

Navigating the Interbank Offered Rate (IBOR)

A complete contract transition solution



To successfully navigate the IBOR transition, institutions must:

1. Assess the full extent of their IBOR exposure
2. Extract and analyze relevant clauses and data points from contracts
3. Determine the best approach for each business line and jurisdiction
4. Strategize and execute client outreach and repapering of impacted contracts
5. Capture, track and maintain amended terms

What's changing

For decades, IBORs have played a significant role as one of the most referenced rates in financial products and their respective contracts, but that era is drawing to a close. By the end of 2021, many countries, including the US and UK, will transition to alternative risk-free rates (RFRs).

The transition away from IBOR creates major challenges for financial institutions on how to transition to new RFRs.

December 2021
Friday

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Why is this significant?

References to IBOR are embedded far and wide in the contracts of every financial institution, including as far ranging products as commercial loans, syndicated loans, student loans, home mortgages and derivatives.

A typical global systemically important bank (G-SIB), for instance, might have half a million externally facing contracts with direct references to IBOR – many of which will need to be reviewed for impact and possibly updated to allow for the transition to a new RFR.

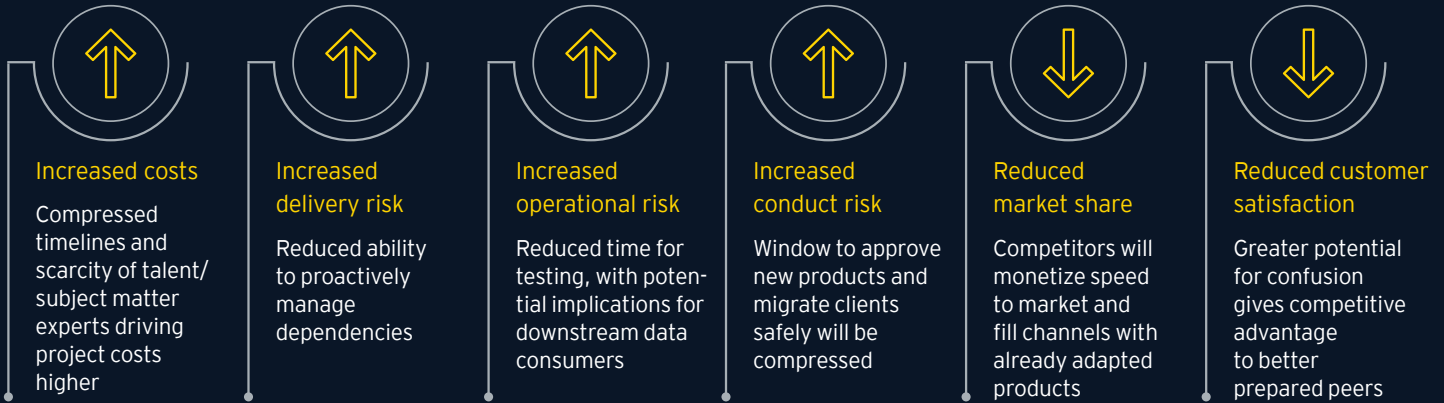
500,000 or more

contracts per G-SIB affected by the IBOR transition

Do you know your exposure? What are the steps you need to take to remediate?

The cost of remediation can be high, requiring enterprise-wide contract analysis, digitization, term extraction, contract amendment preparation, client outreach and large-scale communications management. In addition, systematically capturing and operationalizing fallback language may require changes across over 200 internal and vendor applications.* With so much on the line, it's critical to understand the size of your task and the steps you need to take to successfully navigate and execute the transition in the time remaining.

Late mobilization of execution could result in:



EY IBOR Transition Services

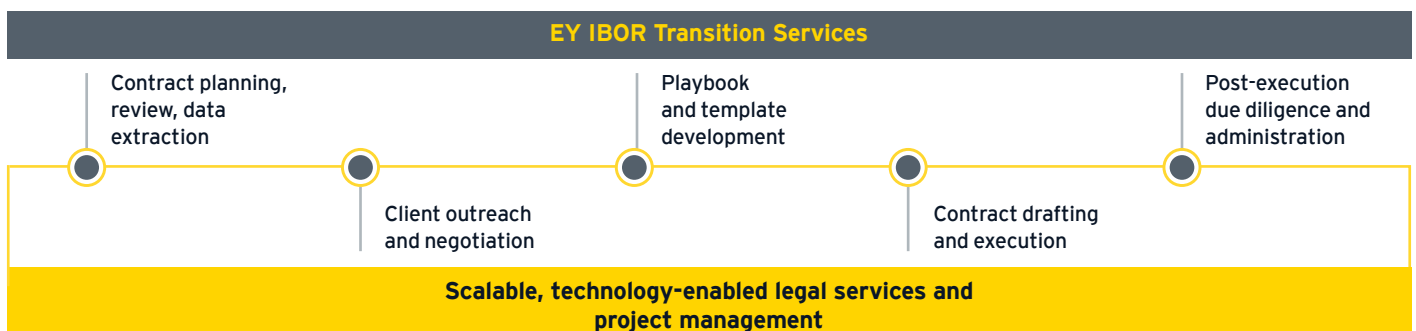
Comprehensive contract management capabilities help you navigate a seamless transition away from IBOR. By bringing together deep industry experience, domain knowledge, project management skills, scalable legal managed service teams and technology-driven processes, EY teams have developed a complete approach to effectively guide your institution through the transition and help you in achieving universal goals in the industry including speed to market, accuracy and cost effectiveness.

