



Industry Roundtable

Beyond LIBOR: Developments, Lessons & Opportunities

Hosted by:



A DFIN Company



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Representative Clients





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Machine Learning & Natural Language Processing

**Legal concepts extracted
regardless of specific words
used & location in documents**

**Multi-format exports &
multi-system integration using
APIs**



**Machine learning & natural
language processing, fully
functional**

**Powerful self-training platform
leverages eBrevia's adaptable &
scalable "brain"**

Panel Speakers

Chris Kontaridis
Partner



Rich Duggan
Senior Vice President



Sarah Porter
Partner



Adam Nguyen
Co-Founder



By 31 March 2021

Jurisdiction	Authority	Requirement*	Type of Requirement
 United Kingdom	WGSRRF	Cease initiation of new Sterling LIBOR Loans, ¹ bonds, securitisation and linear derivatives**	Recommended target milestone
 United Kingdom	WGSRRF	Complete identification of all Sterling LIBOR legacy contacts	Recommended target milestone
 Switzerland	Swiss Financial Market Supervisory Authority (FINMA) ²	Formulate detailed plans for remediating legacy LIBOR contracts	Recommendation for supervised institutions






¹ The FCA has clarified that this means all new Sterling loans including those forming part of multicurrency facilities or where Sterling is an optional currency only.

² The FINMA roadmap included a 31 January 2021 deadline for ceasing new issuance of Swiss Franc and Euro products based on LIBOR and being generally ready to offer products based on alternative reference rates.

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.

**Exception for risk management of existing positions.




By 30 June 2021

Jurisdiction	Authority	Requirement*	Type of Requirement
 United Kingdom	WGSRRF	Cease initiation of Sterling LIBOR-linked non-linear derivatives**	Recommended target milestone
 United States	Alternative Reference Rates Committee (ARRC)	Cease origination of USD LIBOR syndicated loans	Recommended best practice
 United States	ARRC	Cease origination of USD LIBOR securitisations (other than CLOs)	Recommended best practice
 United States	ARRC	Cease origination of USD LIBOR derivatives	Recommended best practice
 Switzerland	FINMA	Achieve operational readiness for all alternative reference rates	Recommendation for supervised institutions

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.





**Exception for risk management of existing positions.

By 30 September 2021

Jurisdiction	Authority	Requirement*	Type of Requirement
 United Kingdom	WGSRFR	Active conversion of all legacy contracts where viable	Recommended target milestone
 United States	ARRC	Ceaser origination of USD LIBOR CLO securitisations	Recommended best practice
 Japan	Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks	Significantly reduce amount of loans and bonds referencing JPY LIBOR	Recommended target milestone

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.

By 31 December 2021



Jurisdiction	Authority	Requirement*	Type of Requirement
 United Kingdom	WGSRRF	Be fully prepared for the end of LIBOR	Recommended target milestone
 United States	Federal Reserve Board, Federal Deposit Insurance Corporation and office of the Comptroller of the Currency ³	Cease entering into new USD LIBOR contracts**	Supervisory guidance
 Switzerland	FINMA	All relevant systems and processes should already be able to function without reliance on LIBOR	Recommendation for supervised institutions
 Switzerland	FINMA	All new transactions with variable interest in CHF, EUR, GBP, JPY and USD should be based on alternative reference rates	Recommendation for supervised institutions

³ The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency made the following statement in their 30 November 2020 [Statement on LIBOR Transition](#): "Given consumer protection, litigation, and reputation risks, the agencies believe entering into new contracts that use USD LIBOR as a reference rate after December 31, 2021, would create safety and soundness risks and will examine bank practices accordingly. Therefore, the agencies encourage banks to cease entering into new contracts that use USD LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021" (footnote omitted). The Federal Reserve reiterated the end December 2021 guidance for new LIBOR originations in [SR 21-7: Assessing Supervised Institutions' Plans to Transition Away from the Use of the LIBOR](#) (issued 9 March 2021).

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.

