

Alternative Reference Rates Committee

March 23 Meeting Readout



This document contains highlights from the [Alternative Reference Rates Committee \(ARRC\) meeting on March 23, 2022](#). The complete meeting agenda can be found [here](#). Full minutes for this meeting will be [posted in the coming weeks](#).

Topics discussed at the meeting included federal LIBOR legislation, momentum towards the Secured Overnight Financing Rate (SOFR), results from the latest sentiment survey of ARRC members, and work evaluating 1-year Term SOFR.

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Members [welcomed](#) the passage of the [Consolidated Appropriations Act, 2022](#), which contains legislation that provides a targeted solution for financial contracts that mature after the mid-2023 cessation of LIBOR and have no effective means to replace LIBOR upon its cessation. This will minimize legal, operational, and economic risks associated with the transition. The federal LIBOR legislation takes an approach similar to [legislation initially proposed by the ARRC](#) in 2020 that was passed by New York and several other states.

Members noted that the transition away from LIBOR to SOFR continues to progress strongly in 2022. Use of SOFR has accelerated across cash and derivatives markets.

- As shown in the charts below, activity data from cash and derivatives markets point to continued positive momentum in the transition from LIBOR to SOFR. Specifically:
 - Figure 2 shows that SOFR swaps now account for around 80 percent of interest rate risk traded in the outright linear swaps market.
 - Figure 8 shows that average daily SOFR futures volumes increased by 50 percent month-over-month in February. SOFR futures volumes and open interest continue to increase relative to Eurodollar futures and the overall STIR futures market.

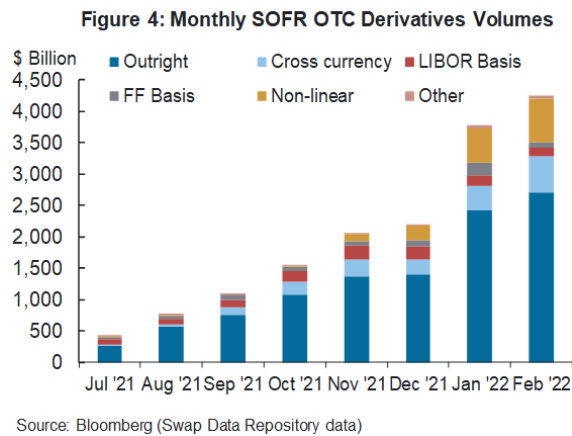
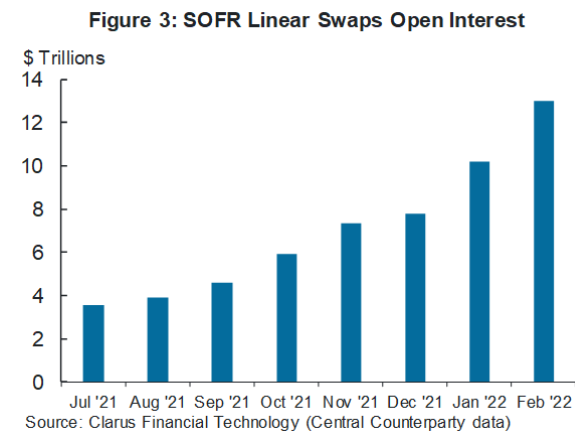
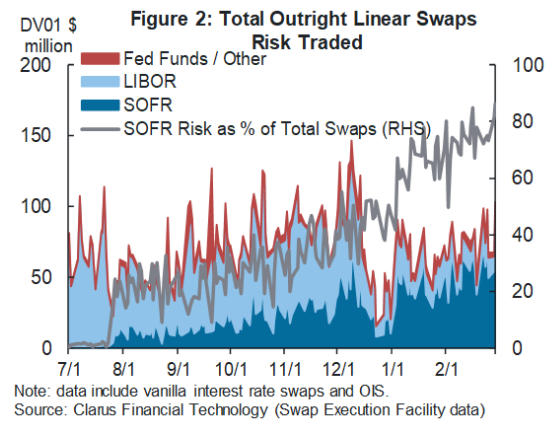
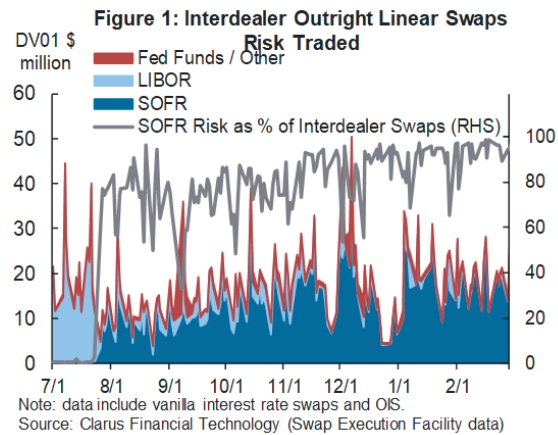
In addition to the data, anecdotal feedback also reflects continued progress in the shift from LIBOR to SOFR. Staff provided an overview of the results of the most recent sentiment survey of ARRC members. It was noted that survey respondents continued to characterize the LIBOR transition overall as progressing smoothly or generally smoothly into 2022, with no meaningful change in sentiment compared to the prior [survey conducted in January 2022](#).

