

(13) IBOR benchmark replacement

The term “IBOR benchmark replacement” means a benchmark, or an interest rate or dividend rate (which may or may not be based in whole or in part on a prior setting of an IBOR), to replace an IBOR or any interest rate or dividend rate based on an IBOR, whether on a temporary, permanent, or indefinite basis, under or with respect to an IBOR contract.

(14) IBOR contract

The term “IBOR contract” means any contract, agreement, indenture, organizational document, guarantee, mortgage, deed of trust, lease, security (whether representing debt or equity, including any interest in a corporation, a partnership, or a limited liability company), instrument, or other obligation or asset that, by its terms, continues in any way to use an IBOR as a benchmark.

(15) LIBOR

The term “LIBOR”—

(A) means the overnight and 1-, 3-, 6-, and 12-month tenors of U.S. dollar LIBOR (formerly known as the London interbank offered rate) as administered by ICE Benchmark Administration Limited (or any predecessor or successor administrator thereof); and

(B) does not include the 1-week or 2-month tenors of U.S. dollar LIBOR.

(16) LIBOR contract

The term “LIBOR contract” means any contract, agreement, indenture, organizational document, guarantee, mortgage, deed of trust, lease, security (whether representing debt or equity, including any interest in a corporation, a partnership, or a limited liability company), instrument, or other obligation or asset that, by its terms, uses LIBOR as a benchmark.

(17) LIBOR replacement date

The term “LIBOR replacement date” means the first London banking day after June 30, 2023, unless the Board determines that any LIBOR tenor will cease to be published or cease to be representative on a different date.

(18) Security

The term “security” has the meaning given the term in section 77b(a) of title 15.

(19) SOFR

The term “SOFR” means the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York (or a successor administrator).

(20) Tenor spread adjustment

The term “tenor spread adjustment” means—

- (A) 0.00644 percent for overnight LIBOR;
- (B) 0.11448 percent for 1-month LIBOR;
- (C) 0.26161 percent for 3-month LIBOR;
- (D) 0.42826 percent for 6-month LIBOR; and
- (E) 0.71513 percent for 12-month LIBOR.

(Pub. L. 117–103, div. U, §103, Mar. 15, 2022, 136 Stat. 826.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this division”, meaning div. U of Pub. L. 117–103, Mar. 15, 2022, 136 Stat. 825, known as the Adjustable Interest Rate (LIBOR) Act, which is classified principally to this chapter. For complete classification of div. U to the Code, see Short Title note set out under section 5801 of this title and Tables.

§ 5803. LIBOR contracts**(a) In general**

On the LIBOR replacement date, the Board-selected benchmark replacement shall be the benchmark replacement for any LIBOR contract that, after giving any effect to subsection (b)—

- (1) contains no fallback provisions; or
- (2) contains fallback provisions that identify neither—

- (A) a specific benchmark replacement; nor
- (B) a determining person.

(b) Fallback provisions

On the LIBOR replacement date, any reference in the fallback provisions of a LIBOR contract to—

- (1) a benchmark replacement that is based in any way on any LIBOR value, except to account for the difference between LIBOR and the benchmark replacement; or
- (2) a requirement that a person (other than a benchmark administrator) conduct a poll, survey, or inquiries for quotes or information concerning interbank lending or deposit rates;

shall be disregarded as if not included in the fallback provisions of such LIBOR contract and shall be deemed null and void and without any force or effect.

(c) Authority of determining person**(1) In general**

Subject to subsection (f)(2), a determining person may select the Board-selected benchmark replacement as the benchmark replacement.

(2) Selection

Any selection by a determining person of the Board-selected benchmark replacement pursuant to paragraph (1) shall be—

- (A) irrevocable;
- (B) made by the earlier of the LIBOR replacement date and the latest date for selecting a benchmark replacement according to the terms of the LIBOR contract; and
- (C) used in any determinations of the benchmark under or with respect to the LIBOR contract occurring on and after the LIBOR replacement date.

(3) No selection

If a determining person does not select a benchmark replacement by the date specified in paragraph (2)(B), the Board-selected benchmark replacement, on and after the LIBOR replacement date, shall be the benchmark replacement for the LIBOR contract.

