

Discussion Paper on IBOR transitions

CONSULTATION

START DATE:

06 Feb 2020

END DATE:

30 Jun 2020

Closed

New deadline: 30 June 2020 (previously 30 April)

Following the new EU Benchmark Regulation (EU BMR), this EIOPA Discussion Paper addresses for the first time the subject of the ongoing changes to the new benchmark rates (or IBOR transitions).

IBOR transitions are a big challenge for both the regulators and the industry since they will primarily affect: (a) Liability valuations (b) Derivative valuations as well as (c) the structure of numerous (existing and new) financial and insurance products.

The focus of this paper is to primarily address the issues identified within the EIOPA Risk free rate (RFR) environment. We are building on the existing RFR methodology and we propose options and solutions for consideration.

In particular, we highlight the potential impact of the IBOR transitions on the definition and the use of the Credit Rate Adjustment (CRA) currently applied on the RFR term structures. Furthermore, we propose options and a coherent approach for dealing with the new term structures calculated with the new benchmark rates for all currencies.

Stakeholders are invited to provide EIOPA with their feedback by 30 June 2020 (deadline extended from 30 April 2020).

Based on this feedback, EIOPA will produce a consultation paper, which will include specific policy recommendations on the subject of IBOR transitions.

LAST UPDATED ON:

11 Feb 2021