The Term Rate Task Force provided an update on its work around the consideration of a recommendation of 1-year Term SOFR by the ARRC. Similar to its process before [formally recommending 1-, 3-, and 6-month CME Term SOFR](#) in mid-2021, the ARRC is conducting its evaluation of 1-year Term SOFR in a manner consistent with the [principles](#) and [indicators](#) it had established.

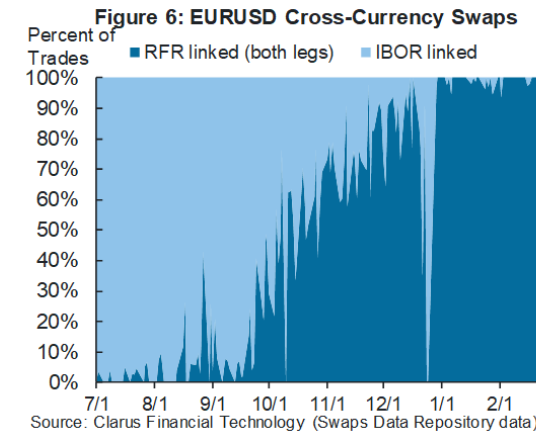
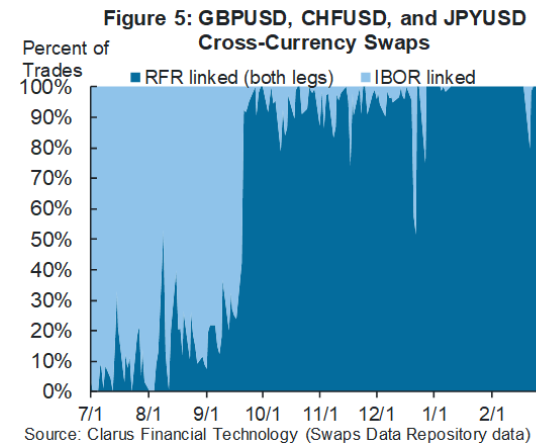
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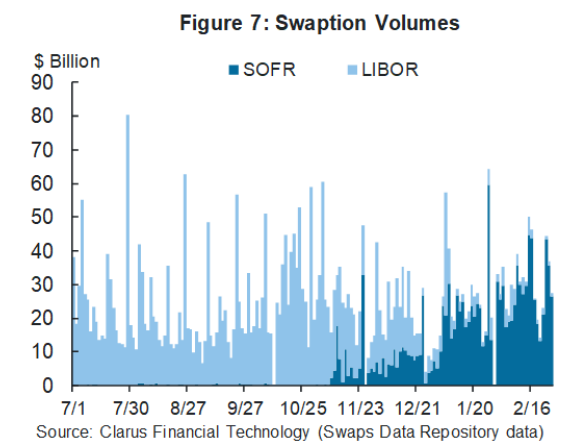
Linear Swaps



