

A remediation solution for LIBOR transition project teams

Q2 2020



The challenge

Remediating LIBOR (and other IBOR) based contracts poses a significant challenge to financial institutions. The in-house teams implementing repapering projects are tasked with those challenges.

A large scale repapering project is complex and involves a significant number and variety of internal and external stakeholders. In many institutions, repapering projects also happen infrequently, meaning that little true institutional knowledge exists on such projects.

LIBOR transition poses additional challenges, with all financial institutions tackling it, and market positions being determined as the remediation progresses.

New technologies and working methods will transform the way this work is delivered. However, as with any new tools, their use and benefit will not be fully utilized if their exact capabilities and interpretations are not fully understood



LIBOR team challenges



Understanding institutional exposure across an extensive variety of contract types, and the required potential remediation.

Our expert team includes specialist lawyers in all agreement types.



Identifying the volume, location and format of documents across multiple systems and jurisdictions.

Our solution is designed to provide time and cost efficiency to LIBOR teams. We support project teams on approach and delivery of document identification, triage and sorting before any remediation begins.



Controlling and coordinating remediation timetables and obtaining required third party consents. Failure to achieve successfully remediated contracts creates significant commercial and reputational risk.



Performing day-to-day business responsibilities alongside their project responsibilities, creating time pressures.

Our delivery approach is designed to place minimum burden on internal project teams, while still ensuring complete oversight and control.



Facing senior and board level scrutiny internally, and regulatory scrutiny externally.

Stakeholder management is an integral part of our approach.



Creating contracts that are legally robust and commercially operational following remediation.

Senior legal oversight is provided throughout the due diligence, review and amendment phases to maintain the legal integrity of amended documents.



Making remediated contracts compatible with internal systems, storage and filing protocols so they can be re-imported into existing systems..

Remediated contracts are returned in an ordered and profiled state, equipping institutions to more easily use it for other insights, or complete similar exercises in the future.



Common pitfalls

LIBOR team challenges



Over or under estimating the contribution tech (AI especially) can make.

In the last 12 months, new and improved technology tools have come to market which can provide cost and time efficiencies in delivering a LIBOR transition project. However, relying on these tools to do things they can't, or failing to use them where they could add real value, has the potential to adversely affect the project delivery.

We have a dedicated team that has extensively tested many technologies to determine the most appropriate tools, and optimal blend of technology and human expertise.

Prioritizing delivery expertise (project management, process design and technology related etc.) to the exclusion of legal expertise – or vice versa.

The use of new tools and approaches mean LIBOR transition is a multidisciplinary project, in which delivery expertise, technological understanding and legal skills are equally important. It is vital that a project team is built which recognizes the value of these different skillsets so as to allow them to work effectively together. The importance of this is hard to overstate.

Our global team consists of experts in all relevant legal and non-legal disciplines. Our working practices enable such multidisciplinary teams to work seamlessly.

Not stress testing suppliers' level of understanding (and investment) in the processes and tech underpinning the delivery plan.

A full due diligence review of external support is strongly recommended. Has the internal team seen the tools that will be relied on? Have they been through the plan in sufficient detail that they would stake the success of the project on the plan? Completion of a LIBOR transition project is considerably more complicated than a typical mandate, especially given that the methodologies and technologies will be new to the internal project team. Effective risk transfer to an external provider for such a business critical project like LIBOR transition is almost impossible.

We engage openly with in-house project teams at every step, and welcome an early and thorough review of our baseline approach. We regularly hold process walk-throughs, or technology walk-throughs, including running trials or demonstrations on client documents.

The internal team needs to be appropriately confident in the solution.

Not engaging in an iterative and discovery-led process to co-design solutions with internal and external stakeholders.

An externally provided solution should be built around the priorities and particular needs and constraints of the institution. The institution's supplier should also be able to offer insight based on its experience with other organizations, so that the institution benefits from the institutional knowledge gained from similar projects.

We place significant importance on the early set-up stages of any LIBOR transition project. Through a series of workshops, our project design is based on specific client needs.

Underinvestment in internal engagement or full internal articulation of the risks and benefits of a solution.

The challenge of securing reliable budgets and resources is made significantly greater if the risks and challenges of the project are not fully understood. There are also vital internal stakeholders – such as information security – who may not have been closely involved in projects like this in the past. Early and effective engagement is vital.

