

February 28, 2022

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Room S-230, The Capitol
Washington, DC 20510

Dear Majority Leader Schumer and Minority Leader McConnell:

We, the undersigned organizations, support the Economic Continuity and Stability Act, sponsored by Senators Tester and Tillis with Chairman Brown and Ranking Member Toomey to address “tough legacy” contracts that currently reference LIBOR. We respectfully request the Senate to quickly pass this much needed LIBOR legislation.

There are trillions of dollars of outstanding contracts, securities, and loans that use LIBOR for their interest rates but do not have appropriate contractual fallback language to facilitate the transition away from LIBOR when all US dollar tenors cease to be published in June 2023. These particular contracts are extremely difficult to amend and are known as “tough legacy.” Without federal legislation to address these contracts, investors, consumers, and issuers of securities may face years of uncertainty, litigation, and a change in value, creating ambiguity that would lead to a reduction in liquidity and an increase in volatility.

The Economic Continuity and Stability Act provides a solution for these “tough legacy” contracts that have insufficient fallback language and cannot otherwise be easily amended among the parties. The legislation is narrowly crafted to allow parties to contracts that already have effective fallback provisions to opt-out of the legislation, and to only apply to tough legacy contracts so that new or future business will not be affected, while clarifying regulatory standards for the use of alternative reference rates going forward. In addition, the legislation offers uniform, equitable treatment for all U.S. contracts that fall under the federal legislation. The bill also creates a safe harbor from litigation for parties that are covered by the legislation and prevents otherwise inevitable litigation costs and gridlock. Industry participants, including consumer groups, investors, banks, and issuers have all expressed the need for uniform federal legislation and urged swift congressional action.

We thank Senator Tester, Senator Tillis, Chairman Brown, Ranking Member Toomey and the Senate Banking Committee for providing a bipartisan solution that offers fair, equitable and consistent treatment for all tough legacy contracts in support of the LIBOR transition. We wholeheartedly support the Economic Continuity and Stability Act and ask that you, and all U.S. Senators, vote in favor of this critical legislation.

Sincerely,

Securities Industry and Financial Markets Association (SIFMA)
Structured Finance Association
Bank Policy Institute
Commercial Real Estate Finance Council (CREFC)
Institute for Portfolio Alternatives
Government Finance Officers Association
Student Loan Servicing Alliance
The Real Estate Roundtable
Education Finance Council
The Financial Services Forum
The Loan Syndications and Trading Association (LSTA)
Institute of International Bankers
Mortgage Bankers Association
The International Swaps and Derivatives Association (ISDA)
Independent Community Bankers of America
National Association of Corporate Treasurers
U.S. Chamber of Commerce, Center for Capital Markets Competitiveness
Consumer Bankers Association
Housing Policy Council
Investment Company Institute
American Bankers Association
The American Council of Life Insurers (ACLI)
Mid-Size Bank Coalition of America

cc: Members of the United States Senate