January 25, 2021

Submitted electronically to IBA@theice.com

To whom it may concern,

SIFMA[1], AFME[2], and ASIFMA[3] are pleased to respond to this important consultation on the timeline for the cessation of published LIBOR fixings. Our members have been actively engaged in the LIBOR transition process. We appreciate that IBA is asking for market input on these critically important steps in the transition.

Background

The consultation proposes that the publication of LIBOR fixings would end:

- after the publication of LIBOR on Friday December 31, 2021 for: EUR LIBOR - all tenors (Overnight, 1 Week, 1, 2, 3, 6 and 12 Months); CHF LIBOR - all tenors (Spot next, 1 Week, 1, 2, 3, 6 and 12 Months); JPY LIBOR - all tenors (Spot next, 1 Week, 1, 2, 3, 6 and 12 Months); GBP LIBOR - all tenors (Overnight, 1 Week, 1, 2, 3, 6 and 12 Months); and USD LIBOR - 1 Week and 2 Months; and
- after the publication of LIBOR on Friday June 30, 2023 for USD LIBOR - Overnight and 1, 3, 6 and 12 Months.

[1] SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over $2.5 trillion for businesses and municipalities in the U.S., serving clients with over $18.5 trillion in assets and managing more than $67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).
[2] AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent the leading global and European banks and other significant capital market players. We advocate for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME, with offices in London, Brussels and Frankfurt, is the European regional member of the GFMA.
[3] ASIFMA is an independent, regional trade association with over 140 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. ASIFMA based in Hong Kong is the Asia-Pacific regional member of the GFMA.

The consultation also states that "Based on current information from panel banks, IBA anticipates there being a representative panel for the continuation of these USD LIBOR settings through to June 30, 2023."

We support the proposed cessation plan

The finalization of the plan would provide needed certainty to market participants as to the timing of the end of LIBOR. Having a date certain will provide a timeline along which firms can structure their transition plans and budgets, and should encourage firms who have lagged behind in this transition to accelerate their progress. Finally, having a date certain will remove all doubt as to whether LIBOR will actually cease.

We support the primary USD fixings continuing through June 30, 2023. The additional time after the end of 2021 when other fixings cease is warranted and important given the size and scale of usage of USD LIBOR. We note that the proposed plan would allow a significant number of legacy USD LIBOR contracts to roll off naturally and provides more time for alternative solutions for legacy instruments to be determined and implemented. There are a large number of long-dated consumer and commercial loans, corporate bonds, and securitizations that will extend beyond June 30, 2023 and for which there is no easy modification or amendment strategy that can be deployed en masse. It will also provide more time for liquidity to build in markets upon which term rates may be derived, which is important for reasons including the inclusion of term rates in ARRC fallback waterfalls.

There is a need for market participants to continue the transition work away from USD LIBOR, and we strongly encourage policymakers to continue to provide guidance to the markets[4] and consider and implement state or national (as appropriate) legislative solutions for contracts that may mature beyond June 2023 and/or that may be practically difficult to amend. For example, the ARRC has proposed a legislative approach for use in the U.S. (that SIFMA strongly supports), and UK and European authorities are also planning legislative changes.[5]

We believe that global regulators should continue to coordinate their solutions so as to avoid conflicts of law and other inefficient outcomes. Given that one contract and/or its counterparties can be subject to different legislative and regulatory regimes, it is important that solutions undertaken in different countries lead to the same outcome for a given contract and its counterparties. This could include coordination on topics such as applicable scope, amendment mechanisms, safe harbors, etc.

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[4] E.g., with respect to what constitutes a "new contract" under the U.S. bank regulators' statement about the cessation of new LIBOR activity by the end of 2021.

[5] ARRC legislation: https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2020/ny-libor-legislation, UK legislation: https://www.fca.org.uk/news/statements/fca-consults-on-new-benchmark-powers, EU legislation: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1376

Additional Considerations

Below we suggest a few additional points IBA and regulators should consider as this process moves forward.

- Further assurance on representativeness – We note the statement in the consultation that *"Based on current information from panel banks, IBA anticipates there being a representative panel for the continuation of these USD LIBOR settings through to June 30, 2023."* We believe that it would be helpful for the IBA and the FCA to provide further clear and explicit assurances that the rates should remain "representative" until the finalized end dates.

- Nature of the Announcement of Consultation Results:
    - *Timing:* We urge IBA to announce its results as soon as practical, in order to allow enough time for market participants to prepare for cessation of the non-USD tenors and, in the case of USD, to cease new production in 2021 given supervisory safety and soundness concerns with US bank LIBOR activities that continue after year end.
    - *Definitiveness:* It should be definitive that each index will cease publication on its planned future cessation date, rather than before or after. The announcement needs to be clear so that market participants can determine its effect on transaction-level triggers such as those using ISDA or ARRC language. This definitiveness is required in order to allow market participants to understand with certainty (or near-certainty) how LIBOR-linked products will behave prior to and after this cessation date, and to risk-manage accordingly – thus minimizing the disruption caused by the transition.
    - *Simultaneity and Comprehensiveness*: There should be one announcement that applies to all LIBOR indices, across all 5 currencies, and all tenors– there should not be different statements made at different times with respect to the various currencies or tenors.
    - *Endorsement of Announcement:* To maximize the credibility of the announcement, we believe that the central banks and/or relevant authorities for each of the five currencies affected by this consultation should make clear that they are in agreement with the content of the statement. It will be helpful to market participants to know that there is a consensus among the relevant authorities as to how and when the cessation will take place.

- Clarity on ICE Swap Rates - We understand that a consequence of the plans to cease publication of LIBOR is that the LIBOR ICE Swap Rate publications will also cease at some point. We request that IBA provide the market with timely guidance on (i) what criteria it will use to establish when to discontinue the LIBOR ICE Swap Rates, and (ii) the expected timing of any such discontinuation

We appreciate this opportunity to provide feedback on this important consultation. Please contact either Chris Killian at ckillian@sifma.org, Richard Hopkin at Richard.Hopkin@afme.eu, or Philippe Dirckx at pdirckx@asifma.org with any questions or to further discuss our views.

Regards,

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