We support project teams with internal engagement, including with senior management and information security. Especially where technical teams are involved, we bring in equivalent professionals who can work through issues to achieve balanced and pragmatic solutions.

LIBOR Transition Process

Project Set-up

Solution Design*

*an institution adapted design, using our pre-built LIBOR solution

Due Diligence

Ongoing support

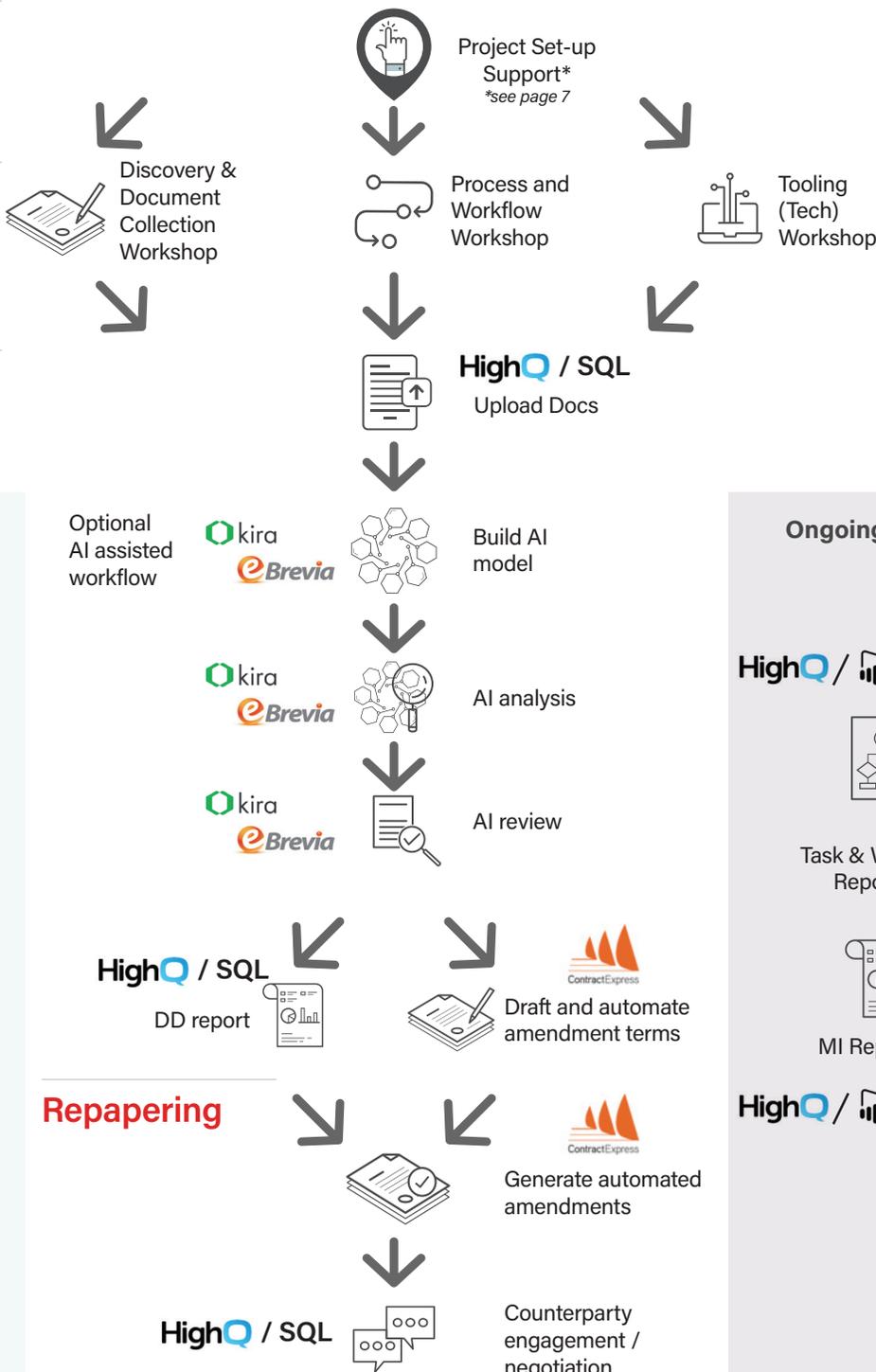


Tech deployment & support*

* tool agnostic: examples shown & can be provided, but can work on any industry standard platforms & internal systems



