

MEMO# 32777

September 24, 2020

LIBOR Update: ICI Global Submits Position Paper on the European Union Benchmark Regulation

[32777]

September 24, 2020 TO: ICI Global Regulated Funds Committee

LIBOR Transition Working Group

SEC Rules Committee RE: LIBOR Update: ICI Global Submits Position Paper on the European Union Benchmark Regulation

ICI Global submitted feedback on the European Commission's proposal to amend the Benchmark Regulation (BMR).[\[1\]](#) As previously discussed, the proposed BMR would allow the European Commission to designate a replacement benchmark rate to substitute for LIBOR in "tough legacy" contracts that still reference LIBOR after that rate is discontinued.[\[2\]](#)

ICI Global's position paper supports the proposal in general but urges the Commission to consider how its proposed tough legacy solution will align with those proposed around the globe. Consistent approaches, narrowly tailored to the effects of LIBOR transition, will promote legal certainty and support funds' operational transition.

We recommend that the Commission clarify the scope of the BMR in multijurisdictional contracts between EU-supervised entities and entities domiciled or regulated in other countries. We further recommend that the Commission take into account industry rate conventions in setting replacement rates for LIBOR in applicable currencies. Finally, we recommend that the Commission promote a consistent approach to contracts entered into by EU entities and governed by the law of an EU Member State to ensure a comprehensive solution to tough legacy contracts within the EU.

Bridget Farrell
Assistant General Counsel

[Attachment](#)

endnotes

[1] European Commission's proposal to amend EU rules on financial benchmarks (Jul. 24, 2020), *available at* https://ec.europa.eu/info/publications/200722-proposal-benchmarks_en.

[2] See ICI Memorandum No. 32639, *available at* https://www.ici.org/libor/ici_resources/memos/memo32639.

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