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FRB Publishes Long Awaited LIBOR Transition Regulations*

As reported by BCG in the August 2022 Newsletter, on July 28, 2022, the FRB issued a notice of proposed rulemaking (NPR) and request for comment entitled, "Regulation Implementing the Adjustable Interest Rate (LIBOR) Act." 87 FR 45268. After months of waiting for the delayed final rule, on December 16, 2022, the FRB finally issued its Final Regulation Implementing the Adjustable Interest Rate (LIBOR) Act (LIBOR final rule). 12 CFR Part 253, Docket No. R-1775. The LIBOR final rule includes regulations to implement various provisions of the LIBOR Act to facilitate the transition away from LIBOR. In the LIBOR final rule's accompanying memo, the FRB noted the final rule is "substantially similar" to the proposed rule. Like the proposed rule, the LIBOR final rule identifies different benchmark replacements based upon SOFR rates as the "Board-selected benchmark replacement" for specific types of transactions and contracts tied to LIBOR. The LIBOR final rule will be effective thirty days following the publication in the Federal Register.

The LIBOR final rule will be discussed in more detail at the upcoming January 20, 2022 BCG Monthly Telephone Briefing. However, institutions can read the LIBOR FR at <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20221216a1.pdf>.

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