



Thompson Coburn LLP | One US Bank Plaza | St. Louis, MO 63101

The Wheatley Review of LIBOR: Final Report

On September 28, 2012, HM Treasury published the final report on the review of the London Interbank Offered Rate (LIBOR) undertaken by Martin Wheatley, Financial Services Authority (FSA) Managing Director and Chief-Executive designate of the Financial Conduct Authority (FCA) (the "Wheatley Review"). The Wheatley Review followed the two-volume report published in August 2012 by the House of Commons Treasury Select Committee after it became apparent that Barclays Bank had manipulated its submitted rates.

The Wheatley Review detailed key conclusions and recommendations, as well as a ten-point plan for broad LIBOR reform. Of particular interest, the Wheatley Review sets forth the following:

- LIBOR should be reformed, rather than replaced. With the outstanding value of contracts that reference LIBOR exceeding \$300 trillion, replacing LIBOR would pose an unacceptably high risk of financial instability.
- Transaction data should be explicitly used to support LIBOR submissions, and strict and detailed processes should be used to verify submissions against transaction data. The publication of LIBOR for currencies and maturities for which there is insufficient data to verify submissions should be phased out over time.
- The British Bankers' Association should transfer responsibility for overseeing LIBOR to a new administrator, which will compile and distribute the rate.
- Market participants should continue to play a significant role in the production and oversight of LIBOR. Submitting banks should immediately look to comply with the submission guidelines presented in the Wheatley Review.
- Individual LIBOR submissions should be withheld from publication for 3 months to reduce the potential for submitters to manipulate the market.

- Market participants should evaluate their use of LIBOR and consider using contingency procedures that would take effect if LIBOR publication is disrupted.

The Wheatley Review acknowledged that this was not the last word on reforming LIBOR, as it is now the responsibility of the Government, the British Bankers' Association, market participants, and the international regulatory community to carry these recommendations forward.

A copy of the Wheatley Review can be found [here](#).

If you have any questions regarding the reform of LIBOR, please contact your Thompson Coburn attorney or one of the Banking and Commercial Finance attorneys below:

Peter A. Fanchi	314-552-6034	pfanchi@thompsoncoburn.com
Gregory D. Omer	314-552-6480	gdomer@thompsoncoburn.com
Garrett M. Fischer	314-552-6503	gfischer@thompsoncoburn.com

Thompson Coburn LLP

Chicago | St. Louis | Southern Illinois | Washington, D.C.

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