

## Life after Libor - assistance for legacy contract holders

The UK Financial Conduct Authority is considering whether it will be necessary to publish some synthetic London Interbank Offered Rate (Libor) benchmarks after the termination dates set out by ICE Benchmark Administration to assist legacy contract holders.

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On enactment of the Financial Services Bill by the UK Parliament, amongst other things, the UK Financial Conduct Authority (the FCA) will have the power to require continued publication of Libor benchmark settings on a synthetic basis. The FCA has emphasised that the intention of publishing Libor settings on a synthetic basis is to assist legacy contract holders. The use of synthetic Libor by UK-regulated firms in regulated financial instruments will be prohibited under the UK Benchmark Regulation (the BMR), as amended by the Financial Services Bill.

In December 2020, the regulated administrator of Libor, ICE Benchmark Administration (the IBA), published a consultation document on its intention to cease publication of the 35 Libor benchmark settings it currently publishes, subject to any rights of the FCA to compel it to continue publication.

After the completion of the consultation, the IBA announced on 5 March 2021 that it would cease publication of the various Libor benchmark settings in stages up to 31 December 2023, unless the FCA exercises its proposed powers under the Financial Services Bill.

The FCA, which is required by the BMR to assess how the IBA intends to cease providing Libor benchmark settings, completed its assessment and published a statement shortly after the IBA's announcement on 5 March 2021.



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Below is a summary of the FCA's response to the staged cessation of the publication of Libor benchmark settings:

## **US Dollar Libor**

The publication of the overnight and 12-month US dollar Libor settings will cease immediately after 30 Jun 2023.

However, the FCA will continue to consider the case for using its proposed powers to require the continue publication of the 1-month, 3-month and 6-month US dollar Libor settings after 30 June 2023 on a non-representative, synthetic basis, taking into account the views and evidence from the US authorities and oth stakeholders.

## **Sterling Libor**

The FCA will consult on requiring the IBA to continue to publish three sterling Libor settings (1-month, 3-month and 6-month) using its proposed powers on a non-representative, synthetic basis for a period after the end of 2021. The remainder of the sterling Libor settings will no longer be published after the end of 2021.

## **Yen Libor**

To protect market integrity by allowing more time for the move away from Japanese yen Libor, the FCA wi consult on requiring the IBA to continue publishing the 1-month, 3-month and 6-month Japanese yen Libor settings after the end of 2021 on a non-representative, synthetic basis until 31 December 2022.

## **Other Libor**

All euro and Swiss franc Libor settings as well as the Japanese yen Libor settings and sterling Libor settin not expressly referred to above will cease immediately after 31 December 2021.

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