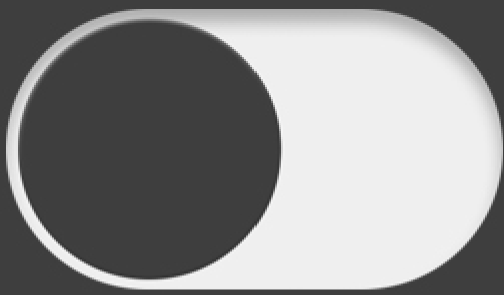
Don’t get left in the dark when LIBOR is switched off



Mitigating conduct risk during your transition away from IBORs

Various forms of conduct risk persist along the IBOR/LIBOR (interbank and London interbank offered rates) transition journey and there are key moments on that journey when financial institutions should demonstrate they are acting in their clients’ best interests, providing transparency and effectively communicating to mitigate potential misconduct.

View the diagram:

Conduct risk along the LIBOR journey

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CONDUCT RISK ALONG THE LIBOR JOURNEY

PHASE 1: STRATEGIC PLANNING

Act in clients' best interest.

- Benchmark rate selection
- Calculation of rates, rate adjustments and spreads
- Product design
- Sales process
- Regulatory and industry engagement
- Dedicated team
- Project structure
- Record keeping

1. **Discovery**
   Identify all in-scope contracts impacted.
2. **Digitize**
   Quality control contracts refine scope and upload digitally.
3. **Data Extraction**
   Search contracts for relevant data.
4. **Client/Portfolio Assessment**
   Front office review of client and portfolio impacts.
5. **Finance and Risk Review**
   Review for impact on risk and financial measures.

PHASE 2: IMPLEMENTATION

Provide transparency and effective communication.

- Governance
- Benchmark rate change
- Client awareness
- Internal training
- Consistent and targeted marketing and client communications
- Detailed and timely reporting
- Timely inform board and regulators
- Contract amendment and negotiations

6. **Create Contract Amendment**
   Select appropriate fallback language/ new contract terms for amendment.
7. **Client Outreach**
   Implement client strategy for communications, disclosures and marketing materials.
8. **Negotiation**
   Discuss and agree on remediation action.
9. **Review Client Feedback**
   Update contracts to contain newly agreed upon fallback language.
10. **Closure**
    Confirm and finalize new contracts.
11. **Signature**
    Obtain signatures.

PHASE 3: POST IMPLEMENTATION

Ensure oversight and support.

- Transition controls which can be tested
- Monitor transition process and activities
- Conduct surveillance
- Complaint management

12. **Rebook**
    Book contracts.
13. **Digitize and Store**
    Digitize, store and extract key metadata from contracts in a secure environment so they are accessible to relevant stakeholders.

Key moments where institutions should most commonly reflect on conduct risk.

ABOUT ACCENTURE

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www.accenture.com/LIBORsurvey

LIBOR on Finance & Risk Blog
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