PRESS RELEASE

ASIFMA Produces Industry Guide for IBOR Transition in Asia

The guide’s aim is to assist financial institutions in considering issues that are relevant in implementing their individual transition plan

Hong Kong, 13 July 2020 – ASIFMA, the financial industry’s leading regional trade association, today published an “IBOR Transition Guide for Asia”. The guide was co-produced with three other trade associations, The Asia Pacific Loan Market Association (APLMA), International Capital Market Association (ICMA) and International Swaps and Derivatives Association (ISDA), and co-authored by member firms Deloitte and Morgan Lewis.

The IBOR Transition Guide for Asia provides an overview of key implementation issues Asian Financial Institutions (FIs) should consider in preparing to transition from the London Interbank Offered Rate (LIBOR) in all its tenors and currencies to Alternative Reference Rates (ARRs) by the end of 2021 (LIBOR Transition). Specifically, it includes a practical implementation checklist for FIs to use as a reference.

“It is more important than ever for FIs to ensure they are fully prepared for LIBOR Transition. Market disruption caused by COVID-19 may have inevitably caused focus to move away at this critical time. The FCA have reiterated that the deadline will not be extended,” said Rebecca Weinrauch, Executive Director and Head of Fixed Income at ASIFMA.

The benchmark is widely used in a variety of loans and financial instruments, including consumer and syndicated loans, structured products, securitisations, short term instruments, bonds such as floating rate notes, over-the-counter derivatives and exchange-traded derivatives, as well as in corporate contracts, accounting, tax, and valuation methods. In order to achieve the FCA’s target of replacing LIBOR, ARRs have been identified for each of the five LIBOR currencies.

“The potential consequences that may arise if market participants do not prepare for the transition away from LIBOR are far reaching,” continued Ms. Weinrauch. “We hope this guide, which has been specifically produced to reflect the challenges faced by participants in the Asian Markets, can be used by FIs in the region to step up the move to ARRs.”

Drawing upon a combination of practical experience from organizations that have initiated transition programs, as well as emerging guidance from the regulatory community, FIs can make reference to the practical implementation checklist outlined in the guide when performing their own assessment of the impact from benchmark rate reforms.

The full guide can be downloaded here.
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About ASIFMA

ASIFMA is an independent, regional trade association with over 130 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region’s economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

More information about ASIFMA can be found at: www.asifma.org.