January 25, 2021

Submitted via electronic mail to the ICE Benchmark Administration at: IBA@theice.com

Re: ICE LIBOR Consultation on Potential Cessation, December 2020

The Structured Finance Association ("SFA") appreciates the opportunity to respond to the December 2020 consultation[1] ("Consultation") of the ICE Benchmark Administration ("IBA"), the regulated administrator of LIBOR, regarding the intention to cease publication of various LIBOR settings in connection with global efforts toward a transition from LIBOR to alternative rates.

SFA is a member-based trade group focused on improving and strengthening the structured finance market to help its members and public policymakers responsibly grow credit availability for consumers and businesses across all communities. The more than 370 institutional members of SFA represent a broad cross-section of structured finance market participants including consumer and commercial lenders, institutional investors, financial intermediaries, law firms, accounting firms, technology firms, trustees, rating agencies, and servicers.

SFA members recognize the complexities and difficulties of the transition from LIBOR and are supportive of efforts to ensure a transition as seamless as possible. USD LIBOR is currently used to determine the interest rate that consumers pay on some loan products often financed through securitization. For these reasons, SFA appreciates the IBA for working toward providing nearly at least a one-year advance notice of the date of publication cessation for each LIBOR setting. Further, SFA appreciates the IBA's proposal to extend the publication for certain USD LIBOR settings beyond the proposed cessation of other LIBOR settings, given the significant prevalence of existing contracts indexed to those rates.

Specifically, the Consultation seeks feedback from market participants on the intention to cease publication of (i) certain LIBOR settings in multiple currencies to take effect after the publication of those LIBOR settings on December 31, 2021, and (ii) certain USD LIBOR settings (overnight and 1, 3, 6 and 12 Months) to take effect after the publication of LIBOR on June 30, 2023.

SFA supports the IBA's proposal to cease publication of LIBOR settings according to the timeline described above and as detailed in the Consultation. Our members believe that this timeline will encourage forward movement on important steps while simultaneously providing more time and flexibility in preparing for the discontinuation of certain widely-used LIBOR settings. Due to the nature and structure of securitization transactions, it is widely understood by our members that

[1] IBA's consultation is available at: https://www.theice.com/publicdocs/ICE_LIBOR_Consultation_on_Potential_Cessation.pdf

transactions supported by existing LIBOR-referencing contracts ("Legacy Transactions") will be extremely difficult – if not impossible – to amend. In the absence of further solution development, due to this difficulty to amend contracts, most Legacy Transactions will result in a dispute amongst transaction parties upon the discontinuation of the LIBOR setting relevant to a contract. If the publication of the most prevalently used USD LIBOR settings were to continue through June 30, 2023, the number of Legacy Transactions facing such challenges upon the discontinuation of these LIBOR settings will be reduced.[2] SFA members believe that the proposal set forth in the Consultation will go a long way toward mitigating the challenges for legacy structured finance transactions, providing another year to work with policymakers to put in place a broad, legislative solution for Legacy Transactions in the U.S., thereby minimizing disruption to the economy.

It is important to recognize that this additional time will also allow for a more orderly transition for consumers and businesses with contracts linked to USD LIBOR. Notably, the USD LIBOR settings that are identified to be published into 2023 represent the benchmark rates currently underpinning the interest rates that millions of borrowers pay on some credit cards, residential mortgages, home equity lines of credit, reverse mortgages, and private student loans. Nevertheless, while the additional time will be a significant benefit for the transition of Legacy Transactions, it is estimated that more than $10 trillion of long-dated Legacy Transactions will still be outstanding after June 2023.

In addition, the Consultation states that IBA anticipates there being a representative panel for the continuation of the identified USD LIBOR settings through to June 30, 2023. SFA members believe that it would be helpful to the broader market if IBA could provide clarity in the form of a written statement, or at least greater assurances, that those USD LIBOR rates will remain representative until June 30, 2023. To the extent IBA and the FCA are able to provide certainty on this, it would be a great help to market participants in planning for the transition.

In closing, it is incredibly important to the securitization industry and the broader floating rate market that the transition from LIBOR is handled in a thoughtful and coordinated fashion to minimize negative impacts for borrowers, lenders, and all market participants. The Consultation provides historical users of LIBOR with an important tool that, in combination with other solutions, can help ensure an orderly transition upon the discontinuance of each LIBOR setting. SFA strongly supports the IBA's work on this matter and will continue to work with its members, stakeholders, and regulators in the U.S. and abroad to facilitate a smooth transition for Legacy Transactions.

* * *

[2] SFA members encourage stakeholders to understand the impact of more than one date of publication cessation for contracts indexed to more than one LIBOR setting, such as cross-currency transactions.

SFA appreciates your consideration of this letter and welcomes the opportunity to discuss further. If you have any questions about SFA's response to the Consultation, please contact Kristi Leo, SFA's President, at (917) 415-8999 or Kristi.Leo@structuredfinance.org.

Very truly yours,

Kristi Leo
President
Structured Finance Association