

Bond Case Briefs

Municipal Finance Law Since 1971

Joint Letter on Alternative Reference Rates Committee's Legislative Proposal.

SUMMARY

We are writing to make you aware of an issue that, if left unaddressed, could have significant consequences not only for the State of New York and its residents, but for U.S. and global markets. Avoiding further unnecessary disruptions will be especially important as the economy seeks to recover from the damage done from the pandemic. As you are likely aware, the regulator of LIBOR, an interest rate benchmark used in an estimated \$200 trillion of financial transactions, has stated that LIBOR will end and warned that market participants should prepare for the risk that it may be discontinued as soon as the end of 2021. However, many existing contracts either do not address a permanent end to LIBOR or have ambiguous fallback language that could dramatically alter the economics of hundreds of thousands of contracts.

This legal uncertainty could create complex problems for parties or courts to sort out, and create great uncertainty in financial markets. Many of the financial products and agreements that reference LIBOR are governed by New York law. It is because of this, and New York's critical role in financial markets, that we urge your consideration of the Alternative Reference Rates Committee's legislative proposal.

[Read the Letter.](#)