

**MEMO# 33822**

October 14, 2021

# **LIBOR Update: Your Feedback on ICI's Draft Response to Financial Conduct Authority Consultation on Tough Legacy Requested by October 18**

[33822]

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TO: Global Regulated Funds Committee

LIBOR Transition Working Group RE: LIBOR Update: Your Feedback on ICI's Draft Response to Financial Conduct Authority Consultation on Tough Legacy Requested by October 18

As recently discussed, the UK Financial Conduct Authority (FCA) issued a consultation soliciting feedback on which legacy contracts and financial instruments it should permit to use the synthetic UK sterling and Japanese yen LIBOR rates and whether to prohibit most new uses of US dollar LIBOR after end-2021.[\[1\]](#)

ICI has drafted the attached response to the FCA's consultation. Overall, our draft urges the FCA to promote international consistency when determining whether to permit any use of synthetic LIBOR in legacy contracts and whether to restrict new use of US dollar LIBOR. Specifically, in our draft response:

- We commend the FCA for taking an expansive view on the types of legacy contracts that it will permit to use synthetic sterling and yen LIBOR rates through 2022 and request that it consider expanding the use of synthetic LIBOR rates beyond 2022 if legacy contracts persist.
- We recommend that avoiding material differences, overlaps, or gaps in coverage between the FCA's approach to resolving tough legacy contracts and that of other global regulators would accelerate the progress of market participants' operational readiness and reduce the opportunity for regulatory arbitrage or adverse market impacts.
- We support the FCA's approach to restricting use of US dollar LIBOR rates, with limited exceptions, after end-2021. We also caution the FCA that differences between its approach and that in the US could cause disconnects leading to confusion and disruption.
- We recommend that the FCA proactively take steps to support US dollar LIBOR as a representative rate through June 2023 and prepare to offer synthetic US dollar LIBOR

rates after that time.

Feedback on ICI's draft response would be appreciated by end of day, Monday, October 18, 2021. Please contact Bridget Farrell at [bridget.farrell@ici.org](mailto:bridget.farrell@ici.org) with any questions or feedback.

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**endnotes**

[1] See ICI Memorandum No. 33797, available at <https://www.ici.org/memo33797>.

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