**LIBOR Self-Assessment Tool**

Attachment to OCC Bulletin 2021-46, “LIBOR Transition:

Updated Self-Assessment Tool for Banks”

|  |  |  |
| --- | --- | --- |
| **Overall comments:** | | |
| **Exposure assessment and planning** | | |
| **Objective:** Is the bank managing LIBOR cessation from an appropriately detailed transition plan commensurate with the size and complexity of LIBOR exposures? Keep in mind that even a few contracts (e.g., loans) could pose material reputation risk to a bank and materially affect earnings through legal expenses. Consider in your assessment: | Yes  No | Comments: |
| 1. Did management identify and quantify LIBOR exposure in all product categories and lines of business, both on- and off-balance-sheet, and asset management activities outside of loans and deposits? | Yes  No |  |
| 1. Did management assess all third-party-provided products, services, and systems for LIBOR exposure? | Yes  No |  |
| 1. Has management held discussions with third parties about exposures and the third parties’ transition plans and progress? | Yes  No |  |
| 1. Has management performed a LIBOR risk assessment that covers applicable risk areas, such as compliance (including legal and consumer harm), operational, reputation, and strategic? | Yes  No |  |
| 1. Did management assess the potential impact(s) to the bank’s customers? | Yes  No |  |
| 1. Does the bank’s preparedness plan include appropriate strategies to inventory, analyze, and assess the risk associated with new and existing contracts? Do strategies include assessing the adequacy of fallback language in new and existing contracts? | Yes  No |  |
| 1. Does the bank’s preparedness plan consider limiting exposure by discontinuing the origination or purchase of LIBOR-indexed instruments? | Yes  No |  |
| 1. Did management develop appropriate plans to identify, monitor, and resolve system and infrastructure constraints (e.g., the ability of a system to handle compounding in arrears if the bank is electing to use the Secured Overnight Financing Rate)? | Yes  No |  |
| 1. Did management develop strategies to address third-party risk management issues? | Yes  No |  |
| 1. Did management assess the potential financial impacts, both balance sheet and earnings, from LIBOR transition and develop plans to manage and mitigate the risks accordingly? | Yes  No |  |
| 1. Is the formality of the plan commensurate with the size and complexity of the bank’s LIBOR exposures? | Yes  No |  |
| 1. Did all relevant parties have input into the plan (e.g., legal, treasury, accounting, compliance, operations/information technology)? | Yes  No |  |
| 1. Does the plan establish reasonable time frames for completing key activities and assigning accountability for deliverables? | Yes  No |  |
| **Objective:** Does the bank have appropriate processes in place to implement LIBOR transition plans? | Yes  No |  |
| 1. Has the management tasked an individual or committee/working group with the responsibility for coordinating and implementing the preparedness plan? | Yes  No |  |
| 1. Does management have appropriate communication plans for engaging with affected customers and counterparties? | Yes  No |  |
| 1. Does management provide accurate, timely, and complete reports to senior management and the board to monitor progress in implementing the transition plan (e.g., reports that monitor progress and challenges in renegotiating existing contracts)? | Yes  No |  |
| 1. Does the board receive LIBOR transition reports with an appropriate frequency? | Yes  No |  |
| **Replacement rates** | | |
| **Objective:** Did management plan for and identify appropriate replacement rates and spread adjustment methodologies? While the OCC does not endorse a specific LIBOR replacement rate, the supervisory expectation is that the rates identified are robust. Consider in your assessment: | Yes  No | Comments: |
| 1. Has management developed appropriate strategies to identify replacement rates and spread adjustments and modify new and existing contracts, as necessary? Consider in your assessment: | Yes  No |  |
| * 1. Have strategies addressed replacement rate availability, suitability, and appropriateness? | Yes  No |  |
| * 1. Have strategies addressed uncertainty of alternative rates market liquidity and availability and management’s strategies to mitigate the risks associated with illiquid or unavailable alternative rates markets? | Yes  No |  |
| 1. Has management identified appropriate replacement rates and adjustment methodologies that do not result in customer harm or expose the bank to unwarranted compliance and reputation risks? | Yes  No |  |
| 1. If management has identified replacement rates, can the bank’s systems accommodate the rates? | Yes  No |  |
| 1. Are the identified replacement rates sufficiently robust? Consider in your assessment: | Yes  No |  |
| 1. During a stress period, will the rates reflect competitive forces of supply and demand from a sufficient number of arms-length transactions? | Yes  No |  |
| 1. Can market participants independently confirm the rates published by the benchmark administrator? | Yes  No |  |
| 1. Is the market for financial instruments that use the rate deep and liquid enough to allow the bank to easily manage the market risk of assets and liabilities that use the rate? | Yes  No |  |
| 1. Do the underlying data span at least one full economic cycle? | Yes  No |  |
| **Fallback language** | | |
| **Objective:** Did management plan for and take sufficient actions to ensure the appropriateness of fallback language in both existing contracts and new contracts? | Yes  No | Comments: |
| 1. Did management’s analysis of fallback language include an assessment of whether the fallback language has clear and executable terms? | Yes  No |  |
| 1. Did management assess the appropriateness of contract elements for existing and new contracts? | Yes  No |  |
| 1. For derivatives exposures, did management take appropriate steps to determine whether adherence to the International Swaps and Derivatives Association’s new contract provisions is feasible? | Yes  No |  |
| 1. Has management identified fallback language for legacy contracts? | Yes  No |  |
| 1. Did management determine the laws and regulations applicable to contract negotiations and implement controls for compliance during negotiations? | Yes  No |  |
| 1. Did management begin negotiations to modify fallback language in legacy contracts? If not, are there plans to do so? | Yes  No |  |
| 1. Is management using robust fallback language when executing new contracts? | Yes  No |  |
| **Progress and oversight** | | |
| **Objective:** Is progress toward LIBOR cessation preparedness sufficient given the size and complexity of risk exposures? Consider in your assessment: | Yes  No | Comments: |
| 1. Is the bank on track in implementing its plans? | Yes  No |  |
| 1. Is management implementing a strategy to identify, monitor, resolve, and test system and infrastructure constraints? | Yes  No |  |
| 1. Has management begun to make the updates needed to bank policies, processes, personnel, and control systems? | Yes  No |  |