

BY EMAIL

16 November 2020

To the Senior Executive Officers of DFSA Authorised Firms

RE: Transition from Inter Bank Offered Rates to Alternative Reference Rates – Follow-up

Dear SEO,

Questionnaire on the Transition from IBOR

On 24 September 2020, the DFSA released a Dear SEO Letter¹ (the “Letter”) referring to the transition away from certain Inter Bank Offered Rates (“IBOR”) benchmarks to Alternative Reference Rates (“ARR”). The Letter indicated that the DFSA was planning to follow-up with a questionnaire to Authorised Firms seeking to collect information on the progress achieved so far in respect of the transition journey.

This letter advises you on details regarding the questionnaire and the deadline by which Authorised Firms are requested to complete it.

The questionnaire aims to provide the DFSA with details regarding each Authorised Firm’s transition plans, relevant preparation and aims to highlight any key areas where there is a need for more transition preparation and, where necessary, DFSA support and guidance.

In relation to the questionnaire, please note that:

1. The questionnaire is **only applicable** to Authorised Firms in Prudential Categories 1, 2, 3A, 3C, 5 and PIN. The questionnaire is **NOT applicable** to Authorised Firms in Prudential Categories 3B, 3D and 4.
2. Authorised Firms should access the questionnaire via the online forms on the DFSA [ePortal](#);
3. Authorised Firms can choose not to complete the questionnaire all at once. You may save your answers and come back to the questionnaire at a later date;
4. The questionnaire comprises of 5 sections with a total of 17 questions, should they all be applicable to your Authorised Firm;
5. Where questions seek further explanation and rationale, please ensure that the responses are clear, concise and that they adequately address the related question;
6. Where questions seek specific data, please ensure to follow the notes included in the questionnaire;
7. Defined terms are identified by the capitalisation of the first letter in a word or of each word in a phrase. These terms are defined either in the questionnaire, or in the Glossary Module of the DFSA Rulebook (“[GLO](#)”); and,

¹ The Dear Letter of 24 September 2020 is available on this [Link](#).

8. For the purposes of the questionnaire, please note that the term LIBOR refers to the London Inter Bank Offered Rates and the term RFR refers to the Risk-Free Rates also known as ARR.

The DFSA strongly encourages all Authorised Firms to complete the questionnaire at the earliest convenience, but no later than close of business on **16 December 2020**.

ISDA's IBOR Fallbacks Supplement and Protocol

On 23 October 2020, the International Swaps and Derivatives Association ("ISDA") launched² the "*ISDA 2020 IBOR Fallbacks Protocol*" (the "Protocol") and the "*IBOR Fallbacks Supplement to the 2006 ISDA Definitions*" (the "Supplement") for IBOR-linked derivative contracts. The Supplement and the amendments made by the Protocol will take effect on January 25, 2021. On this date, all new derivatives contracts that incorporate the 2006 ISDA Definitions and reference one of the covered IBORs will contain the new fallbacks.

The DFSA calls all Authorised Firms to consider the Protocol and the Supplement and to adhere to it, where relevant.

FSB's Global Transition Roadmap to LIBOR

On 16 October 2020, the Financial Stability Board ("FSB") published the "[Global Transition Roadmap to LIBOR](#)" ("FSB Roadmap"), which sets out a timetable of recommended actions for financial and non-financial sector firms to take in order to ensure a smooth LIBOR transition by end-2021 and to successfully mitigate related risks.

The DFSA views the FSB Roadmap as a useful benchmark and encourages Authorised Firms to consider it as part of their IBOR transition journey. We note that authorities in a number of jurisdictions such as in the EU, UK and US, have published transition timelines and guidance³ which Authorised Firms might also choose to consider.

If you have any question in relation to this letter or the questionnaire, please contact us using the DFSA [ePortal](#) available on the DFSA Website.

Yours sincerely,



Justin Baldacchino
Managing Director, Supervision

Copy to: All Compliance Officers

² ISDA's announcement can be accessed on this [Link](#).

³ The European Central Bank published the [good practices](#) for banks to prepare for benchmark rate reforms. In the UK, the Working Group on Sterling Risk-Free Reference Rates recommended a [roadmap](#) for the transition to SONIA. In the US, the Alternative Reference Committee published the [Paced Transition Plan](#) with steps and timelines to encourage the adoption of SOFR.