

Statement from the EUR Risk Free Rates Working Group

On December 2nd the CFTC Market Risk Advisory Committee (MRAC) published [part II](#) of the RFR First initiative for cross currency swaps which recommends adopting SOFR instead of USD LIBOR in all new cross currency swaps activity with a USD LIBOR leg in the interdealer market from 13th December 2021*.

The EUR Risk Free Rates Working Group (EUR RFR WG) supports this initiative, recommends alignment with part II in EU interdealer cross currency swap markets, and recognises that this helps market participants to meet the target of ceasing new use of USD LIBOR as of the end of 2021 (except for certain risk management exceptions) per guidance from US and UK authorities.

Moreover, the EUR RFR WG also recommends the adoption of €STR for the EUR leg of EUR vs USD cross currency swaps in the EU interdealer market as of 13th December 2021.

* This follows part I of the initiative when the CFTC MRAC recommended a switch of GBP, JPY, CHF and USD LIBOR cross currency pairs to use alternative Risk Free Rates as of 21st September 2021 in the interdealer market.