



## **IBOR Transition Update: USD LIBOR**

Further to the LIBOR Transition FAQs and related communication we published in 2021, this notice is a further update on key market developments and the next steps for the transition of USD LIBOR referencing financial products that you have with Emirates NBD Bank S.A.E.

### **Market Update**

The cessation date for GBP LIBOR, EUR LIBOR, JPY LIBOR, CHF LIBOR, and USD LIBOR (for 1w and 2m tenors) occurred on 31 December 2021.

This means that these LIBORs are no longer representative or available in the market and so, financial products denominated in Sterling, Euro, Japanese Yen, and Swiss Francs are no longer referencing to LIBOR.

The remaining USD LIBORs (for Overnight, 1m, 3m, 6m and 12m tenors) will continue to be published until 30 June 2023. That said, regulatory guidance and best practice requires financial institutions not to issue any new USD denominated financial products by reference to LIBOR.

### **Emirates NBD Financial Products**

Accordingly, in line with international best practice and regulatory guidance, Emirates NBD now offers USD denominated financial products referencing SOFR (being the near risk-free rate (RFR) for USD) and will refrain from offering new USD denominated products linked to USD LIBOR.

Floating rate USD denominated financial products will be priced by reference to SOFR, being a backward-looking overnight rate, and interest for the relevant period shall be calculated on a compounded basis, whereby the interest rate applicable to the period will be known at the end of that period.

Emirates NBD now also offers certain USD denominated financial products priced by reference to Term SOFR, being a forward-looking term rate.

### **Term RFR Financial Products**

Certain financial products by their nature require interest rates to be set at the beginning of the period. Interest calculated using RFRs (where the rate applicable for the period is known only at the end of the period) would therefore not be workable for these types of financial products. Emirates NBD will apply RFR term rates for these kinds of products.

As a valued client of Emirates NBD, please be aware that an active derivatives market for hedging exposure under a RFR term rate product is yet to develop.

### Impact on your Business

We strongly encourage all of our customers to make the necessary adjustments to their financial management systems, processes and procedures to facilitate RFR linked disbursements under new contracts.

Please refer to the below table to understand how your financial contracts with Emirates NBD will be impacted.

Contract Status	Details
USD facilities linked to LIBOR under existing contracts with maturity date before June 2023	No action required. USD LIBOR will apply until maturity.
USD facilities linked to LIBOR under existing contracts with maturity date after June 2023	USD LIBOR will continue for now. Your Emirates NBD relationship manager will contact you in 2022 to transition the LIBOR linked contract to SOFR.
USD, GBP, JPY, and CHF facilities under new contracts (i.e. contracts entered into on or after 1 January 2022)	Any USD, GBP, JPY or CHF facilities under a new contract will be priced by reference to the corresponding RFR (i.e. SOFR, SONIA, TONAR, SARON, respectively).
USD and GBP facilities under new contracts for certain short-term facilities	Any USD or GBP facilities in respect of such short-term facilities under a new contract will be priced by reference to the corresponding Term RFR (i.e. Term SOFR and Term SONIA respectively).

Please contact your Emirates NBD relationship manager for more details.

### Disclaimer

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