Question 1(a): Should fallback language for FRNs include any of the pre-cessation triggers (triggers 3, 4, and 5)? If so, which ones?

Yes, all of the pre-cessation triggers should be included. If as time progresses and the market approaches the 2021 deadline, LIBOR becomes more difficult to trade due to liquidity or uncertainty and a regulator has yet to make a public statement, the pre-cessation triggers will become more important.

Questions 1(b): Please indicate whether any concerns you have about these pre-cessation triggers relate to differences between these triggers and those for standard derivatives or relate specifically to the pre-cessation triggers themselves.

We believe that as there are different market participants in the derivatives and cash products markets and there are different regulators and trade organizations in the derivatives and cash products markets differences between the two markets are to be expected and one market cannot limit itself by what is happening in the other market. We do not have a concern that the derivatives and the cash products markets may have differences in trigger events.

Question 1(c): If pre-cessation triggers are not included, what options would be available to market participants to manage the potential risks involved in continuing to reference a Benchmark whose regulator has publicly determined that it is not representative of the underlying market or a Benchmark permanently or indefinitely based on a number of submissions that the Benchmark's administrator acknowledges to be insufficient to allow for production in a standard manner?

The only option we see to market participants if pre-cessation triggers are not included would be for an investor to sell a LIBOR FRN into the market possibly at a distressed price or for the issuer to try to buy back the debt (if the holders can be located) with the possibility of not being successful as the holders may not want to sell at the market price. Either of these options are not optimal.

Question 2: If ARRC has recommended a forward-looking term rate, should that rate be the primary fallback for floating rate notes referencing LIBOR even though derivatives are expected to reference overnight versions of SOFR?

The forward looking rate may not be available or may not be the market standard for SOFR debt. Also, the timeline for the development of a forward-looking term rate may not align with a pre-cessation trigger timing. The ARRC needs to determine how the waterfall fallbacks would be determined to be feasible or not feasible and who would make that determination.

Question 3(a): Should Compounded SOFR be the second step in the waterfall? Would this preference be influenced by whether ISDA implements fallbacks referencing compounded SOFR or overnight SOFR?

NO. Current market issuance has shown that simple average SOFR has become the market standard. Investors systems cannot manage compounded SOFR for debt instruments (information we have gleaned from Dealer feedback). This would cause a hardship for issuers and investors and the difference for compounding could be incorporated in the spread adjustment.

Question 3(b): If you believe that Compounded SOFR should be included, which compounding period is preferable ("in arrears" or "in advance")? Would this preference be influenced by whether ISDA implements fallbacks referencing compounded SOFR "in arrears" or "in advance"?

Although we do not believe that compounded SOFR should be included, if compounded SOFR were included we would recommend **in arrears** as we believe that this rate would lead to the least amount market manipulation by market participants that know that have the information regarding LIBOR cessation.

Question 4(a): Would an overnight rate that remains in effect for the entire interest period be an acceptable option for investors, issuers and agents?

No. The overnight rate in effect for the entire interest period would be equivalent to the final LIBOR fallback and move a FRN to a fixed rate instrument.

Questions 4(b): Should the waterfall include Compounded SOFR (step 2) and spot SOFR (step3) and/or a simple average of SOFR (not in the waterfall at this time)? If only one of these options is included, which is preferable? Would this preference be influenced by whether ISDA implements fallbacks referencing compounded SOFR or overnight SOFR?

We believe that if a LIBOR FRN were to convert to SOFR that it would be least disruptive to the market participants and liquidity of the instruments to mimic the market standard for current SOFR FRN issuance. This would lead to the waterfall utilizing simple average of SOFR. As the derivative market and the cash products market have diverged between compounded and simple average, we believe this is acceptable to the market.

Question 5: In the future circumstance where there is no SOFR-based fallback rate, is the replacement rate determined by the Relevant Government Body the best alternative at this level of the waterfall?

