

**भारतीय रिज़र्व बैंक**
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Cessation of LIBOR: Complete Transition

The Reserve Bank of India (RBI) has issued an [advisory](#) to banks and other RBI-regulated entities, emphasizing the need to take steps to ensure a complete transition away from the London Interbank Offered Rate (LIBOR) from July 01, 2023. The key messages in the advisory include:

- (i) Banks / Financial Institutions (FIs) are advised to ensure that no new transaction undertaken by them or their customers rely on or are priced using the US\$ LIBOR or the Mumbai Interbank Forward Outright Rate (MIFOR).
- (ii) The Financial Benchmarks India Pvt. Ltd. (FBIL) will cease to publish [MIFOR](#) after June 30, 2023.
- (iii) Banks/FIs are advised to take all necessary steps to ensure insertion of fallbacks at the earliest in all remaining legacy financial contracts that reference US\$ LIBOR (including transactions that reference MIFOR).
- (iv) Banks/FIs are expected to have developed the systems and processes to manage the complete transition away from LIBOR.

The Reserve Bank will continue to monitor the efforts of banks/FIs for ensuring a smooth transition from LIBOR.

Background

The Financial Conduct Authority (FCA), UK, in a [press statement](#) dated March 05, 2021 announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after December 31, 2021, in the case of all Pound sterling, Euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- Immediately after June 30, 2023, in the case of the remaining US dollar settings.

The complete transition from LIBOR is a significant event in the global financial markets which requires continued attention from all stakeholders to mitigate operational risks and ensure an orderly transition. The Reserve Bank has been proactively taking steps to deal with the issues around [LIBOR transition](#) and had issued an advisory on [“Roadmap for LIBOR Transition” dated July 08, 2021](#) wherein banks/FIs, *inter-alia*, were encouraged to undertake transactions using widely accepted Alternative Reference Rate (ARR), as soon as practicable and in any case by December 31, 2021 and insert robust fallback clauses in relevant LIBOR linked financial contracts.