Deep experience working with the financial services industry, including the largest global institutions, gives EY teams the market and regulatory foundation to guide clients through a smooth transition. Over the years, EY clients have trusted EY professionals to provide their organizations with large scale solutions including highly integrated services around regulatory change management which embrace the organization's people while supporting introduction of new or redesigned processes. In doing so, we have developed a deep understanding of clients' products and infrastructure, as well as the valuable relationships across their businesses that better enable us to address their top concerns.

Additionally, the globally connected, scalable legal managed service teams across the globe bring IBOR domain knowledge, technology-driven processes and skilled project management to help design and mobilize your transition program quickly and cost effectively. Extensive experience using best-in-class technology promotes the accuracy and efficiency of every project.

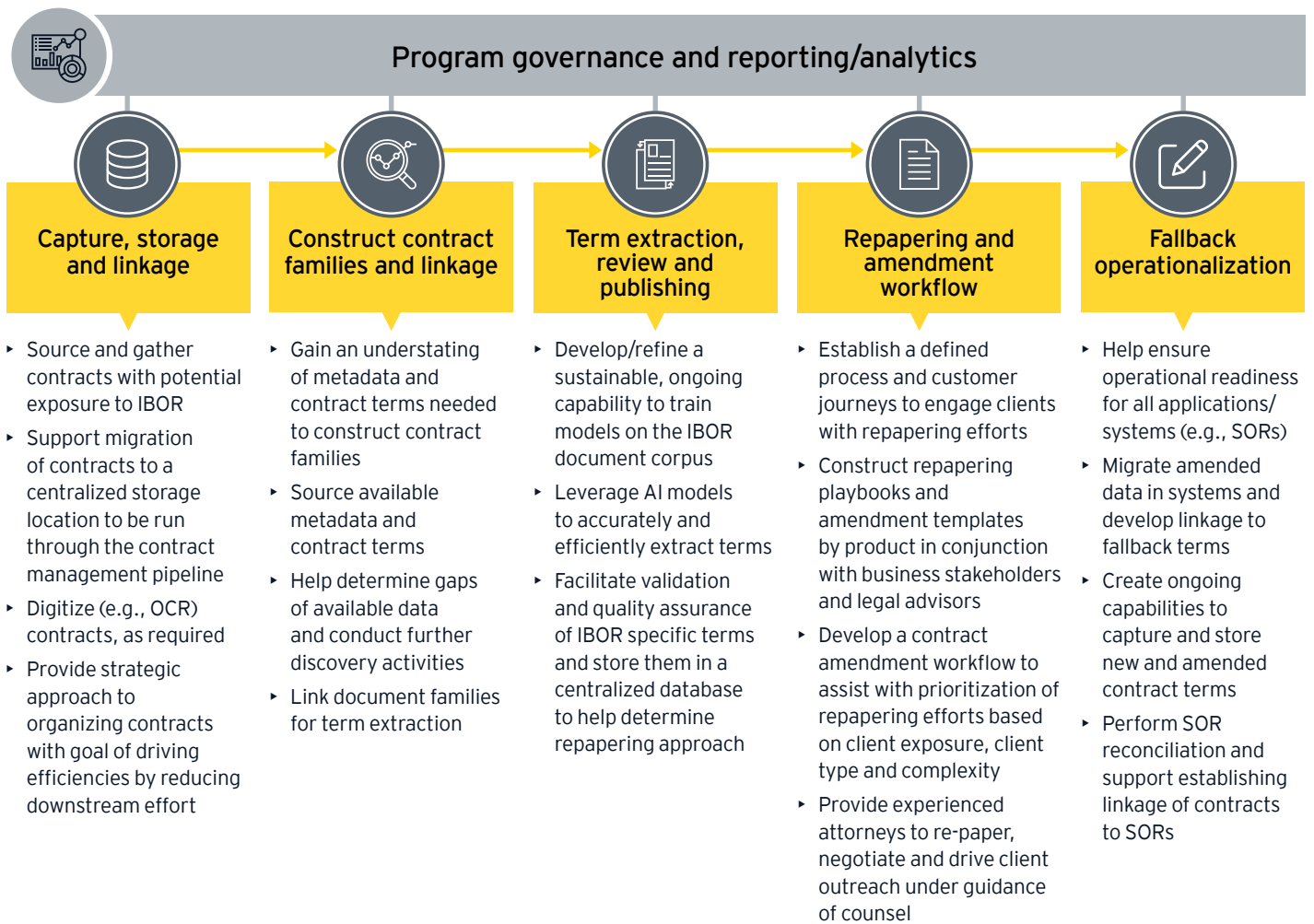
With this complete solution, EY teams can help you successfully and cost-effectively design, operationalize and execute every step in your IBOR transition program – from performing the initial assessment of the potential impact on in-scope contracts to creating a detailed roadmap for contract classification, due diligence, amendment preparation, client outreach and repapering all the way to execution.

