

# RESCINDED

OCC Bulletin 2020-98 | November 6, 2020

Outdated

## Libor Transition: Interagency Statement on Reference Rates for Loans

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

### Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (the agencies) today issued a statement reiterating that the agencies do not endorse a specific replacement rate for the London InterBank Offered Rate (Libor), which is expected to cease after 2021. Banks<sup>1</sup> may use any reference rate for loans that the banks determine to be appropriate for their funding models and customer needs. Banks should include language in lending contracts that provides for using a robust fallback rate if the initial reference rate is discontinued.

## Note for Community Banks

This OCC bulletin applies to community banks.

# Highlights

The statement emphasizes that

- all banks should have risk management processes in place, commensurate with the size and complexity of their exposures, to identify and mitigate their Libor transition risks. For more information, refer to OCC Bulletin 2020-68, “Libor Transition: FFIEC Statement on Managing the Libor Transition and Guidance for Banks.”
- examiners will not criticize banks solely for using a reference rate, including a credit-sensitive rate, other than the secured overnight financing rate (SOFR), for loans.

## Further Information

Please contact Ang Middleton, Risk Specialist, or Chris McBride, Director for Market Risk, Treasury and Market Risk Policy, at (202) 649-6360.

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# Related Links

- ["Statement on Reference Rates for Loans" \(PDF\)](#)
- [OCC Bulletin 2020-68, "Libor Transition: FFIEC Statement on Managing the Libor Transition and Guidance for Banks"](#)

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<sup>1</sup> "Banks" refers collectively to national banks, federal savings associations, covered savings associations, and federal branches and agencies of foreign banking organizations.

Topic(s): ■ [TREASURY & MARKET RISK](#)

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