

Re: ARRC's Request for Information Regarding LIBOR Transition Plans

January 31, 2020

The Alternative Reference Rates Committee ("ARRC") and its member firms are writing to request your voluntary participation in a vendor [survey](#) regarding your preparedness to transition from USD LIBOR to the ARRC's recommended alternative reference rate, the Secured Overnight Financing Rate ("SOFR"). The intended purpose of the survey is two-fold. First, vendors may find it useful to use the survey as a self-assessment tool and share their responses directly with clients. Second, by participating in the survey, vendors have an opportunity to contribute information to the ARRC about transition readiness and challenges and, in turn, raise awareness about operational changes that are required to enable a smooth transition.

You are receiving this survey because one or more ARRC members have identified you as a potential vendor whose products and/or services might be impacted by USD LIBOR transition. The ARRC would greatly appreciate your responses to Section I of the questionnaire as it would help inform market participants of their vendors' transition status and key obstacles. Section II is provided for vendors' use only as an additional self-assessment tool.

I. Introduction

In response to recommendations and objectives set forth by the Financial Stability Oversight Council and the Financial Stability Board to address risks related to USD LIBOR transition, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") and the Federal Reserve Bank of New York (the "New York Fed") jointly convened the ARRC in 2014, with the support of the U.S. Department of the Treasury, the U.S. Commodity Futures Trading Commission, and the Office of Financial Research.¹ The ARRC is comprised of a diverse set of private-market participants and a wide array of official-sector entities, including banking and financial sector regulators, as ex-officio members.

The ARRC's initial objectives were to identify risk-free alternative reference rates for USD LIBOR, identify best practices for contract robustness, and create an implementation plan to support an orderly adoption. In 2017, the ARRC recommended SOFR as the rate that it believed would represent best practice for use in certain new USD derivatives and other financial contracts. It also published a Paced Transition Plan² with specific steps and timelines to encourage adoption of SOFR. Statements made by regulators have clearly expressed that (i) the discontinuation of LIBOR is a certainty³ and (ii) market participants should take appropriate action to transition from LIBOR to an alternative risk free rate.⁴ Time is of the essence for market participants to prepare given the likelihood that LIBOR will become unusable after 2021.⁵

The ARRC is supported by a number of working groups tasked with specific objectives to help enable a smooth transition from USD LIBOR. In particular, the ARRC's Operations/Infrastructure Working Group has been tasked to identify key infrastructure and operational changes that need to be enacted in order to allow for a smooth transition. The Operations/Infrastructure Working Group developed this survey in furtherance of that mandate.

¹ To learn more about the ARRC and its work, see its website: <https://www.newyorkfed.org/arrc/about>.

² Source: [The ARRC's Paced Transition Plan](#), adopted in October 2017

³ Source: [Opening Statement of Chairman J. Christopher Giancarlo before the Market Risk Advisory Committee Meeting](#), July 2018

⁴ Source: [LIBOR: Preparing for the End](#), July 2019

⁵ Source: The [FCA Statement on LIBOR Panels](#), November 2017, the [Future of LIBOR](#) July 2017.

II. About the Request

Section I of the vendor questionnaire focuses on foundational questions about the transition, such as vendors' understanding of the transition's impact on their products and applications, the key enhancements necessary to ensure product readiness, and the financial instruments to which their products or applications pertain. Section II focuses on information about applications only and covers the high-level capabilities necessary to transition, such as ability for systems to forecast cash flows. The ARRC's vendor survey is limited to Section I only.

It is important to note:

- The survey is being conducted by the ARRC, and the survey questions were developed by the ARRC's Operations/Infrastructure Working Group. The survey is not a regulatory information request from either the Federal Reserve Board or the New York Fed and should not be interpreted as such.
- Responses to Section I of the survey should be submitted directly to the New York Fed, in its role as the ARRC's secretariat.
- Individual firm responses will be maintained as confidential by the ARRC's secretariat and none of the Federal Reserve Board, the ARRC members, or the public will have access to the individual firm survey responses.
- The ARRC secretariat will aggregate and anonymize individual firm responses to preserve their confidentiality. The aggregated summary of responses to Section I will be shared with the ARRC and made public to inform other market participants. The summary will not contain any firm-specific attribution.
- You should not share with any other survey respondent any of your individual firm responses that may reflect confidential, proprietary or competitively sensitive information.
- Vendors should not deem the completion of this survey and submission to the ARRC as having provided information to their clients. We encourage all vendors to also reach out and coordinate with their client firms directly regarding USD LIBOR transition.

The ARRC asks vendors to input responses to Section I in the [spreadsheet](#), and submit the spreadsheet by email to the ARRC Secretariat (arrc@ny.frb.org) by March 16, 2020. Please do not submit any responses to Section II. Indicate "Vendor Survey" in the subject line of your email, and provide only one response per institution. ARRC representatives will host a webcast on February 10, 2020 to answer any questions that vendors might have. Details will be provided separately, and they will be listed in the ["Meetings & Events" page](#) on the ARRC website when available. In addition to the webcast, questions can also be submitted directly to the ARRC Secretariat (arrc@ny.frb.org).