Cross-Currency Swaps



Non-Linear Derivatives



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Exchange-Traded Derivatives

Figure 8: Average Daily Notional SOFR Futures Volumes

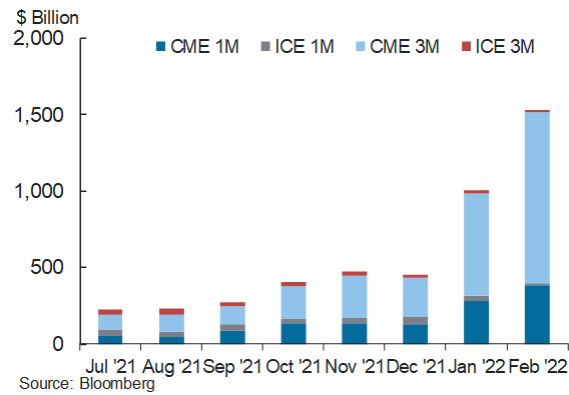
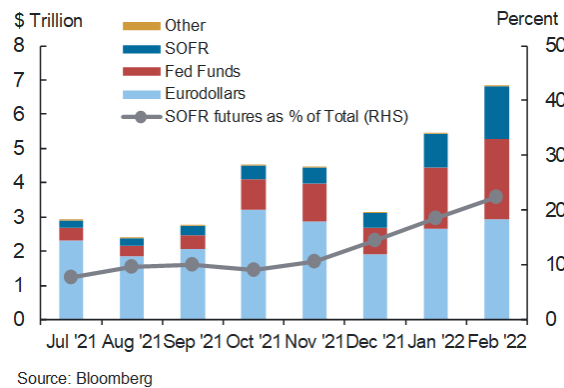


Figure 9: STIR Futures Average Daily Volumes



Cash Products

Figure 10: FRN Issuance by Reference Rate

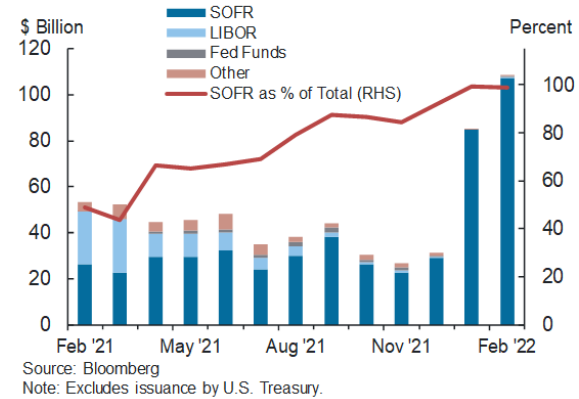


Figure 11: SOFR-indexed ARM Agency MBS Issuance

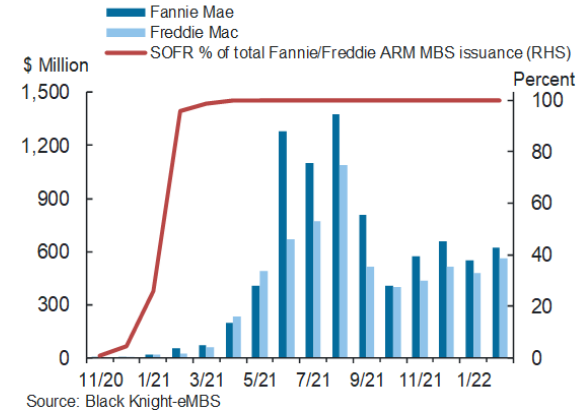


Figure 12: Syndicated Lending

