition progress
Alternative RFR identification

Working Groups in each jurisdiction have recommended robust, alternative RFRs to transition away from existing IBORs. The RFR benchmarks are overnight whereas current use of IBORs is largely in term rates. Working groups are currently assessing potential term structures.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>GBP LIBOR</th>
<th>USD LIBOR</th>
<th>Eurozone</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Alternative RFR</td>
<td>Reformed Sterling overnight index average (SONIA)</td>
<td>Secured overnight financing rate (SOFR)</td>
<td>Euro short-term rate (€STR)</td>
<td>Hybrid Euribor</td>
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<tr>
<td>Multiple rate environment</td>
<td>No</td>
<td>No</td>
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<td>Secured/ unsecured</td>
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<td>Term structure</td>
<td>In development</td>
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<td>Recent development</td>
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Panel discussion

Jonny Sylvén
Swedish Bankers Association

Stelios Tselikas
ICE Benchmark Administration

Pasquale Di Nicola (moderator)
EY