



FEDERAL RESERVE BANK *of* NEW YORK

Last Call on LIBOR: Final Steps to Transition Preparing for Cessation Part I: Contract Assessment & Remediation

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July 11, 2022

Alternative Reference Rates Committee

LIBOR Legacy Playbook

Anticipated Status of LIBOR Contracts After June 30, 2023

Trigger Events/Governing Law:

Fallback Type:	Precession Trigger Included	No Precession Trigger, Contract under US law	No Precession Trigger, Contract under foreign law
Hardwired fallback to ARRC recommended or other specific rate	Contract will move to ARRC recommended or other specified hardwired replacement after June 30, 2023	Contract may reference synthetic LIBOR, if published, until LIBOR ceases publication, then move to the hardwired replacement rate	Contract likely to reference synthetic LIBOR, if published, until LIBOR ceases publication, then to move to the specified replacement rate
Fallback to be selected by a Determining Person	Contract will move to rate selected by Determining Party after June 30, 2023 or to the Fed selected replacement if the Determining Party does not choose any replacement	Contract will move to Fed selected replacement after June 30, 2023 if Determining Party chooses it or does not choose any replacement, but may remain on synthetic LIBOR, if published, otherwise, until LIBOR ceases publication and then move to the rate selected by the Determining Party	Contract likely to reference synthetic LIBOR, if published, until LIBOR ceases publication, then to move to rate selected by Determining Party
No fallback, or only references to dealer polls or previously published LIBOR values	Contract will move to Fed selected replacement after June 30, 2023	Contract will move to Fed selected replacement after June 30, 2023	Contract likely to reference synthetic LIBOR, if published, until LIBOR ceases publication, then may convert to fixed rate (if a previous LIBOR value is referenced) or may be subject to legal uncertainty

LIBOR Legacy Playbook - ARRC Best Practice Recommendations

Contract Assessment

- Consult counsel and assess contract terms – particularly fallbacks, triggers and governing law provisions
- If contracts have a Determining Person fallback, know who your Determining Person is.
- Depending on your contract's governing law provision, monitor official sector updates, rulemaking and decisions.

Contract Remediation

- OTC derivatives should sign up to relevant ISDA Protocol
 - Centrally cleared derivatives should monitor and understand CCP conversion processes
 - Consider remediating
 - derivatives prior to June, 30 2023 and CCP conversion dates
 - debt and securitization contracts, particularly where contracts do not have pre-cessation triggers or hardwired fallbacks and are not covered by the LIBOR Act.
 - loan agreements particularly where mass transitioning immediately following June, 30 2023 may pose operational challenges
 - foreign law contracts
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