

15 October 2021

Email to: Cp21-29@fca.org.uk

Dear Sirs,

FCA Consultation Paper on proposed decisions on the use of LIBOR (Articles 23C and 21A BMR)

The Loan Market Association ("**LMA**") welcomes the opportunity to respond to the FCA's consultation¹ on proposed decisions on the use of LIBOR.

In particular, we welcome the FCA's decision to require ICE Benchmark Administration ("**IBA**") to determine certain LIBOR settings under a changed methodology (i.e., on a "synthetic" basis) and its proposal to use its power under Article 23C(2) of the Benchmarks Regulation to permit some or all legacy use of these benchmarks to continue.

As the prohibition on "use" of benchmarks designated under Article 23A only applies to supervised entities that "use" these benchmarks in contracts and agreements subject to the Benchmarks Regulation, it should not apply to continued use of these benchmarks in wholesale syndicated loan agreements. However, it remains important for loan market participants that other market participants are able to continue to use these benchmarks in legacy agreements (e.g., in connection with products linked to wholesale loans such as derivatives).

As a result, we welcome the FCA's proposal to permit legacy use of these benchmarks in all contracts except cleared derivatives (whether directly or indirectly cleared).

We would be happy to discuss any aspect of our comments with you in more detail. If we can be of any further assistance, please do not hesitate to contact me via email at clare.dawson@lma.eu.com or by telephone on +44 (0) 207 006 2216.

Yours sincerely

Clare Dawson
Chief Executive
Loan Market Association

¹ CP21/29 <https://www.fca.org.uk/publication/consultation/cp21-29.pdf>

About the LMA

The LMA is the trade body for the European, Middle Eastern and African syndicated loan markets. Its aim is to encourage liquidity in both the primary and secondary loan markets by promoting efficiency and transparency, as well as by developing standards of documentation and codes of market practice, which are widely used and adopted. Membership of the LMA currently stands at over 750 organisations across EMEA, including the European Commission, and consists of banks, non-bank investors, borrowers, law firms, rating agencies and service providers.