**Exception for risk management of existing positions.



By 3 January 2022

Jurisdiction	Authority	Requirement*	Type of Requirement
 All	FCA	Cessation of publication of all LIBOR currency/tenor pairings (other than overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR tenors ⁴)	Deadline
 All		FROM THE FIRST LONDON BANKING DAY ON OR AFTER JANUARY 1, 2022 For derivatives referencing all GBP, EUR, JPY and CHF LIBOR settings – fallbacks to the applicable all-in adjusted risk-free rate plus spread (published Bloomberg fallback rates) will apply for derivatives that are subject to the ISDA 2020 IBOR Fallbacks Protocol or incorporate the ISDA IBOR Fallbacks Supplement	

⁴ LIBOR for certain Sterling and Yen tenors may be published synthetically after this date, subject to FCA consultation. See footnote 1.

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.

By 30 June 2023

Jurisdiction	Authority	Requirement*	Type of Requirement
 All	FCA	Cessation of publication of USD LIBOR for overnight, 1-month, 3-month, 6-month and 12-month tenors ⁵	Deadline
 All		<p>FROM THE FIRST LONDON BANKING DAY ON OR AFTER JANUARY 1, 2022</p> <p>For derivatives referencing all USD LIBOR settings – fallbacks to the applicable all-in adjusted risk-free rate plus spread (published Bloomberg fallback rates) will apply for derivatives that are subject to the ISDA 2020 IBOR Fallbacks Protocol or incorporate the ISDA IBOR Fallbacks Supplement⁶</p>	

⁵ LIBOR for certain USD tenors may be published synthetically after this date, subject to FCA consultation. See footnote 1.

⁶ The rate for one-week and two-month USD LIBOR settings will be computed by the calculation agent using linear interpolation from end of 2021, before fallback to the all-in adjusted risk-free rate plus spread after 1 July 2023.

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.

At least 6 months prior to the date the replacement rate would become effective

Jurisdiction	Authority	Requirement*	Type of Requirement
 United States	ARRC	Disclose planned selected replacement rate (where contract specifies that a party can select a replacement rate at their discretion following a LIBOR transaction event)	Recommended best practice

*In all cases, the guidance applies where the relevant product expires after the anticipated relevant LIBOR cessation date.

eBREVIA

Leases > American Life Inc Lease Agreement.doc

32.2. BROKERS' FEES. Tenant represents and warrants to Landlord that has engaged, finder or other person who would be entitled to any commission or fees for the negotiation, execution, or delivery of this Lease other than as disclosed in this Lease. Tenant shall indemnify and hold Landlord harmless against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. This subparagraph shall not apply to brokers with whom Landlord has an express written brokerage agreement.

32.3. ENTIRE AGREEMENT. This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior agreements or understanding pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant.

32.4. SEVERABILITY. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.

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32.5. FORCE MAJEURE. Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.

32.6. GOVERNING LAW. 10 of 14 strued in accordance with the laws of the State of Washington.

Albert Einstein

Index Export Undo Redo File Saved In Process Summary

Amending Agreement: 0

- No prior agreements or understanding pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to. (Page 10)