Project Management Office (PMO) support



Ongoing outputs

HighQ / Power BI



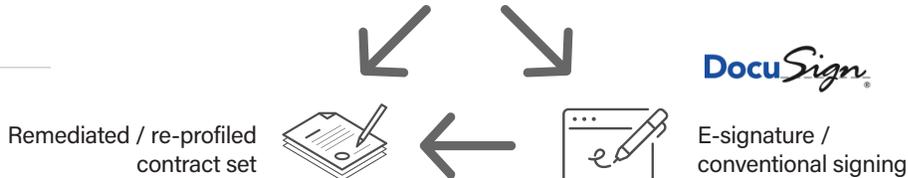
Task & Workflow Reporting



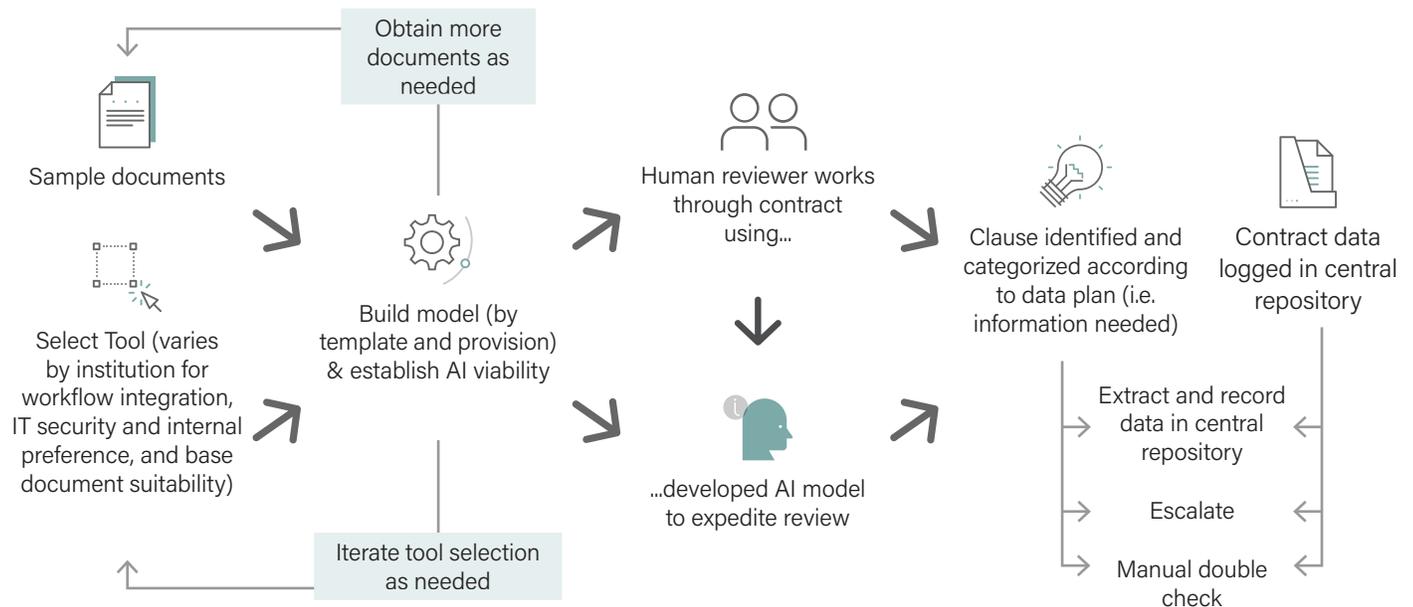
MI Reporting

HighQ / Power BI

Outputs

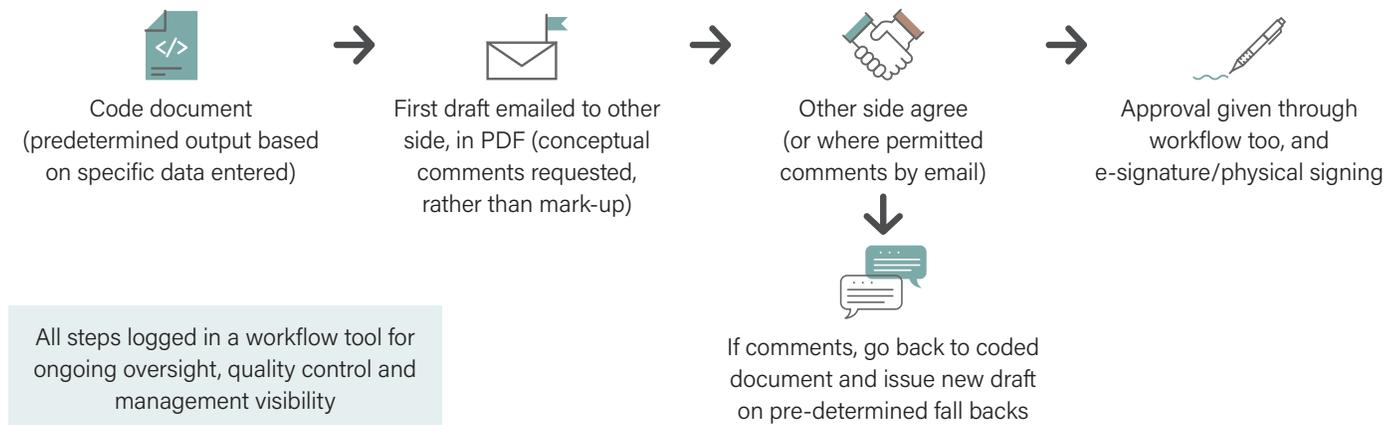


