

LIBOR Amendment language for use with GMSLA 2010 and the GMSLA 2018

Background information

At the request of members, ISLA have prepared this standard form amendment to assist market participants in their efforts to agree with counterparties the deletion of references to LIBOR in their 2010 and 2018 GMSLAs. This wording removes all references to LIBOR in these agreements and replaces them with a new defined term, “Applicable Rate”, which does not include a specific replacement rate but instead leaves it to parties to agree based on their circumstances / preferences. The wording may not be necessary if parties have specified a suitable alternative rate in paragraph 10 of the Schedule and can be used both as an additional provision in new GMSLAs or as an amendment to legacy GMSLAs. Members should ensure that any rate specified in the agreement complies with all regulatory requirements and should consider suitable fallbacks if the rate is discontinued or is temporarily unavailable.

Changes to LIBOR references in the GMSLA 2010

[13.] **CHANGES TO LIBOR REFERENCES**[13.1.] The following new definition shall be inserted in paragraph 2.1 (INTERPRETATION):

“**Applicable Rate**, in relation to any sum in any currency, means:

- (a) for the purposes of paragraph 11.7, the rate selected in a commercially reasonable manner by the Non-Defaulting Party; and
- (b) for any other purpose, [the rate agreed by the parties acting in a commercially reasonable manner [and in the absence of agreement, [*insert rate*]]];”

[13.2.] Paragraph 11.7 shall be amended as follows:

- (i) The words “overnight London Inter Bank Offered Rate as quoted on a reputable financial information service (**LIBOR**) as at 11:00a.m., London time, on the date on which it is so determined” shall be deleted and replaced with the words “Applicable Rate”.
- (ii) The reference to "LIBOR" in the penultimate line shall be deleted and replaced with the words “Applicable Rate”.

[13.3.] Paragraph 15 shall be amended by deleting the words “the rate referred to in paragraph 11.7” and replacing them with the words “such rate as is agreed by the Parties and specified in paragraph 10 of the Schedule or, failing such agreement, the Applicable Rate”.

Changes to LIBOR references in the GMSLA 2018

[12.] **CHANGES TO LIBOR REFERENCES**[12.1.] The following new definition shall be inserted in paragraph 2.1 (INTERPRETATION):

“Applicable Rate, in relation to any sum in any currency, means:

(a) for the purposes of paragraph 11.7, the rate selected in a commercially reasonable manner by the Non-Defaulting Party; and

(b) for any other purpose, [the rate agreed by the parties acting in a commercially reasonable manner] [and in the absence of agreement, [*insert rate*]]];”

[12.2.] Paragraph 11.7 shall be amended as follows:

(i) The words “overnight LIBOR as at 11:00a.m., London time, on the date on which it is so determined” shall be deleted and replaced with the words “Applicable Rate”.

(ii) The reference to "LIBOR" in the penultimate line shall be deleted and replaced with the words “Applicable Rate”.

[12.3.] Paragraph 15 shall be amended by deleting the words “the rate referred to in paragraph 11.7” and replacing them with the words “such rate as is agreed by the Parties and specified in paragraph 10 of the Schedule or, failing such agreement, the Applicable Rate”.