



Using Luminance to transition from LIBOR



Regulators across the world have signalled clearly that firms should transition away from the London Interbank Offered Rate (LIBOR) to alternative overnight risk-free rates (RFRs). LIBOR underpins contracts affecting banks, asset managers, insurers and corporates estimated at \$350 trillion globally on a gross notional basis, giving an indication of the importance placed upon a smooth transition between rates. However, LIBOR is so embedded in the day-to-day activities of providers and users of financial services that just identifying a firm's various exposures to it is an extremely complex task. Given this, many market participants have already embarked on transition programmes but, as regulators like the FCA have pointed out, the pace of transition is not yet fast enough. Ensuring compliance with the transition from LIBOR has the potential to be a time consuming and expensive exercise. However, to avoid reputational, legal and commercial risk later, it is vital that organisations take action now.

Luminance empowers lawyers to meet the challenges posed by LIBOR transition by ensuring **risks are exposed and rapidly mitigated.**

Methods such as sampling pose serious problems, since lawyers need to be sure of compliance in every contract, not just those in a sampled subsection. Underinvesting in LIBOR compliance could cost far more in litigation and reputational damage. Law firms in many countries are therefore turning to Luminance as a solution to LIBOR transition compliance.

Luminance's pioneering core intelligence, the Legal Inference Transformation Engine (LITE), uses a combination of cutting edge supervised and unsupervised machine learning algorithms to read and form an understanding of documents in datasets, no matter how vast. Luminance provides lawyers with an immediate and unparalleled insight into their documents, rapidly analysing all information, labelling key data points and flagging anomalies.

A global top 100 firm achieved **70% time savings** using Luminance. This gave them the time to offer LIBOR work to clients and generated a new revenue stream for the firm.

For lawyers faced with the huge data volumes to pore over during LIBOR reviews, Luminance's machine learning enables them to save significant amounts of time and cost. For one Luminance customer, a global top 100 firm, the huge data volumes involved in LIBOR work made it unprofitable to offer such services when using manual review processes. However, with Luminance they were able to dramatically lower the number of hours required and costs involved to complete the same amount of work. With time savings of 70% per project, the firm was able to offer LIBOR work to clients, thereby opening up a new revenue stream for the firm.

Using Luminance for LIBOR compliance is quick and simple. Another firm undertook a LIBOR review of approximately 300 documents using Luminance. They were immediately able to take advantage of Luminance's document classification and clustering to identify what documents and templates they had in the data set. Luminance's pre-set clause models automatically identified key concepts that were relevant to their review, including:

1. LIBOR fallback
2. Change of Law
3. Amendment rights
4. Maturity date
5. LIBOR linked interest date

Once they had tagged key clauses and made initial notes on the documents, they were able to send the first stage report to the client outlining their findings in record time, providing their client with important answers quickly.

Luminance empowers lawyers to meet the challenges posed by LIBOR transition by gaining enhanced oversight over datasets and ensuring risks are exposed and rapidly mitigated.

For more information about Luminance and to receive our step-by-step project guides, please email info@luminance.com

About Luminance

Luminance is the leading artificial intelligence platform for the legal profession, with over 250 customers in more than 50 countries. Luminance's machine learning technology reads and forms an understanding of documents, helping lawyers to perform the most thorough and rapid document reviews across practice areas including due diligence, contract negotiation, regulatory compliance reviews, property portfolio analysis and eDiscovery. Luminance has offices in London, Cambridge, New York and Singapore.