Question	Response
Question 1. If the ARRC were to adopt one or more sets of business loan fallback language, which one or both of the recommended provisions (i.e., amendment approach and/or hardwired approach), in your view, is an appropriate policy? If you believe the amendment approach is more appropriate at present, what specific information (for instance, existence of term SOFR) would you need in order to get comfortable eventually adopting a hard-wired approach? Why?	From a financial point of view, we would favor the hardwire approach, as it tries to anticipate what is most likely going to happen in the derivatives market. However, the hardwired approach has some potential shortcomings (Term SOFR currently not proposed in any of the ISDA fallbacks, SOFR compounded in advance would create basis risk) and therefore, depending on what is actually going to occur, may not be optimal. For this reason, the amendment approach which is more flexible and will leave participants with the choice which they deem most appropriate is more favorable. However, in our view, the amendment approach has the following shortcomings: - 5D snooze or lose approach is not market standard, in particular for a topic as critical as interest rates. We reckon the timing aspect in the circumstances in which the change would be decided upon. However, we think that the events should either be redrafted to allow for an even earlier anticipation and hence also leave participants more time to vote. - The risk that the agent could agree with the borrower on a borrower-friendly spread adjustment absent a clear market convention at the time the event is triggered (in particular under the Opt-in approach). There should be a duty for the agent to consider, in particular, the practice in the derivatives markets (RFR + compounded in arrears + spread derived from OIS/Term swap spreads).
Question 2. (a) Should fallback language for business loans include any of the precessation triggers (triggers 3, 4 or 5)? If so, which ones? (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. (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	Our preference is to not have pre-cessation triggers, with the concerns being two-fold: (a) The timing of the triggers will then potentially be used by market participants depending on the then current market conditions, leading to arbitrage opportunities; (b) Inconsistencies that these events could generate in respect of the events used under derivatives contracts – with different timings of switches potentially leading to hedging mismatches (for both corporate borrowers and lenders) which may trigger financial issues (how to hedge such mismatches), operational issues (dynamically manage the hedges) and regulatory and accounting issues (mismatches create questions about hedge accounting potentially).

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?	
Question 3. (a) Is an "opt-in" trigger appropriate to include? Why or why not? (b) If you do believe an "opt-in" trigger should be included, do you prefer the approach in the hardwired proposal or the amendment proposal? Please explain.	No. Lenders and borrowers should be given the choice to switch based on Benchmark Discontinuance Events only. To the extent that such events are properly defined, they are available to all market participants. The opt-in would in addition create timing issues for both lenders and borrowers to opt-in at certain times when, for example, the spread adjustment is low/high. So it will create market timing issues for all participants as discussed in Question 2.
Question 4. Are there any other trigger events that you believe should be included for consideration? If yes, please explain.	Yes, there should be a possibility for participants to switch upon simple waiver request and consent without any specific reason.
Question 5. If the ARRC has recommended a forward-looking term rate, should that rate be the primary fallback for syndicated loans referencing LIBOR even though derivatives are expected to reference overnight versions of SOFR? Please explain.	Yes, term rates should be the primary fallback. However, it would require a liquid market on those term rates and derivatives available for hedging purposes. If no liquid market is available, term rates would not be a good idea.
Question 6. Should the administrative agent (by itself or with some other party) be able to eliminate certain interest period options if there are no equivalent SOFR terms available? If so, consider the following options: (i) the administrative agent (and/or some other party) may remove all interest periods for which there is not a published term rate or (ii) the administrative agent (and/or some other party) may remove only the interest periods for which there is not a published term rate and a term rate cannot be interpolated. Which of the options do you support? Why?	Yes, the agent should be able to eliminate non-existing interest periods (by itself or with some other party). There is liability risk, so it involves some third party to assist the administrative agent. The agent should then remove all options which do not exist rather than doing so selectively in order to have the possibility to have the loan fit with the related hedge as best as it can (assumption is that ISDA fallbacks would also eliminate non-existing tenors).

Question 7. Should "Compounded SOFR" be included as the second step in the waterfall? Why or why not? Would this preference be influenced by whether ISDA implements fallbacks referencing compounded SOFR or overnight SOFR?	Yes, it should be included (in arrears, not "in advance") provided this fallback is also used by ISDA under derivatives contracts.
Question 8. If you believe that Compounded SOFR should be included, would a Compounded SOFR in advance or Compounded SOFR in arrears be preferable for syndicated loans? Please explain	In arrears (less hedging mismatch risks) – see response to question 7.
Question 9. Is Overnight SOFR an appropriate fallback reference rate for syndicated loans or should the final step in the replacement rate waterfall be Compounded SOFR (after which the hardwired approach defaults to a streamlined amendment process)? Would this preference be influenced by whether ISDA implements fallbacks referencing compounded SOFR or overnight SOFR? Please explain	No, because it is not representative of actual funding costs. Our choice could be influenced by ISDA but also by accounting considerations (embedded interest rate option) as well as potential issues under Volcker rules (non-hedging derivatives) should the discrepancy between the interest on the loans and the derivatives to hedge the interest rate risk leave borrowers and lenders with too much mismatch which would prevent them from using the hedging exemption available under Volcker.
Question 10. Is it acceptable to fix one observation of Overnight SOFR as the reference rate for a loan lasting three months (or longer)? Would lenders refuse to offer longer-duration loans if they were priced over one Overnight SOFR observation? Please explain	No, it is not acceptable to use a single observation of an overnight rate for term loans as it does not reflect the banks funding costs. It would trigger accounting issues also (non SPPI rate).
Question 11. Is there any another replacement rate that should be added to the hardwired approach waterfall before parties move to the streamlined amendment process? If so, what is the appropriate rate or rates and at which stage in the waterfall should they be applied?	No (but please refer to our response to question 8 in which we express our strong preference for compounded interest/in arrears as per current ISDA fallback proposals).