Process detail: AI review

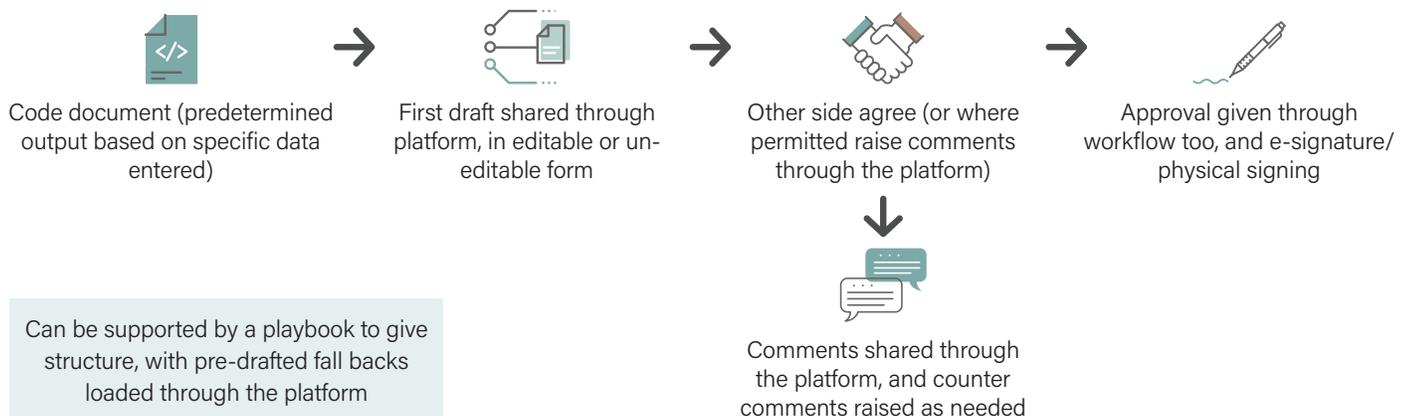


Process detail: document negotiation

Lower complexity - automation & documents / comments by email and PDF



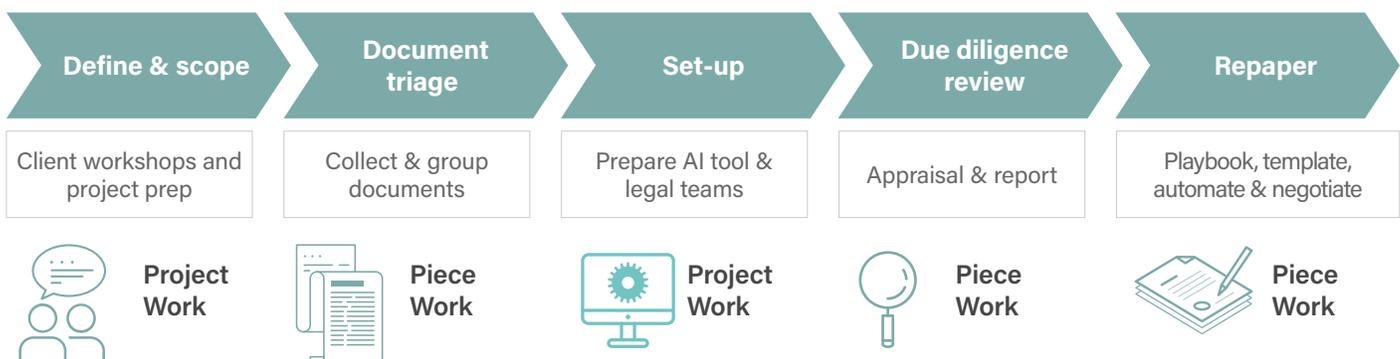
Higher complexity - automation and negotiation / advanced CLM tool



