

IBA and Regulators Announce Major New Developments Related to the Publication and Use of USD LIBOR Beyond 2021

November 30, 2020 | Client Update

In a very significant development, the administrator of LIBOR announced on November 30 that it expects in early December to consult on its intention to cease the publication of most USD LIBOR settings after June 30, 2023. This means that the most used USD LIBOR settings will likely continue to be published for an additional one-and-a-half years after the expected deadline of December 31, 2021.

Also on November 30, the Federal Reserve Board, the FDIC and the OCC issued a statement to encourage banks to transition away from USD LIBOR as soon as practicable. The statement says that the agencies believe that entering into new contracts that use USD LIBOR as a reference rate after December 31, 2021 would create safety and soundness risks. It also says that new contracts entered into before that date should either utilize a reference rate other than LIBOR or have robust fallback language that includes a clearly defined alternative reference rate.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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