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SIFMA: Joint Trades Letter on LIBOR Contracts

SUMMARY

SIFMA and the undersigned organizations write in support of federal legislation to address "tough legacy"contracts that utilize LIBOR. There are trillions of dollars of outstanding contracts, securities, and loans that use LIBOR for their interest rates but do not have appropriate contractual language to address a permanent cessation of US dollar LIBOR, which will occur in June 2023.

Existing interest rate fallback provisions may not address the issue at all, may result in adjustable-rate contracts becoming fixed-rate contracts based on the last known LIBOR, or may defer to a party's judgement to replace LIBOR with a comparable interest rate index.

In any case, it is likely that ineffective or ambiguous fallback provisions will result in uncertainty, litigation, and harm to consumers, businesses, and investors.

Read the SIFMA letter.