



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION  
AND REGULATION  
DIVISION OF CONSUMER AND  
COMMUNITY AFFAIRS

**SR 23-2**

**CA 23-3**

**April 26, 2023**

**TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE  
SUPERVISORY AND EXAMINATION STAFF AT EACH FEDERAL RESERVE BANK  
AND INSTITUTION SUPERVISED BY THE FEDERAL RESERVE**

**SUBJECT: Joint Statement on Completing the LIBOR Transition**

**Applicability:** This letter applies to all institutions supervised by the Federal Reserve, including those with \$10 billion or less in consolidated assets.

The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, the National Credit Union Administration, and the Consumer Financial Protection Bureau (collectively, the agencies) issued a statement to remind supervised institutions that U.S. dollar (USD) LIBOR panels will end on June 30, 2023. The agencies also reiterate their expectations that institutions with USD LIBOR exposure should complete their transition of remaining LIBOR contracts away from LIBOR as soon as practicable. As noted in prior interagency statements, failure to adequately prepare for LIBOR's discontinuance could undermine financial stability and institutions' safety and soundness and create litigation, operational, and consumer protection risks.

Reserve Banks are asked to distribute this letter to the supervised organizations in their districts and to appropriate supervisory staff. In addition, questions may be sent via the Board's public website.<sup>1</sup>

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<sup>1</sup> See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.

Michael S. Gibson  
Director  
Division of  
Supervision and Regulation

Eric S. Belsky  
Director  
Division of Consumer  
and Community Affairs

**Attachment:**

- *Joint Statement on Completing the LIBOR Transition*

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**Board of Governors of the Federal Reserve System  
Consumer Financial Protection Bureau  
Federal Deposit Insurance Corporation  
National Credit Union Administration  
Office of the Comptroller of the Currency  
State Bank and Credit Union Regulators**

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**April 26, 2023**

**Joint Statement on Completing the LIBOR Transition**

**Purpose**

Five federal financial institution regulatory agencies<sup>1</sup> in conjunction with the state bank and state credit union regulators (collectively, agencies) are jointly issuing this statement to remind supervised institutions that U.S. dollar (USD) LIBOR panels will end on June 30, 2023. The agencies also reiterate their expectations that institutions with USD LIBOR exposure should complete their transition of remaining LIBOR contracts as soon as practicable. As noted in prior interagency statements, failure to adequately prepare for LIBOR's discontinuance could undermine financial stability and institutions' safety and soundness and create litigation, operational, and consumer protection risks.<sup>2</sup>

**Supervisory considerations**

The agencies expect institutions to have taken all necessary steps to prepare for an orderly transition away from LIBOR by June 30, 2023.

*Expeditious transition of remaining legacy contracts*

Institutions have reported significant progress in their LIBOR transition efforts; however, work remains for institutions to prepare for the end of the USD LIBOR panels. Institutions are encouraged to ensure that replacement alternative rates are negotiated where needed and in place in advance of June 30, 2023, for all LIBOR-referencing financial contracts including investments, derivatives, and loans. Institutions are also encouraged to work expeditiously with their customers and coordinate with other institutions as needed in these efforts.

In order to facilitate the transition, Congress enacted the Adjustable Interest Rate (LIBOR) Act (LIBOR Act) to provide a targeted solution for so-called "tough legacy contracts," which are contracts that reference USD LIBOR and will not mature by June 30, 2023, but which lack adequate fallback provisions providing for a clearly defined or practicable replacement benchmark following the cessation

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<sup>1</sup> The federal financial institution regulatory agencies are the Board of Governors of the Federal Reserve System (Board), the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC).

<sup>2</sup> See, e.g., the [FIEEC Joint Statement on Managing the LIBOR Transition \(July 2020\)](#) and the [Interagency Statement on Managing the LIBOR Transition \(October 2021\)](#).

of USD LIBOR.<sup>3</sup> In January 2023, the Federal Reserve Board published a regulation that implements the LIBOR Act.<sup>4</sup>

Examiners will continue monitoring efforts through 2023 to ensure that institutions have moved their contracts away from LIBOR in a safe and sound manner and in compliance with applicable legal requirements.

*Appropriate alternative rate selection*

The agencies remind institutions that safe-and-sound practices include conducting the due diligence necessary to ensure that alternative rate selections are appropriate for the institution's products, risk profile, risk management capabilities, customer and funding needs, and operational capabilities. As part of their due diligence, institutions should understand how their chosen reference rate is constructed and be aware of any fragilities associated with that rate and the markets that underlie it.

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<sup>3</sup> Public Law 117-103, div. U, codified at 12 U.S.C. 5801 *et seq.*

<sup>4</sup> 88 *Fed. Reg.* 5,204 (Jan. 26, 2023).