June 1, 2020

ARRC Extends Comment Period for Its Student Loan and Spread Adjustment Consultations

Both Consultations Are Now Open for Feedback Until June 15

The Alternative Reference Rates Committee (ARRC) announced that it is extending the comment period on two consultations: for U.S. dollar (USD) LIBOR fallback contract language for new variable rate private student loans, and separately, for supplemental details on spread adjustment methodologies for cash products referencing USD LIBOR. The comment periods for both the student loan consultation and supplemental spread adjustment consultation have been extended to June 15, 2020 to provide ample time for external parties to prepare and provide their thorough feedback.

Though they cover different topics, both consultations seek to advance the ARRC's mission to support a seamless transition away from LIBOR and encourage the broad voluntary adoption of the ARRC's recommended alternative reference rate, the Secured Overnight Financing Rate (SOFR). The student loan consultation outlines draft language for new contracts that reference USD LIBOR to minimize risk and market disruption in the event that LIBOR is no longer usable, and the supplemental spread adjustment consultation focuses on certain technical issues related to spread adjustment methodologies for cash products referencing USD LIBOR.

The ARRC welcomes feedback on both consultations from the widest possible range of stakeholders, and the group looks forward to working closely with stakeholders to incorporate their input.

Submitting Feedback about Consultations

Comments on both consultations should be sent to the ARRC Secretariat (arrc@ny.frb.org) no later than June 15, 2020. Please provide only one response per institution, and please attach your responses in a PDF document with "Consultation Response" clearly indicated in the subject line of your email. Comments will be posted on the ARRC's website after the close of the consultation period without alteration except when necessary for technical reasons. Comments will be posted with attribution unless respondents request anonymity. If your institution is requesting anonymity, please clearly indicate this in the body of your email and please ensure that the PDF document you submit is anonymized. Questions regarding the consultations should also be sent to the ARRC Secretariat (arrc@ny.frb.org) and will not be posted for attribution.

About the ARRC

The ARRC is a group of private-market participants convened by the Federal Reserve Board and Federal Reserve Bank of New York in cooperation with the Commodity Futures Trading Commission, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Association of Insurance Commissioners, the New York Department of Financial Services, the Office of Financial Research, the Office of the Comptroller of the Currency, the U.S. Department of Housing and Urban Development, the U.S. Securities and Exchange Commission, and the U.S. Treasury Department. It was initially convened in 2014 to identify risk-free alternative reference rates for USD LIBOR, identify best practices for contract robustness, and create an implementation plan with metrics of success and a timeline to support an orderly adoption. The ARRC accomplished its first set of objectives and identified the SOFR as the rate that represents best practice for use in certain new USD derivatives and other financial contracts. It also published its Paced Transition Plan, with specific steps and timelines designed to encourage adoption of the SOFR. The ARRC was reconstituted in 2018 with an expanded membership to help to ensure the successful implementation of the Paced Transition Plan, address the increased risk that LIBOR may not exist beyond 2021, and serve as a forum to coordinate and track planning across cash and derivatives products and market participants currently using USD LIBOR.

Sign up here to receive email updates about the ARRC.

Contact for ARRC Chair Tom Wipf
Paige Mandy
Morgan Stanley

Contact for the ARRC's Outreach/Communications Working Group
Andrew S. Gray
JPMorgan Chase

Contact for the Federal Reserve Board
Darren Gersh

Contacts for the Federal Reserve Bank of New York
Suzanne Elio and Betsy Bourassa