

MEMO# 32706

August 25, 2020

LIBOR Update: Draft Comment Letter on European Commission Benchmark Regulation Proposal; Member Feedback Requested by September 15

[32706]

August 25, 2020 TO: ICI Global Regulated Funds Committee
LIBOR Transition Working Group

SEC Rules Committee RE: LIBOR Update: Draft Comment Letter on European Commission Benchmark Regulation Proposal; Member Feedback Requested by September 15

As previously reported, the European Commission issued a proposal to amend the European Union Benchmark Regulation (BMR). The amended regulation would allow the European Commission to designate a replacement benchmark rate to substitute for LIBOR in legacy contracts that still reference LIBOR after it is discontinued.^[1] The proposed BMR would apply the replacement benchmark rate only to contracts involving EU-supervised entities, such as banks, investment firms or asset managers.

Please provide any written comments to Bridget Farrell at bridget.farrell@ici.org by close of business on September 15. Comments on the proposal are due to the European Commission by October 6.

The draft letter supports the proposed BMR as it addresses the uncertainty in transitioning tough legacy contracts away from LIBOR. We recommend that the Commission also clarify the scope of the proposed BMR in multijurisdictional contracts between EU-supervised entities and entities domiciled or regulated in other countries. We further request that the Commission take into account industry recommendations for rate conventions in setting replacement rates for LIBOR in applicable currencies. Finally, we urge the Commission to recommend that Member States enact complementary legislation that would apply the proposed BMR's approach to non-EU-supervised entities. Doing so will ensure a coordinated and comprehensive approach to LIBOR transition throughout the European Union.

Bridget Farrell

[Attachment](#)

endnotes

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

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