

British Bankers' Association to Review LIBOR Rate Setting Process

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On March 5, 2012, the British Bankers' Association (BBA) announced that it will review its rate setting process for the London InterBank Offered Rate (LIBOR).[1] BBA's determination of LIBOR is not a regulated activity. In the aftermath of the global financial crisis, however, reports surfaced that alleged manipulation of LIBOR. These reports spurred BBA's March 5th announcement.

Recently, BBA discussed the scope of its LIBOR review in greater detail.[2] According to a March 28, 2012 statement, BBA will focus on:

1. the financial instruments that will be used for defining the rate;
2. establishing a code of requirements for those who contribute to setting the rate; and
3. strengthening the statistical underpinnings of the contributions.[3]

BBA indicated that it hopes to complete its review process by midsummer.[4] Come June, borrowers and lenders should be on the lookout for BBA's report, as it could significantly impact the lending community.

[1] US Practical Law Company, [BBA to Review LIBOR](http://usf.practicallaw.com/5-518-3544?q=&qp=&qo=&qe), March 7, 2012, available at, <http://usf.practicallaw.com/5-518-3544?q=&qp=&qo=&qe>

[2] BBA LIBOR, [LIBOR - Update](http://www.bbalibor.com/news-releases/libor-update), March 28, 2012, available at, <http://www.bbalibor.com/news-releases/libor-update>

[3] *Id.*

[4] *Id.*

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