

Statement

By

**Michael J. Hsu
Acting Comptroller of the Currency**

at the

**Financial Stability Oversight Council
June 11, 2021**

Thank you, Madam Secretary, and thank you for your leadership of this body as I join colleagues in the Council for the first time today. The Council's financial stability mission is one I regard as critical for our nation's financial system and I look forward to contributing meaningfully to our discussions as Acting Comptroller.

As indicated in today's presentation by Vice Chairman Quarles, we are at an important juncture in the LIBOR transition. There are important financial stability implications for this body and the financial system. Importantly, over the long run financial stability is a critical interest of all stakeholders whatever their size and market participation. The Secured Overnight Financing Rate (SOFR) is a robust replacement rate that has been carefully developed and will be reliably produced in a wide range of market conditions.

The widespread adoption of SOFR in derivatives and other markets will promote financial stability for all participants in the financial system. SOFR enjoys broad applicability and already has a proven track record.

We expect every bank, regardless of size, to demonstrate that its replacement rate selections are appropriate for the bank's products, funding needs and operational capacities. In particular, we want to emphasize the importance of banks considering the strength of the fallback provisions they employ.

It is imperative that banks continue careful planning for the LIBOR transition. OCC examiners will continue to work with banks to ensure their full preparedness.