

Conrad Purcell Authors Article in IJ Global: ‘LIBOR Phase Out of Sterling and US Dollar Markets’

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London Partner [Conrad Purcell](#) authored an article in *IJ Global*. Read an excerpt below.

After decades of service, LIBOR (London Interbank Offered Rate) effectively ceased to be used as an interest rate benchmark at the end of 2021 in most markets. Synthetic LIBOR will continue to be published for Sterling until the end of 2022 but only to support legacy deals that hadn't transitioned to an RFR (Risk Free Rate) by the end of 2021.

Although USD LIBOR was given a bit longer than other currencies to cease being used, that too will no longer be published after 30 June 2023. As such, lenders and borrowers have had to adjust to a post-LIBOR world in which RFRs (which are generally slightly lower than their LIBOR equivalents) are used as the primary interest rate benchmark from which to calculate interest on floating rate loans.

LIBOR was traditionally based on banks reporting the rate at which they are able to borrow in the interbank market. Although there were a number of reasons for the phase out of LIBOR, 2 key considerations were:

- the limited number of underlying transactions that LIBOR was based on, meaning that expert judgement was often used instead of real pricing data
- the risk of creating systemic risk in financial markets because of the widespread use of LIBOR as a convenient benchmark beyond its original intended use in the syndicated loan market

Excerpted from *IJ GLobal*. To read the full article, click [here](#).