Dear Governor Cuomo, Majority Leader Stewart-Cousins, and Speaker Heastie:

We are writing to make you aware of an issue that, if left unaddressed, could have significant consequences not only for the State of New York and its residents, but for U.S. and global markets. Avoiding further unnecessary disruptions will be especially important as the economy seeks to recover from the damage done from the pandemic. As you are likely aware, the regulator of LIBOR, an interest rate benchmark used in an estimated $200 trillion of financial transactions, has stated that LIBOR will end and warned that market participants should prepare for the risk that it may be discontinued as soon as the end of 2021. However, many existing contracts either do not address a permanent end to LIBOR or have ambiguous fallback language that could dramatically alter the economics of hundreds of thousands of contracts. This legal uncertainty could create complex problems for parties or courts to sort out, and create great uncertainty in financial markets. Many of the financial products and agreements that reference LIBOR are governed by New York law. It is because of this, and New York's critical role in financial markets, that we urge your consideration of the Alternative Reference Rates Committee's legislative proposal.

The Alternative Reference Rates Committee (ARRC) is comprised of a diverse set of private-sector entities and was convened by the Federal Reserve in cooperation with an array of other regulatory and official-sector agencies to develop recommendations to facilitate the transition away from U.S. dollar LIBOR. The ARRC's proposal is intended to minimize the legal uncertainty and adverse economic impacts associated with this transition by using ARRC-recommendations (determined through the public consultations conducted by the ARRC) as appropriate replacements for LIBOR in contracts that would otherwise be adversely affected. Adopting the proposed state legislation would provide clarity and promote financial stability as market participants prepare for LIBOR to be discontinued. It would also reduce the burden on New York courts, since a substantial number of financial contracts that reference LIBOR are governed by New York law and the legal uncertainty will likely result in disputes. The proposed legislation has been carefully drafted to address these concerns and to pass Constitutional scrutiny.

New York has long encouraged transparency in commercial transactions and, for that reason, is widely preferred as the law that governs these contracts. In light of the anticipated cessation of LIBOR as a market rate, consumers and businesses in New York, as well as the State of New York and its political subdivisions and local governments with LIBOR exposure (*i.e.* floating rate bonds), will be faced with legal uncertainty and economic impact on hundreds of thousands of affected financial contracts. Consumers in New York will be affected by the discontinuance of LIBOR, which is used in adjustable rate mortgages, student loans, and other consumer products. Businesses routinely use LIBOR in floating rate bonds, securitizations, and a host of other contracts. In addition, the legal uncertainty would also affect the investments of the citizens of New York that are tied to LIBOR, whether through their retirement accounts, brokerage accounts, investment funds, or pension plans that they may participate in.

We urge you to act swiftly on this matter to help enable market participants make timely and effective progress with LIBOR transition. New York State has a critical role in leading this transition.

Thank you for your consideration.

The draft legislation was developed and is supported by the members of the Alternative Reference Rates Committee, which include:

American Bankers Association
Association for Financial Professionals
Bank of America
BlackRock
Citigroup
CME Group
CRE Finance Council
Deutsche Bank
Equitable
Ford Motor Company
GE Capital
Goldman Sachs
Government Finance Officers Association
HSBC
Huntington
International Swaps and Derivatives Association
JPMorgan Chase
LCH
MetLife
Morgan Stanley
National Association of Corporate Treasurers
PNC
Prudential Financial
SIFMA
Structured Finance Association
TD Bank
The Federal Home Loan Banks, through the Federal Home Loan Bank of New York
The Independent Community Bankers of America
The Loan Syndications and Trading Association

Wells Fargo
World Bank Group

In addition, various other firms and associations have expressed support for the draft legislative approach put forward, including:

American Financial Services Association
American Council of Life Insurers
Association of Financial Guaranty Insurers
Assured Guaranty Municipal Corp
Barclays
BNY Mellon
Business Council of New York State
Canadian Imperial Bank of Commerce
FHN Financial
GM Financial
IBOR Transformation Australian Working Group
Institute of International Bankers
Investment Company Institute
Life Insurance Council of New York
Long Island Association
New York Bankers Association
Partnership for New York City
Royal Bank of Canada
State Street Corporation
The Business Council of Westchester
The Northern Trust Company
UBS