



NEW YORK STATE SENATOR

Kevin Thomas

## Governor Signs Thomas bill to Protect Businesses and Consumers from LIBOR Legal Limbo

KEVIN THOMAS April 7, 2021

| ISSUE: **LIBOR, FINANCE AND TAXATION, CONSUMER PROTECTION**

| COMMITTEE: **CONSUMER PROTECTION**



(Albany, NY) — Senator Kevin Thomas (D-Levittown) and Assemblyman Ken Zebrowski (D-Rockland) announced today that the Governor has signed into law legislation that will help prevent trillions of dollars of financial contracts from falling into legal limbo when the London Interbank Offered Rate (LIBOR) begins its scheduled phase-out at the end of this year.

London Interbank Offered Rate (LIBOR) is a common benchmark interest rate index which is referenced in an estimated \$200 trillion in adjustable rate mortgages, student loans, credit cards, mutual funds, public pension funds, and other financial contracts. Since the 2008 financial crisis, international investigations into LIBOR have revealed widespread efforts to manipulate the rates for profit. As a result, the UK regulator that oversees LIBOR has announced that it will be phased out after 2021. When publication of LIBOR stops, contracts that reference LIBOR may be plunged into legal uncertainty.

The legislation, which was introduced by State Senator Kevin Thomas (D-Levittown) and Assemblymember Kenneth Zebrowski (D-Rockland), will help protect New York consumers from potentially costly and disruptive legal consequences of the phase-out by establishing fallback language for contracts tied to LIBOR.

Senator Kevin Thomas said, "Lending rates for many loans including mortgages, student loans, and credit card rates are tied to LIBOR. This critical legislation will protect New York consumers and businesses from falling into legal limbo when LIBOR is phased out at the end of the year. I thank the Governor for signing this important measure into law and standing up for consumers across New York State."

Assemblymember Ken Zebrowski said, "LIBOR's discontinuance at the end of this year was a catastrophe waiting to happen for New York State - the financial capital of the world. Our law will ensure that millions of affected financial contracts, everything from mortgages, student loans, credit cards, and business loans, will not face any legal uncertainty or devastating impacts. I am proud to have once again partnered with Senator Thomas on this critical financial measure that will ensure economic stability in our State and thank the Governor for signing it."

The bill will take effect immediately.

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## RELATED LEGISLATION

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### 2021-S297B

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- Introduced
  - In Committee Assembly
    - In Committee Senate
  - On Floor Calendar Assembly
    - On Floor Calendar Senate
  - Passed Assembly
    - Passed Senate
- Delivered to Governor
- Signed By Governor
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Relates to the discontinuance of LIBOR as the benchmark for short-term interest rates

December 24, 2020

Senate Floor Calendar

Sponsored by **Kevin Thomas**

Do you support this bill?

NAY