

Announcement for customers of Bank Millennium S.A. in the matter of future cessation of provision and publication of benchmarks from the LIBOR family

The information presented is valid in particular for customers whose use or intend to use products based on the LIBOR benchmark.

Bank Millennium S.A. informs that on 5 March 2021 Financial Conduct Authority – FCA – (British financial supervisor) published an announcement, in which it stated i.a. that provision of following benchmarks shall cease:

name	term	date of cessation
LIBOR CHF	O/N, 1W, 1M, 2M, 3M, 6M, 12 M	from 31.12.2021
LIBOR EUR	O/N, 1W, 1M, 2M, 3M, 6M, 12 M	from 31.12.2021
LIBOR GBP	O/N, 1W, 2M, 12M	from 31.12.2021
LIBOR JPY	S/N, 1W, 2M, 12M	from 31.12.2021
LIBOR USD	1W, 2M	from 31.12.2021
LIBOR USD	O/N, 12 M	from 30.06.2023

What does the FCA announcement mean?

In consequence of the FCA announcement, after the above-mentioned dates the LIBOR benchmark (for specific currencies) shall not be published, thus it will not be possible to use it any longer i.a. as the benchmark for determining the interest rate and amount due under the financial instrument or agreement, e.g. loan for purchase of real estate.

The banking sector keeps monitoring the situation. Banks keep working on ways to continue agreements with customers, when predefined LIBOR rates will be no more available.

According to BMR¹ banks have prepared contingency plans in case of cessation of publication or material change of the benchmark (hereinafter "the Plans"). The general task of the Plans is to determine the procedure to be followed in order to ensure continuity of performance of agreements, in which the particular benchmark has been used.

If the particular agreement contains appropriate provisions stemming from the Plans, then in the situation of cessation of providing the benchmark, these provisions shall be applied.

New powers of the European Commission

According to BMR, the European Commission may substitute the benchmark no longer provided, with an alternative benchmark. The European Commission has been granted the powers in order to systemically resolve the matter of continuation of agreements after cessation of provision of the particular benchmark. If the European Commission nominates such alternative benchmark, this benchmark shall apply under law to all financial agreements and instruments, in which provisions from the Plans were not or cannot be included.

Additionally we inform that the Ministry of Finance, the Polish Financial Supervision Authority as well as Polish Bank Association have asked the European Commission to appoint a substitute for **LIBOR CHF**.

We shall keep you informed about launch and method of application of the Plan with respect to agreements, which cessation of publication of the benchmarks concerns, as well as about any secondary legislation issued by the European Commission in this matter and its influence on agreements concluded by the Bank with Customers.

The full text of the FCA Announcement is available here:

<https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

Communication from the Polish Financial Supervision Authority in this matter is available here:

https://www.knf.gov.pl/komunikacja/komunikaty?articleId=72821&p_id=18#1

¹ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1 as amended).