

## **AFM-DNB Joint Statement on the Progress of the IBOR Transition in the Netherlands**

As part of their efforts to monitor the worldwide transition to alternative interest-rate benchmarks, De Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM) collect data on the progress of the transition from a selection of Dutch banks, pension funds, insurers, and asset managers.

Noting the impending transition deadline of 31 December 2021, and seconding the recently published FSB and IOSCO public communications, and on the basis of an analysis of Q4 2020 data, DNB and the AFM remind all financial institutions in the Netherlands of their responsibility to:

1. **Transition all existing LIBOR and EONIA contracts to alternative reference rates\* by 31 December 2021 at the latest.\*\*** This can be done by amending contracts to either replace existing references to IBORs with references to alternative reference rates or integrate appropriate fallback language (see point 3). DNB and the AFM note that progress is especially needed with respect to contracts underpinning non-interest-rate derivatives and syndicated loans, as well as contracts denominated in currencies other than euro.
2. **Cease issuing new instruments or entering into new contracts that reference traditional interbank offered rates.** LIBOR\*\* and EONIA will be determined for the last time on 31 December 2021. It is not advisable to issue new instruments or enter into new contracts referencing these rates, even if a fallback rate or methodology is provided for.
3. **Integrate appropriate fallback provisions in all new and existing contracts referencing EURIBOR, SARON, or USD LIBOR.\*\*** DNB and the AFM note that progress is especially needed for bonds, loans, mortgages, and securitisations. The appropriateness of fallback language is further elaborated in dedicated [AFM Guidelines on Conduct Risk in the IBOR Transition](#) ([link to be included in final version]).
4. **Appropriately inform counterparties and clients of any contract changes.** Best practices are detailed in the abovementioned AFM Guidelines.

Failure to fulfil these responsibilities will result in possible breaches of applicable regulations.

*\* The list of major alternative reference rates includes €STR, EURIBOR, SOFR, SONIA, TONAR, and SARON.*

*\*\* Contracts referencing overnight, one-month, three-month, six-month, or 12-month USD LIBOR need to be transitioned to an alternative reference rate by 30 June 2023.*

### Further information

The Working Group on Euro Risk-Free Rates publishes useful resources on their website, which will help financial institutions complete the transition. Please [click here](#) for more information on the transition, fallbacks and communication.

## Transition roadmaps

DNB and the AFM support the IBOR transition roadmaps set out by regulators in other jurisdictions. It is important that financial institutions in the Netherlands take these roadmaps into account and, where applicable, adhere to the timelines set out therein. Examples of such roadmaps include the following:

- In the US, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency issued [a statement](#) encouraging banks to cease entering into new contracts that use USD LIBOR as a reference rate as soon as practicable and in any event by the end of 2021. This was reiterated by the Federal Reserve Board in March 2021, following the confirmation of end dates for LIBOR panels.
- In the UK, the Financial Conduct Authority and the Prudential Regulatory Authority have sent a [Dear CEO letter](#) that highlights the need for firms to meet the milestones set out by the Working Group on Sterling Risk Free Reference Rates as well as other working groups. It furthermore sets out certain specific priority areas.
- In Japan, regulatory authorities continue to encourage institutions to transition as soon as possible, and have developed transition milestones and communicated these to the market in a [letter dated 25 March 2021](#).
- In Switzerland, the Swiss Financial Market Authority (FINMA) published a [transition roadmap](#) on 4 December 2020 in which it identifies key milestones and sets out concrete steps that need to be taken to meet those milestones. It also indicates its supervisory priorities for 2021 in this area.