

ROMULUS

IBR - RFR Transition

Four Essentials to IBOR Exposure Discovery

WHITEPAPER

A \$300 TRILLION PROBLEM...

With over \$300 trillion of contracts having IBOR exposure, the IBOR-RFR transition process could have a potential economic impact comparable to that of Brexit.

To address this complex and important problem, cross-divisional Transition Teams have had to be set up, diverting time & efforts from other mission critical projects.

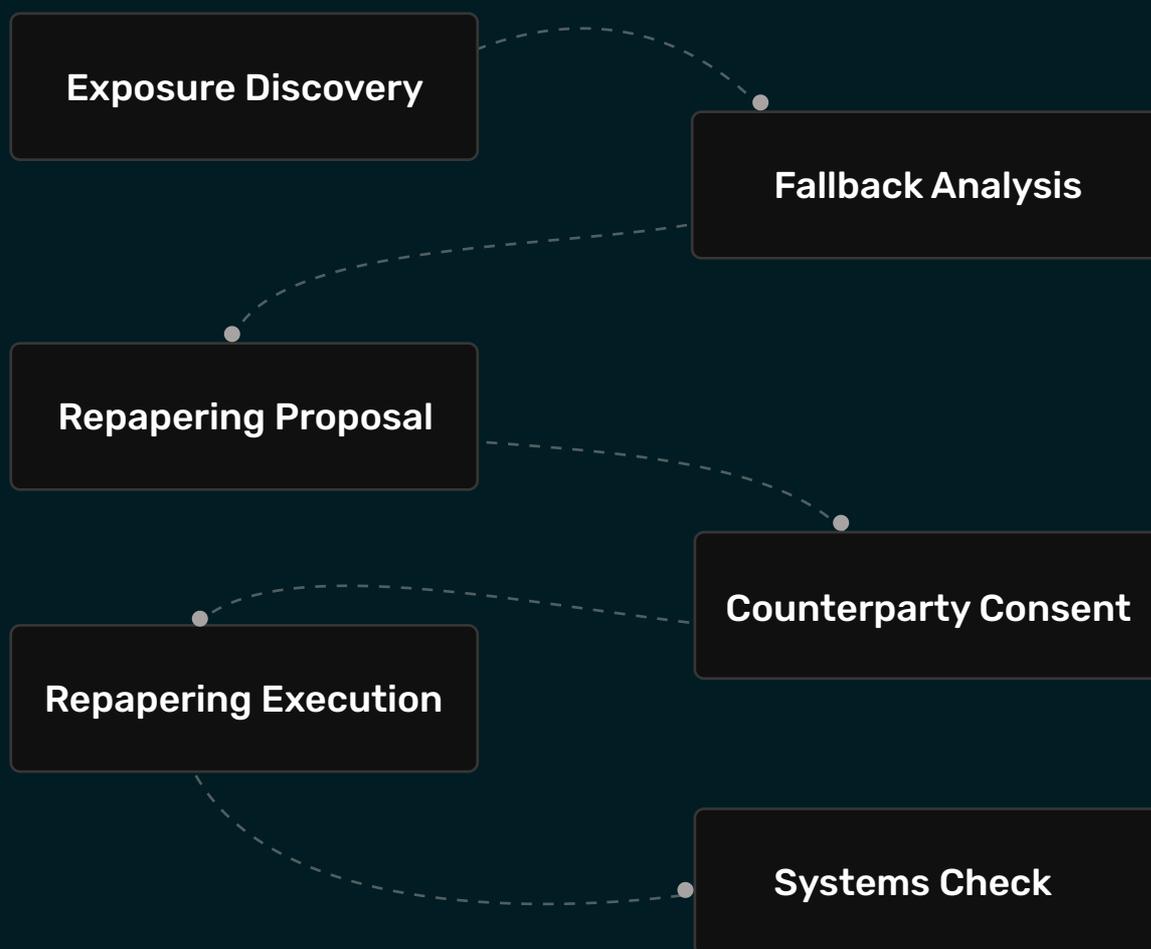
Composition of a typical Transition Team –



NEEDING A MULTI-PHASE SOLUTION

With the December 31st, 2020 deadline to phase out IBOR from legacy contracts fast approaching, it becomes imperative that Transition Teams lay out in detail, not just the sequence of processes & procedures required, but also to set up deadlines that the many teams involved are able to adhere to.

Simplified Transition Process Schema –



DISCOVERY IS VITAL

As Transition Teams run through a phased process the success of every stage dependent on the reliable and precise execution of preceding stages.

This makes Exposure Discovery a vital step in the process, whose thoroughness and completeness is vital to the remaining stages. Exposure Discovery is challenging on several fronts:

- **DIVERSE**

Owing to the wide range of products & businesses involved, exposure is likely to be documented across a variety of formats & systems

- **LEGACY**

There could be gaps in the institutional knowledge around contracts that were entered into decades ago which were recorded in legacy systems.

- **HIDDEN**

In instances where IBOR exposure is contingent; such as when delayed payments are subject to a late payment fee linked to IBOR; booking systems might not reflect any IBOR exposure

FOUR ESSENTIALS TO EXPOSURE DISCOVERY

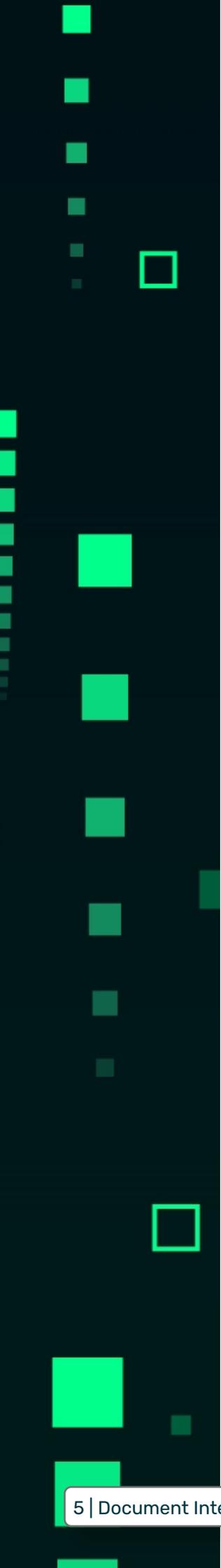
Successful IBOR Exposure Discovery needs four essential pieces:

- **CAST A WIDE NET**

Ensure that a comprehensive collection of contracts, associated documents and booking information is brought into the evaluation process.

- **STANDARDIZE DELIVERABLES**

Agree on a common set of deliverables & define associated requirements from the Exposure Discovery that across various divisions & departments.



- **DEFINE PROGRESS & QUALITY METRICS**

Measure progress and completion rates to appropriate metrics that have been defined and agreed to upfront. Further define tests that ensure that the quality of the exposure discovery process is not compromised in the interest of getting through it quickly.

- **INVEST IN DOCUMENT Intelligence**

Exposure Discovery involves dealing with documents of diverse formats, structures & vintages. Conventional automation techniques can deliver piecemeal solutions that suit specific use cases that might not be scalable or holistic. Investing in a Document Intelligence Platform that can deal with the complexity of Exposure Discovery will give you the control & comfort you need to keep your Transition process comprehensive & on schedule.

About Romulus

Romulus is a Document Intelligence Platform that helps Financial Services firms create workflows that require processing diverse, complex or unstructured documents. To know more visit: <https://www.romulus.co>