

Press Release

November 30, 2020

Federal Reserve Board welcomes and supports release of proposal and supervisory statements that would enable clear end date for U.S. Dollar (USD) LIBOR and would promote the safety and soundness of the financial system

The Federal Reserve Board on Monday welcomed and supported the release of a proposal and supervisory statements that would enable a clear end date for U.S. Dollar (USD) LIBOR and would promote the safety and soundness of the financial system. The announcements today by regulators in the United States and United Kingdom and by the benchmark administrator for LIBOR together lay out a path forward in which banks should stop writing new USD LIBOR contracts by the end of 2021, while most legacy contracts will be able to mature before LIBOR stops.

"Today's plan ensures that the transition away from LIBOR will be orderly and fair for everyone—market participants, businesses, and consumers," said Vice Chair for Supervision Randal K. Quarles.

Under the proposal from LIBOR's administrator, ICE Benchmark Administration Limited (IBA) will consult in early December on its intention to cease the publication of the one week and two month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023.

LIBOR's regulator, the United Kingdom's Financial Conduct Authority (FCA), also issued a [statement](#) welcoming these developments. The FCA indicated it will, in coordination with US authorities and relevant authorities in other jurisdictions, consider whether and, if so, how to most appropriately limit new use of USD LIBOR by supervised entities in the UK, consistent with the FCA's objectives of protecting consumers and market integrity.

Concurrently, the Federal Reserve Board, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation released a [statement](#) explaining that the June 30, 2023 cessation date for which IBA is consulting would allow time for "legacy contracts"—USD LIBOR transactions executed before January 1, 2022—to mature. The guidance further notes that entering into new USD-LIBOR-based contracts creates safety and soundness risks. Given that, the banking agencies encourage banks to stop entering into those new contracts by end-2021.

"These announcements represent critical steps in the effort to facilitate an orderly wind-down of USD LIBOR," said John Williams, President of the Federal Reserve Bank of New York, in his capacity as Co-Chair of the Financial Stability Board's Official Sector Steering Group. "They propose a clear picture of the future, to help support transition planning over the next year and beyond."

For the purposes of language adopted by the International Swaps and Derivatives Association, this statement should not be read as announcing that the LIBOR benchmark has ceased, or will cease, to be provided permanently or indefinitely or that it is not, or no longer will be, representative.

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