

# TRANSITIONING OUT OF LIBOR

## Managing Existing Loan Portfolios

Nearly \$300 trillion in mortgages, loans, derivatives and other financial instruments reference LIBOR but it is being phased out by the end of 2021. The Financial Conduct Authority (FCA) has said that new sterling-denominated loans should stop using the LIBOR by the end of Q1 2021 (pushed back from the third quarter of this year because of the Pandemic) and

in a speech by Andrew Bailey, Chief Executive of the FCA, in July 2019, Andrew said: "I can offer no certainty to those who have not taken steps to move off LIBOR by end-2021. Many market participants strive for certainty in their contractual arrangements."

### THE VOLUME OF DOCUMENTARY CHANGES NEEDED TO IMPLEMENT THE TRANSITION FROM LIBOR WILL BE SIGNIFICANT.

Using the leading size and scale of our domestic and international network and our investment in advanced technology we have created a streamlined approach to manage these changes.

This is a single point solution to assist banks and financial institutions to centrally manage pools of loans to ensure consistency of approach throughout your portfolio.

We have broken the process down into the following components:

## AUDIT



### Audit the existing loan book and create pools of loans which have similar properties in LIBOR terms.

This would include reviewing the interest rate and hedging provisions, the financial covenants, the cash traps, and all other interest rate related terms.

## ANALYSE



### Applying the bank's transitioning methodology to the each pool of loans.

This would include applying the transitioning methodology to, for example, the financial covenants to ensure that the outcome in commercial terms is unaffected.

## EXECUTE



### Executing the amendments required whilst safeguarding the security.

By streamlining amendments consistently across pools of loans, we can keep the process efficient and lower cost

By using sophisticated AI technology and streamlining IT solutions together with careful process mapping we can carefully price this work whilst:



Keeping the amendments consistent between all your loans



Providing regular MI on the status of all of the required amendments

## BCLP Cubed



We can do this by combining the skills of the largest and most geographically diverse Real Estate Finance team in the country with the skills of our recently launched BCLP Cubed division. This collaboration ensures that we are one of the only firms built to deliver a project of this size and complexity.



**NAVEEN VIJH**  
Partner, London  
naveen.vijh@bclplaw.com  
T: +44 (0) 20 3400 4536



**GORDON MCMILLAN**  
Partner, London  
gordon.mcmillan@bclplaw.com  
T: +44 (0) 20 3400 3254