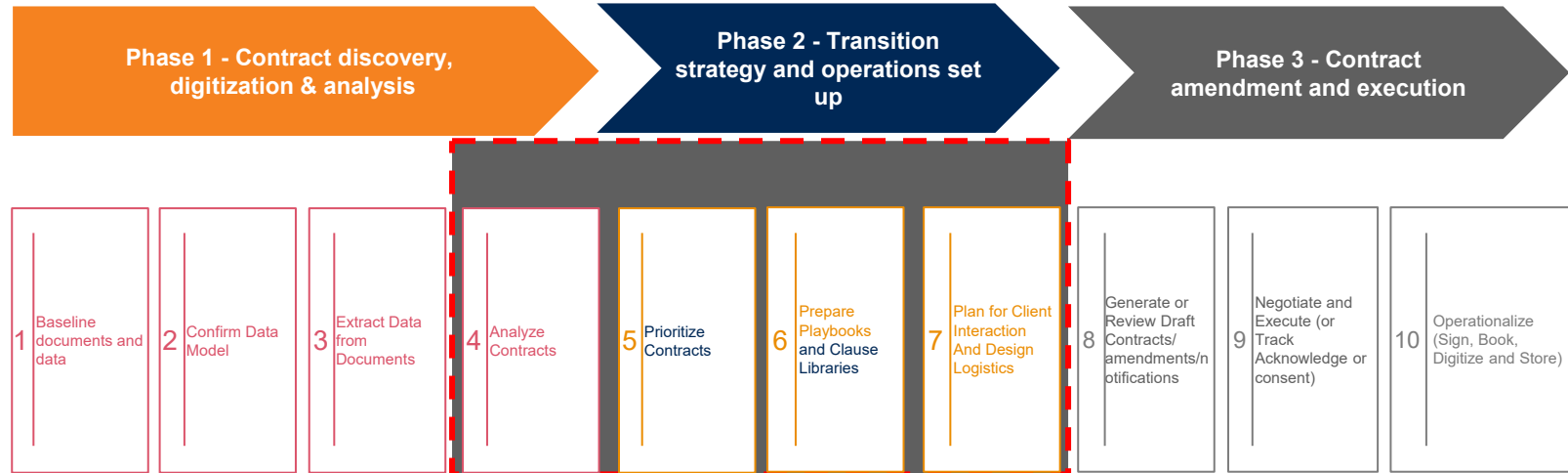
Events of Default: 0

- The following occurrences shall each be deemed an Event of Default by Tenant: (Page 7)
- Tenant fails to pay any sum, including Rent, due under this Lease following five (5) days' written notice from Landlord of the failure to pay. (Page 7)
- Tenant vacates the Premises (defined as an absence for at least thirty (30) consecutive days without prior notice to Landlord), or Tenant abandons the Premises (defined as an absence of ten (10) (Page 7)
- Tenant becomes insolvent, voluntarily or involuntary bankrupt or a receiver, assignee or other liquidating officer is appointed for Tenant's business, provided that in the event of any involuntary (Page 7)
- Tenant's interest in this Lease or the Premises, or any part thereof, is taken by execution or other process of law directed against Tenant, or is taken upon or subjected to any attachment by any (Page 7)