Once we have laid the foundation you will have a working, nimble framework established for similar repapering mandates where we can further support you by leveraging past experiences to ensure efficiencies and quality control.



* Fallback language: Addressing the legal and contractual challenges of IBOR transition, EY.

Stages of the IBOR transition process:



Why EY for your IBOR transition

EY teams bring the right experience, knowledge and resources needed to help ensure that every critical step of your IBOR transition program is properly, efficiently and cost-effectively executed.

Unmatched scale and breadth of capabilities	<ul style="list-style-type: none"> Scalable resources to help you get it done correctly and cost-effectively One of the largest providers in the world with over 5,000 legal professionals 1,600 technology-focused legal managed service professionals 15 delivery locations across the globe with a follow-the-sun model
Deep financial services experience	<ul style="list-style-type: none"> Over 15 years of experience providing similar managed services to the financial industry Existing network of valuable relationships across the clients' organizations Actionable insight derived from experience working with many diverse financial service clients
Leader in IBOR transition	<ul style="list-style-type: none"> Supported ISDA and other trade associations (AFME, ICMA and SIFMA) with large-scale project to spread industry awareness on transitioning from IBORs to ARR Member of industry working groups including the US Alternative Reference Rates Committee (ARRC) and the Bank of England Working Group on Sterling Risk-Free Reference Rates Assisting several global systemically important banks, regional banks, government entities, insurance companies and wealth & asset managers with the transition Sponsor ongoing IBOR-related industry events in the US, Europe and Asia-Pacific Author and publish analysis and other thought leadership, including the IBOR Global Benchmark Transition Report, the IBOR Global Benchmark Survey and the IBOR Global Benchmark Transition Roadmap
Process and technical experience	<ul style="list-style-type: none"> Close relationships and experience working with industry-leading technology providers Established and tested IBOR data models and processes Regularly recognized by industry awards as a leading provider of technology-enabled managed services
Cost-effective approach to pricing	<ul style="list-style-type: none"> Use of appropriate resourcing to help deliver on each task Predictable, transparent alternative pricing model

Awards:

2019

**#1 Acritas Global
Alternative Legal
Brand Index**

2019

**FT Innovative
Lawyers, Innovation
in Collaboration**

2019

**FT Intelligent
Business Award**

2018

**British Legal Awards
Supplier of the Year**

To learn more, please visit ey.com/ibor
or contact one of the following
EY professionals:

Josh Hogue

EY Global Legal Managed
Services Markets Leader
+1 704 338 0522
josh.hogue@ey.com

Charlie Collucci

EY Americas FSO Legal
Managed Services Leader
+1 201 551 5010
charles.collucci@ey.com

Daniel Scrafford

EY US IBOR Transition
Leader
+1 212 773 5912
daniel.scrafford@ey.com

Scott Keipper

EY North America Financial
Services Office Data and
Analytics Leader
+1 813 225 4865
scott.keipper@ey.com

Daniel Marks

Associate Partner
EY Legal Managed Services
Ernst & Young LLP
+44 20 7951 1480
daniel.marks@uk.ey.com

Anthony DiMatteo

Senior Manager
EY FSO Legal Managed Services
Ernst & Young LLP
+1 646 543 1078
anthony.dimatteo@ey.com

Shahin Baghaei

Associate Director
EY Legal Managed Services
Ernst & Young LLP
+44 20 7111 1420
shahin.baghaei@uk.ey.com

Adam Chmielecki

Senior Manager
EY US Financial Services Office
Ernst & Young LLP
+1 212 773 9422
adam.chmielecki@ey.com

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