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

April 26, 2023

Joint Statement on Completing the LIBOR Transition

Purpose

Five federal financial institution regulatory agencies[1] 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.[2]

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

[1] 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).
[2] *See, e.g.*, the FFIEC Joint Statement on Managing the LIBOR Transition (July 2020) and the Interagency Statement on Managing the LIBOR Transition (October 2021).

of USD LIBOR.[3] In January 2023, the Federal Reserve Board published a regulation that implements the LIBOR Act.[4]

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.

[3] Public Law 117-103, div. U, codified at 12 U.S.C. 5801 *et seq*.
[4] 88 *Fed. Reg*. 5,204 (Jan. 26, 2023).