

# **One Hundred Seventh Legislature - Second Session - 2022**

## **Introducer's Statement of Intent**

### **LB738**

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**Chairperson: Senator Matt Williams**

**Committee: Banking, Commerce and Insurance**

**Date of Hearing: February 08, 2022**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 738 would address the legal effects of the discontinuance of LIBOR on contracts, securities, or instruments and provides for the replacement, by operation of law, of the United States Dollar Libor as the benchmark index for any contract, security, or instrument, with a recommended benchmark replacement that is based off the Secured Overnight Financing Rate (SOFR).

LB 738 would specify that the benchmark replacement applies with respect to a contract, security, or instrument that either: 1) contains no fallback provisions setting forth a methodology or procedure for determining a benchmark replacement; or 2) contains fallback provisions that result in a benchmark replacement that: a) is not a recommended benchmark replacement; and b) is based in any way on any LIBOR value.

LB 738 would also provide for the selection or use of a recommended benchmark replacement as a benchmark replacement for a contract, security, or instrument: 1) constitutes a reasonable replacement for and a commercially substantial equivalent LIBOR and 2) does not: impair or affect certain rights and performance obligations under; b) constitute a breach of; or c) void or nullify; the contract, security or instrument.

Finally, LB 738 would provide that a person is not liable for damages and is not subject to any claim for equitable relief, in connection with: 1) the selection or use of a recommended benchmark replacement; or 2) the determination, implementation, or performance of benchmark replacement performing changes; with respect to any contract, security, or instrument.

**Principal Introducer:** \_\_\_\_\_

**Senator Eliot Bostar**