Question 12 - Do you believe that the ARRC should consider recommending a spread adjustment that could apply to cash products, including syndicated business loans?	No, we would prefer switching to ISDA fallbacks to avoid mismatch risks.
Question 13 - Is a spread adjustment applicable to fallbacks for derivatives under the ISDA definitions appropriate as the second priority in the spread waterfall even if syndicated business loans may fall back at a different time or to a different rate from derivatives? Please explain.	Yes, because ISDA fallback is applicable forward and in circumstances which would allow to avoid mismatch risks. Not appropriate otherwise.
Question 14. Is there any another spread adjustment that should be added to the hardwired approach spread waterfall before parties move to the streamlined amendment process? If so, what is the appropriate spread and at which stage in the waterfall should it be applied?	As per ISDA recommendation, the one which would minimise transfer of value and which should hence be included as the first fallback option should be the difference between the OIS-swap rate and the term swap rates. It would simply reflect the gain/loss by borrowers/lenders to switch from the current term rates to the RFR rates.
Question 15. (a) Under the amendment approach proposal, if parties are selecting a replacement rate through the amendment process, should the objection of the Required Lenders be by class (if applicable) (see clause (b) of the section titled “Effect of Benchmark Discontinuance Event” in Appendix I)? Why or why not? (b) Under the amendment approach proposal, if parties choose to select a replacement rate through the “opt-in” amendment process, should the affirmative consent of the Required Lenders be by class (if applicable) (see clause (b) of the section titled “Effect of Benchmark Discontinuance Event” in Appendix I)? Is affirmative consent appropriate or should negative consent be considered instead? Please explain.	(a) Not by class. (b) Not by class. Affirmative consent is appropriate. Negative consent is not appropriate as it exposes borrowers and lenders to operational risks (not being prepared well enough to switch).

Question 16. (a) Under the hardwired approach proposal, if parties must fallback to selecting a replacement rate through the amendment process because none of the options in the replacement rate waterfall are available, is the objection of the Required Lenders by a class appropriate (if applicable) (see clause (d) of the section titled "Effect of Benchmark Discontinuance Event" in Appendix II)? Why or why not? (a) The hardwired approach proposal provides two bracketed options for a successful declaration of the "opt-in" amendment process - Required Lenders (typically a majority) vs. supermajority (2/3) of lenders (see clause (B) of the definition of "Benchmark Transition Determination" in Appendix II). What should be the standard affirmative lender voting threshold for consenting to the "opt-in"? Please explain.	(a) yes, because majority of lenders would vote against if not prepared/market information is insufficient (b) supermajority should apply
Question 17. For respondents that act as administrative agents in the syndicated business loan market, would your institution be willing to (i) work with the borrower to identify a new reference rate or spread adjustment, (ii) determine whether triggers have occurred, (iii) select screen rates where reference rates are to be found, (iv) interpolate term SOFR if there is a missing middle maturity and, (v) execute one-time or periodic technical or operational amendments to allow the administrative agent to	(i) Yes (ii) No (due to the liability risk for the agent) (iii) yes (iv) yes (v) No (due to the liability risk for the agent)

appropriately administer the replacement benchmark? Please respond to each and explain.	
Question 18. Is it necessary that any replacement rate and/or applicable spread adjustment be published on a screen by a third party? Why or why not?	Yes (liability risk and most loan agents not equipped to make such computations, would require consultation of investment bank hence issue public/private info)
Question 19. Given that market practices and conventions may change over time, should the administrative agent's limited ability to make conforming changes be available only at the point of transition or on a periodic, ongoing basis? Why or why not?	The agent should be able to make such changes on a periodic basis. However, it may involve judgement issues from the agent and hence it should be considered that agents can take independent advice, as otherwise agents may be reluctant to take any action (or omit to take any action) due to liability risk.
Question 20. How important is it for the fallback rate to be available prior to making a borrowing/advancing funds? For instance, if the rate was a compounded three-month rate calculated at the end of the interest period, would that be problematic? Please explain.	Very important, because lenders are otherwise unable to quote prices in the primary market absent such fallback rates being actively traded in the market.
Question 21. Are there operational concerns about having the ability to convert many loans over a very short period of time? Please explain	Yes – in the current systems, amendments cannot be automated, nor entered in the systems in advance for an application in the future.
Question 22. Do you see other operational challenges that fallback language should acknowledge or of which the ARRC should be aware? Please explain.	Yes - spread adjustment matrix to be stored on a daily basis over the transitional period potentially with 4 inputs (date of matrix relevant for a deal, computation method of spread retained for a deal, currency and tenor).
Question 23. What modifications to the syndicated loan consultative language may be helpful to market participants as they consider more robust fallback language in a bilateral or single-bank business loan context, if any? Please explain. Specifically, what modifications to	Bilateral loans are more geared towards ISDA fallbacks.

the language may be appropriate in instances in which the bilateral loan is fully or partially hedged? Please explain.	
Question 24. Are there any provisions in the fallback language proposals that would significantly impede syndicated loan originations? If so, please provide a specific and detailed explanation.	No
Question 25. Please provide any additional feedback on any aspect of the proposals.	Any delay under the amendment approach between the time the trigger occurs (ex. Cessation announced longtime in advance) and the switch is implemented (date of effective cessation) could be an issue under both approaches.