We offer a complete solution, designed to support project teams and stakeholders through a transition project. Our approach is always collaborative and open, and produces a tailored solution based on specific needs.

	Pre-developed solution, individually adapted	A solution built over an 18 month product development cycle, road tested with early movers, designed to be adapted to each institution's individual needs.
	Multidisciplinary team	Lawyers from one of the world's largest and leading finance practices (including loans, derivatives and regulatory expertise) work seamlessly with a market leading delivery team to create an innovative and flexible solution, designed around needs.
	Full tech stack / tool agnostic	AI and decision-based technology is utilized following extensive testing and assessment of all market-leading and established tools.
	Fully mapped process	Each stage in the end-to-end process has been fully mapped and is supported with appropriate workflow-creating efficiencies, by having the right people and technology doing the right tasks at the right time in the right location.
	Complete PMO support	A central PMO is set up to support every project, with a dedicated project manager assigned to manage the project alongside the client project team.
	Transparent & flexible pricing	A flexible pricing structure based on fixed prices for agreed outputs to aid budgeting and provide cost certainty.
	Modular structure	Modules include: Project set-up; Solution design (institution specific); Due diligence; Remediation. Each module is designed to allow project teams to access as much or as little external support as required.
	Fully scalable / flexible delivery timing	Flexible and scalable resourcing model, offering complete global coverage and delivery timing.
	Live online reporting	Real time reporting to provide project teams with high level or detailed data on project status and completion levels, reducing email traffic and reporting delays.

Defined resource plan per phase and task



Project set-up support

Some LIBOR transition projects are now well under way. Institutions which haven't yet begun, while they will face a tighter timetable, can gain late mover advantage by learning from others. Our project set-up support allows institutions to leverage extensive experience and best practice across the market. Our project set-up support can also provide additional and specific resources when capacity constraints impact delivery of a major project in the midst of a global pandemic.

Overview / planning workshop	An overview workshop with the complete internal project team, going through all elements of the remediation. Can be adapted to fit current project progress and status, and include senior stakeholders.	
Tech demos / advisory workshop	A workshop focusing on the available technology tools, their pitfalls and suitability for different use cases. Can include client document demonstrations.	
Process walk-through / advisory sessions	Workshops focusing on the end-to-end process, pitfalls and opportunities for risk avoidance and efficiency.	
Ongoing project delivery support	Overseen by our LIBOR program manager, secondees to project teams can be provided on areas from project design to internal document location and sorting.	
Strategic advisory support	Hotline for senior LIBOR team members to support the project with ongoing advice through its preparation phase.	

NRF Syke

When delivering project set-up support, we sometimes work through our joint venture, NRF SYKE, working with SYKE Legal Engineering, one of the leading and fastest growing legal technology consultancies.

To discuss these or to access a wide range of articles on the legal implications of the LIBOR transition (specific to jurisdictions and entity types), please contact us.

Visit our LIBOR Transition knowledge hub [here](#) for articles and other resources on the legal and regulatory implications of LIBOR transition.

Norton Rose Fulbright is advising a wide range of institutions on LIBOR transition, from globally systemically important banks, to asset managers, and boutique investment firms. For more information or support, please contact us.

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NRF Transform is our global change and innovation program. It aims to make how we deliver traditional services more effective and efficient, and to provide entirely new solutions to our client's most pressing business problems. It has over 150 staff in offices around the world, as well as 3 dedicated Hubs, and includes teams focusing on Applied Technology, Innovation, Legal Design, Legal Project Management, Legal Operations Consulting, Resource Management, and Commercial Management.

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