Governing Law: 0

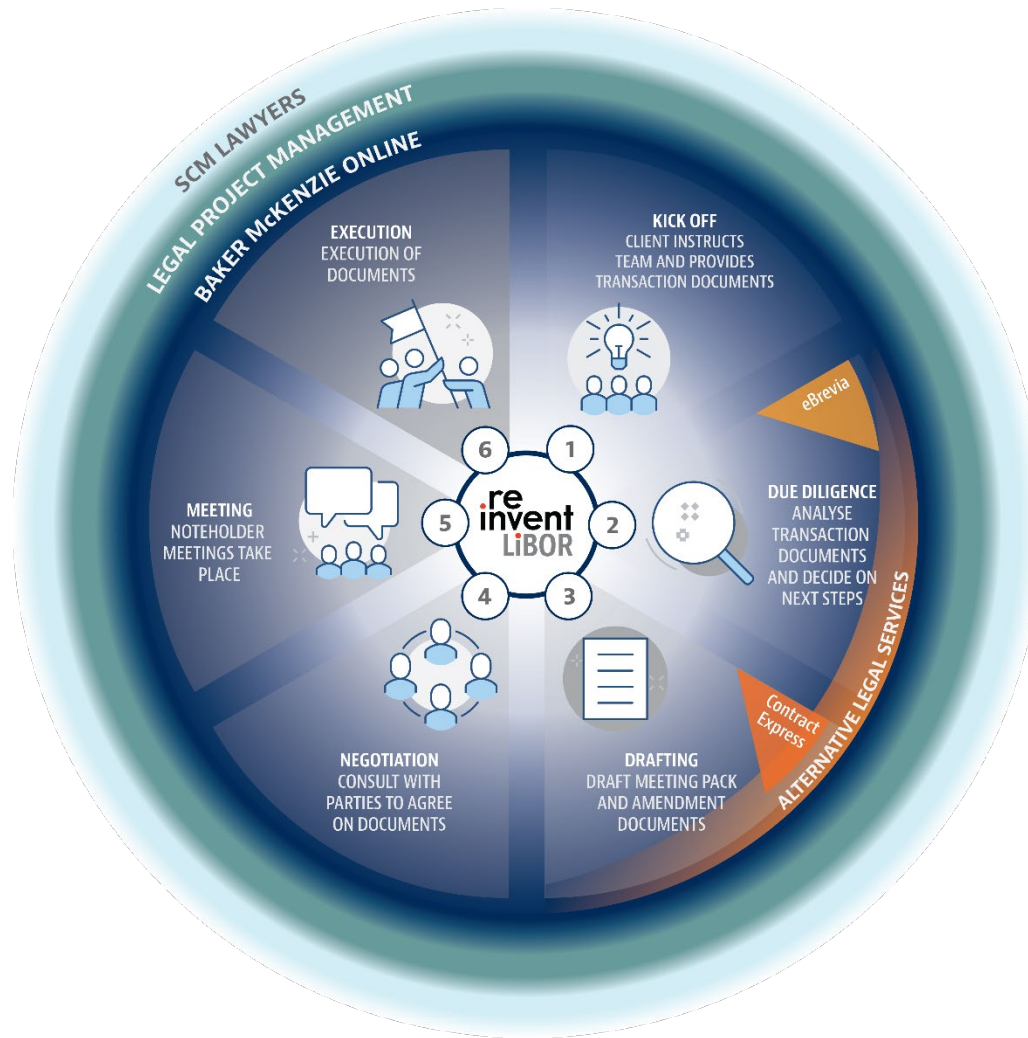
- Washington (Page 11)

PWC: Overview of the LIBOR Contract Transition Process



Where are we now?

Solution - Process Model



eBrevia Test Results

Test 1

The data set is based on two tests by two different trainees and as such there is a human element that needs to be considered when analysing the results.

Trainee 1
Due diligence completed manually

Trainee 2
Due diligence completed using eBrevia



TIME CONSTRAINED
120 mins

Two different sets of documents were used in Test 1 and Test 2



NO TIME CONSTRAINTS

Test 2

Trainee 1
Due diligence completed manually

Trainee 2
Due diligence completed using eBrevia

Both tests were compared against a 'baseline' due diligence completed by a Senior Associate in the SCM team to determine accuracy rates.

EFFICIENCY

Test 1 was performed in timed conditions and therefore minimal efficiency results can be interpreted.

Due diligence completed with eBrevia support is likely to generate downstream time savings as a result of lower rates (44.9%) of 'not significant' errors requiring formatting / cleaning adjustments.

Test 2 enabled the trainees to complete the due diligence in as much time as needed.

Without eBrevia = 270mins to complete
With eBrevia = 121mins to complete

**76.2%
FASTER**

ACCURACY

Number and significance of 'inaccuracies'

Test 1 (TIME CONSTRAINED)



NO-eBREVIA SUPPORT

43.5% less inaccuracies overall using eBrevia



eBREVIA SUPPORT

Test 2 (NO TIME CONSTRAINTS)



NO-eBREVIA SUPPORT

61.7% less inaccuracies overall using eBrevia



eBREVIA SUPPORT

Significant: deviations that are (a) under-inclusive (i.e. sections or content missed) or (b) were incorrect.

Not significant: deviations that are (a) over-inclusive (i.e. sections included that are not necessary) or (b) included formatting differences (e.g. use of capitalisation). These errors are considered much less important for 'accuracy results.'



THANK YOU!

QUESTIONS?

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STAY IN TOUCH

(click buttons for hyperlinks)

