

(3) the cessation or nonrepresentativeness of LIBOR could result in disruptive litigation related to existing contracts that do not provide for the use of a clearly defined or practicable replacement benchmark rate.

**(b) Purpose**

It is the purpose of this chapter—

(1) to establish a clear and uniform process, on a nationwide basis, for replacing LIBOR in existing contracts the terms of which do not provide for the use of a clearly defined or practicable replacement benchmark rate, without affecting the ability of parties to use any appropriate benchmark rate in new contracts;

(2) to preclude litigation related to existing contracts the terms of which do not provide for the use of a clearly defined or practicable replacement benchmark rate;

(3) to allow existing contracts that reference LIBOR but provide for the use of a clearly defined and practicable replacement rate, to operate according to their terms; and

(4) to address LIBOR references in Federal law.

(Pub. L. 117–103, div. U, §102, Mar. 15, 2022, 136 Stat. 825.)

**Editorial Notes**

REFERENCES IN TEXT

This chapter, referred to in subsec. (b), 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 below and Tables.

**Statutory Notes and Related Subsidiaries**

SHORT TITLE

Pub. L. 117–103, div. U, §101, Mar. 15, 2022, 136 Stat. 825, provided that: “This division [enacting this chapter and amending section 77ppp of Title 15, Commerce and Trade, and section 1087–1 of Title 20, Education] may be cited as the ‘Adjustable Interest Rate (LIBOR) Act’.”

**§ 5802. Definitions**

In this chapter:

**(1) Benchmark**

The term “benchmark” means an index of interest rates or dividend rates that is used, in whole or in part, as the basis of or as a reference for calculating or determining any valuation, payment, or other measurement.

**(2) Benchmark administrator**

The term “benchmark administrator” means a person that publishes a benchmark for use by third parties.

**(3) Benchmark replacement**

The term “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 LIBOR), to replace LIBOR or any interest rate or dividend rate based on LIBOR, whether on a temporary, permanent, or indefinite basis, under or with respect to a LIBOR contract.

**(4) Benchmark replacement conforming changes**

The term “benchmark replacement conforming changes” means any technical, administrative, or operational changes, alterations, or modifications that—

(A) the Board determines, in its discretion, would address 1 or more issues affecting the implementation, administration, and calculation of the Board-selected benchmark replacement in LIBOR contracts; or

(B) solely with respect to a LIBOR contract that is not a consumer loan, in the reasonable judgment of a calculating person, are otherwise necessary or appropriate to permit the implementation, administration, and calculation of the Board-selected benchmark replacement under or with respect to a LIBOR contract after giving due consideration to any benchmark replacement conforming changes under subparagraph (A).

**(5) Board**

The term “Board” means the Board of Governors of the Federal Reserve System.

**(6) Board-selected benchmark replacement**

The term “Board-selected benchmark replacement” means a benchmark replacement identified by the Board that is based on SOFR, including any tenor spread adjustment pursuant to section 5803(e) of this title.

**(7) Calculating person**

The term “calculating person” means, with respect to any LIBOR contract, any person, including the determining person, responsible for calculating or determining any valuation, payment, or other measurement based on a benchmark.

**(8) Consumer; credit**

The terms “consumer” and “credit” have the meanings given the terms in section 1602 of title 15.

**(9) Consumer loan**

The term “consumer loan” means a consumer credit transaction.

**(10) Determining person**

The term “determining person” means, with respect to any LIBOR contract, any person with the authority, right, or obligation, including on a temporary basis (as identified by the LIBOR contract or by the governing law of the LIBOR contract, as appropriate) to determine a benchmark replacement.

**(11) Fallback provisions**

The term “fallback provisions” means terms in a LIBOR contract for determining a benchmark replacement, including any terms relating to the date on which the benchmark replacement becomes effective.

**(12) IBOR**

The term “IBOR” means LIBOR, any tenor of non-U.S. dollar currency rates formerly known as the London interbank offered rate as administered by ICE Benchmark Administration Limited (or any predecessor or successor administrator thereof), and any other interbank offered rates that are expected to cease.

**(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