We believe that the fall backs should incorporate OBFR with the final fallback being Fed Funds at this point but this may not always hold true and the event that SOFR or Fed Funds may not exist in the future needs to be planned for by falling back to the relevant government body.

Question 6(a): In the future circumstance where there is no SOFR-based fallback rate and the Relevant Governmental Body has not recommended a replacement rate for FRNs, is the fallback for SOFR-linked derivatives set forth in the ISDA definitions the best alternative at this level of the waterfall?

At this time we feel that the ISDA fallbacks would we the best alternatives for this level of the waterfall.

Question 6(b): Should this step in the waterfall refer expressly to OBFR and then the FOMC Target Rate rather than refer to the fallback rate for SOFR-linked derivatives in the ISDA definitions (which could change in the future)?

Yes, we believe this is the way to express the waterfall as this is being incorporated in SOFR FRN issuance at this point. We refer again to creating a structure that would be the least disruptive to investors, issuers and the market.

Question 7: Should the issuer or its designee have the ability to over-ride the ISDA fallback for SOFR-linked derivatives in the ISDA definitions at this level of the waterfall if it determines that another rate that is an industry-accepted successor rate for FRNs exists at such time?

NO. The issuer or its designee would be subjecting themselves to possible litigation by bondholders. The government body such as the Federal Reserve should provide direction to the market for changes to the waterfall. This will require the Fed to stay engaged in benchmark regulation.

Question 8: Do you believe that the ARRC should consider recommending a spread adjustment that could apply to cash products, including FRNs?

Yes, such as ISDA, the ARRC should provide a framework for the spread adjustment whether the Fed or the Fed directing a third party sets the adjustment should be a safer process for investors and issuers.

Question 9: Is a spread adjustment applicable to fallbacks for derivatives under the ISDA definitions appropriate as the second priority in the spread waterfall when the Unadjusted Replacement Rate is equivalent to the ISDA fallback rate?

The spread adjustment needs to incorporate both a term adjustment and a credit adjustment between the risk free SOFR versus LIBOR and a simple average SOFR versus a forward looking LIBOR rate. If the fallback is a forward looking SOFR then theoretically the term adjustment would not be necessary in the total spread adjustment.

Question 10: If the ARRC does not recommend a spread adjustment, should the issuer (or its designee) have the ability to determine the spread adjustment (or, if step 2 is applicable, over-ride the spread adjustment for derivatives fallbacks in the ISDA definitions) and select a spread adjustment that would result in a rate that is an industry –accepted successor rate in floating rate notes at such time?

The issuer selecting the spread adjustment would open the issuer up to liability from investor lawsuits. The Fed as the government regulator of the benchmark needs to remain proactive in the determination of the successor benchmarks and the arbiter of if the benchmark represents the market.

Question 11: Whether as issuer or as calculation agent, would your institution be willing to (i) determine whether the proposed triggers have occurred, (ii) select screens where reference rates or spreads are to be found, (iii) make calculations of a rate or spread in the absence of published screen rates, (iv) interpolate term SOFR if there is a missing middle maturity and (v) make the decisions in step 6 of the Replacement Benchmark waterfall and step 4 of the Replacement Benchmark Spread waterfall?

No, as an issuer we would request a bright line that would require as little discretion as possible to mitigate as much litigation risk as possible and to alleviate any possible market delay waiting for direction from the market or a government regulator. As much clarity as possible about any actions an issuer needs to take is welcomed.

Question 12: Is there any provision in the proposal that would significantly impeded FRN issuances? If so, please provide a specific and detailed explanation.

We believe that compounded SOFR would be a hardship to the market as investor systems in the U.S. and in the case of the Federal Home Loan Banks – internationally are not able at this time to utilize compounding and there is no indication as to investors' timelines in the U.S. or elsewhere to adopt to a compounding rate.

Question 13: Please provide any additional feedback on any aspect of the proposal.