

# AMENDING LEGACY CONTRACTS: HOW TO CATER FOR NEAR RISK- FREE RATES

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Legal Briefings - By **Emily Barry**

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Herbert Smith Freehills LLP has published an article in Butterworths *Journal of International Banking and Financial Law* on amending legacy loan agreements to replace LIBOR with near risk-free rates.

Following the Financial Conduct Authority's announcement on 5 March 2021 that all LIBOR settings will either cease to be provided by an administrator or no longer be representative on 31 December 2021 (in the case of all but the most commonly used USD LIBOR tenors), market participants have focused in earnest on the amendment of legacy facility agreements to cater for near risk-free rates (**RFRs**). The Working Group on Sterling RFRs imposed an interim milestone of 30 September 2021 for conversion of all legacy sterling LIBOR facility agreements to RFRs where possible, and the Loan Market Association (LMA) has published recommended documentation using compounded RFRs which effect the Working Group's Best Practice Guide for GBP Loans. However, there are a significant number of legacy loans which still refer to LIBOR, so there will be substantial pressure on resources in Q4.

In our article, we examine the various approaches being taken to amending legacy finance documents in the loans market in the context of a market-driven, rather than borrower-requested amendment, and the areas where practice has not yet settled.

This article first appeared in the October 2021 edition of *JIBFL*.

[Please click here to read the article](#)



## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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