

Derivatives & Hedge Accounting: US Dollar LIBOR Transition to SOFR

Tuesday, March 19, 2019
ISDA Conference Center
New York

In the United States, the Alternative Reference Rate Committee (ARRC) was convened by the Federal Reserve to identify a set of alternative benchmark interest rates more firmly based on transactions from a robust underlying market. The Secured Overnight Financing Rate (SOFR) was selected as the preferred alternative Risk-Free Rates (RFRs) interest rate for the United States.

Hedge accounting is a vital risk management tool connecting cash and derivatives markets and the lack of understanding of the transition to risk-free rates may have important consequences for banks, corporates and end-users.

U.S. dollar LIBOR, like all interbank offered rates (IBORs) across the globe, plays a central role in financial markets, as U.S. LIBOR is the benchmark interest rate to hundreds of trillions of dollars in notional of derivatives and trillions of dollars in bonds, loans, securitizations and deposits.

This conference will give market participants a comprehensive understanding of the issues that will have an impact on their business due to the transition to RFRs and the accounting implications of replacing LIBOR.

Educational Credits

4 CPE Credit Hours Available (New York)
Transitional and Nontransitional

8:15 AM

Registration and Continental Breakfast

8:45 AM

Introduction and Welcoming Remarks

Antonio Corbi, Director, Risk and Capital, ISDA

9:00 AM

Transition away from US Dollar LIBOR to SOFR

- Characteristics of SOFR: How is it calculated and how does it behave?
- Market efforts around adoption and use of SOFR
- Progress in developing frameworks for transition of LIBOR-based contracts to SOFR
- Development of a term SOFR rate: mechanics and timing

Jon Tkach, Director, Risk Solutions Group, Barclays

9:45 AM

Addressing the Major Accounting Concerns around Transitions

- Legacy trades: do not let the event catch you up by surprise
- Does the transition to the alternate RFR constitute a modification or extinguishment of the financial instrument?
- Does the transition result in a new hedging instrument and discontinuation of current hedge relationships?
- How should we assess the 'probability of cash flows' and impact on hedge accounting
- How to manage de/re-designations
- Reassessing and re-documenting existing hedge relationships

Matthew Esposito, *Managing Director, Accounting Policy, Citigroup Inc.*

10:30 AM

Preparing for Potential Ineffectiveness and/or Hedge Accounting Failure

- Situations in which hedge relationships may need to be discontinued
- How to calculate ineffectiveness for fair value hedges in the context of RFRs
- Practical considerations for modelling risk-free rates for SOFR transactions
- Illiquidity of risk-free rates and potential impacts on modelling – could hedge accounting failure result?
- Potential impact on balance sheet and the P&L from ineffectiveness and hedge accounting failure

Rob Anderson, *Director, Hedge Accounting, Chatham Financial*

11:10 AM

Coffee Break

11:30 AM

Standard Setting Response and Post 2021

- Understanding the broader impacts beyond hedge accounting
- Assessing the impact of SOFR transition on other instruments or transactions
- Wider impact of SOFR in accounting measurements
- IASB activity in response to IBOR transitions
- Last of Layer Method

William Fellows, *Partner, Deloitte Advisory, Deloitte & Touche LLP*

12:15 PM

How to be Ahead of your Competitors

- Multiple functions within a company are impacted by LIBOR transition
- Establishing comprehensive organization-wide program management and governance is essential to ensure the transition is successfully executed
- How to coordinate across different areas
- Providing appropriate project oversight and governance
- Liaising effectively with technical experts, regulators and other stakeholders

Hee Lee, *Partner, Ernst & Young*

1:00 PM

Conference Concludes

Agenda is subject to change.

Venue Location:

ISDA Conference Center, 10 East 53rd Street (entrance on 52nd and 53rd Street), 8th Floor, New York, NY 10022, Phone: +1 (212) 901-6000. Please find a map to the venue [here](#).

ISDA has a special rate available at the Omni Berkshire Place, 21 East 52nd Street, New York, NY 10022, +1 212-753-5800, located on the same block as the ISDA Conference Center. For reservations online [click here](#) OR call the Reservation Center at +1 800-843-6664 and mention the International Swaps and Derivatives Association, Inc. (ISDA) special rate. ISDA's special rate is based on availability at the time of booking.

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