(d) Conforming changes**(1) In general**

If the Board-selected benchmark replacement becomes the benchmark replacement for

a LIBOR contract pursuant to subsection (a) or (c), all benchmark replacement conforming changes shall become an integral part of the LIBOR contract.

(2) No consent required

A calculating person shall not be required to obtain consent from any other person prior to the adoption of benchmark replacement conforming changes.

(e) Adjustment by Board

(1) In general

Except as provided in paragraph (2), on the LIBOR replacement date, the Board shall adjust the Board-selected benchmark replacement for each category of LIBOR contract that the Board may identify to include the relevant tenor spread adjustment.

(2) Consumer loans

For LIBOR contracts that are consumer loans, the Board shall adjust the Board-selected benchmark replacement as follows:

(A) During the 1-year period beginning on the LIBOR replacement date, incorporate an amount, to be determined for any business day during that period, that transitions linearly from the difference between the Board-selected benchmark replacement and the corresponding LIBOR tenor determined as of the day immediately before the LIBOR replacement date to the relevant tenor spread adjustment.

(B) On and after the date that is 1 year after the LIBOR replacement date, incorporate the relevant tenor spread adjustment.

(f) Rule of construction

Nothing in this chapter may be construed to alter or impair—

(1) any written agreement specifying that a LIBOR contract shall not be subject to this chapter;

(2) except as provided in subsection (b), any LIBOR contract that contains fallback provisions that identify a benchmark replacement that is not based in any way on any LIBOR value (including the prime rate or the effective Federal funds rate);

(3) except as provided in subsection (b) or (c)(3), any LIBOR contract subject to subsection (c)(1) as to which a determining person does not elect to use a Board-selected benchmark replacement pursuant to that subsection;

(4) the application to a Board-selected benchmark replacement of any cap, floor, modifier, or spread adjustment to which LIBOR had been subject pursuant to the terms of a LIBOR contract;

(5) any provision of Federal consumer financial law that—

(A) requires creditors to notify borrowers regarding a change-in-terms; or

(B) governs the reevaluation of rate increases on credit card accounts under open-ended (not home-secured) consumer credit plans; or

(6) except as provided in section 5804(c) of this title, the rights or obligations of any person, or the authorities of any agency, under

Federal consumer financial law, as defined in section 5481 of this title.

(Pub. L. 117-103, div. U, §104, Mar. 15, 2022, 136 Stat. 828.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsec. (f), was in the original “this division”, meaning div. U of Pub. L. 117-103, Mar. 15, 2022, 136 Stat. 825, known as the Adjustable Interest Rate (LIBOR) Act, which is classified principally to this chapter. For complete classification of div. U to the Code, see Short Title note set out under section 5801 of this title and Tables.

§ 5804. Continuity of contract and safe harbor

(a) In general

A Board-selected benchmark replacement and the selection or use of a Board-selected benchmark replacement as a benchmark replacement under or with respect to a LIBOR contract, and any benchmark replacement conforming changes, shall constitute—

(1) a commercially reasonable replacement for and a commercially substantial equivalent to LIBOR;

(2) a reasonable, comparable, or analogous rate, index, or term for LIBOR;

(3) a replacement that is based on a methodology or information that is similar or comparable to LIBOR;

(4) substantial performance by any person of any right or obligation relating to or based on LIBOR; and

(5) a replacement that has historical fluctuations that are substantially similar to those of LIBOR for purposes of the Truth in Lending Act (15 U.S.C. 1601 note)¹ and regulations promulgated under that division.²

(b) No impairment

Neither the selection or use of a Board-selected benchmark replacement as a benchmark replacement nor the determination, implementation, or performance of benchmark replacement conforming changes under section 5803 of this title may—

(1) be deemed to impair or affect the right of any person to receive a payment, or to affect the amount or timing of such payment, under any LIBOR contract; or

(2) have the effect of—

(A) discharging or excusing performance under any LIBOR contract for any reason, claim, or defense (including any force majeure or other provision in any LIBOR contract);

(B) giving any person the right to unilaterally terminate or suspend performance under any LIBOR contract;

(C) constituting a breach of any LIBOR contract; or

(D) voiding or nullifying any LIBOR contract.

(c) Safe harbor

No person shall be subject to any claim or cause of action in law or equity or request for

¹ So in original. Probably should be “(15 U.S.C. 1601 et seq.)”.

² So in original. Probably should be “that Act.”