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
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

**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

**PHASE 3: POST IMPLEMENTATION**
Ensure oversight and support.

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

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