

MEMO# 33837

October 20, 2021

LIBOR Update: ICI Submits Response to Financial Conduct Authority Consultation on Tough Legacy

[33837]

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TO: ICI Global Members

Global Regulated Funds Committee

LIBOR Transition Working Group SUBJECTS: Compliance

Derivatives

Fund Governance RE: LIBOR Update: ICI Submits Response to Financial Conduct Authority Consultation on Tough Legacy

The UK Financial Conduct Authority (FCA) recently 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's response to the consultation 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:

- We commend the FCA for taking an expansive view on the types of UK 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 avoiding material differences, overlaps, or gaps in coverage between the FCA's approach to resolving tough legacy contracts and that of other global regulators.
- We support the FCA's approach to restricting new use of US dollar LIBOR rates, with limited exceptions, after end-2021, largely consistent with the US prudential regulator approach.
- We recommend that the FCA proactively take steps to support US dollar LIBOR as a representative rate through June 2023 and consider whether UK supervised entities would benefit from synthetic US dollar LIBOR rates after that time.

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endnotes

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

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