

Comments on Fallback Language

1) Waterfall

- We prefer to eliminate the optionality in Step 1 of the waterfall, which we feel increases complexity and uncertainty. A waterfall which introduces ambiguity cuts against its purpose.
- Structuring the waterfall to begin with term SOFR risks the possibility of the Relevant Governmental Body recommending an alternate Replacement Benchmark, leading to conflict between the waterfall and the Government recommended Replacement Benchmark.
 - Further, we query whether ARRC speaks with one voice, or if there is the potential for more than one recommended Replacement Benchmark.
- We disagree with the Issuer's delegated authority to select a Replacement Reference Rate or Replacement Benchmark Spread. This should be delegated to the calculation agent.
- Consider whether the ISDA Fallback Rate step is duplicative of the Compounded SOFR step.

2) Replacement Benchmark Conforming Changes

- Similar to the waterfall, discretion to make such conforming changes should be delegated to the calculation agent, not the Issuer.

3) Drafting Comments

- Benchmark Discontinuance Event
 - What does it mean to have a public statement "on behalf of" an administrator?
 - "...will cease" should be deleted. Since the FCA has already made a public statement about its intention to discontinue LIBOR, this could be read to mean that a Benchmark Discontinuance Event has already occurred.
- "LIBOR" definition
 - Add the phrase "in a representative amount" after "U.S. dollars"
 - Replace "or a comparable or successor regulated quoting service" with "or a comparable or successor **organization, provided that a Benchmark Discontinuance Event has not occurred**".
- While we recognize there are differences between the recommendations of each ARRC working group, consider where there is room for global alignment.