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By Electronic Mail to (arrc@ny.frb.org)

We support the continuation of critical benchmarks by having robust governance and finding suitable alternatives. Given the complexity of the subject and the unknown elements that would be affected by the rate change, we have focused on some general questions when drafting the response to the consultation. These questions are aimed to cover the main issues related to choosing of an alternative rate and to transition from USD Libor to another benchmark.

Given the ever decreasing number of underlying transactions in the production of USD Libor we believe it is necessary to find suitable alternatives in order to ensure the continuation of critical – and representative- benchmarks going forward.

We have thoroughly discussed the general questions in the consultation, only to conclude that it is challenging to choose a preferred option at this stage. We mainly concur with the conclusions drawn by SIFMA in their responses.

Switching to OBFR or repo rate will result in different impediments and uncertainties which, combined with the absence of further details like how the alternative rate would actually be derived/calculated further, make any choice now pre-mature in our view.

The OBFR is a combination of on- and offshore funding conditions and focusses mainly on customer-to-bank transactions. That is contrast to the current FF rate which is an indication of onshore funding conditions only and focusses on (a decreasing number) of interbank transactions. From that perspective, choosing the OBFR over FF as a benchmark rate makes perfect sense. It is however not clear from the paper how the OBFR, being an overnight rate, could substitute an IBOR rate for longer tenors. USD Libor includes an implicit term premium for any tenor beyond overnight and any rate that is used as substitute would be expected to contain such a premium.

As interbank trading of liquidity has diminished in recent years, we also see merits in the repo rate as an alternative reference rate. However, repo market activity is currently dominated by broker-dealers who have no access to the Fed discount window. That means that there is no real control on the range of that fixing, opposed to the FF or OBFR. This considerable issue would need to be solved first in our view in order for the repo rate to be eligible as alternative.

In terms of risks related to moving to either of the two alternative reference rates, we foresee difficulties related to the transition period moving from USD Libor. More specifically we wonder how market disruption will be avoided whilst maintaining full control over both Libor and the new reference rate during this transition period. Technical implementation may impose a considerable burden on banks and institutions to transfer to the new reference rate. There will be issues with the transition of contracts linked to USD Libor into the new reference rate and questions arise on whether that transition should be

done with both USD Libor and the alternative reference rate running in parallel or with a 'big bang'. The latter would need consent of the whole industry.

In order to have an effective transition, we recommend having clear and open guidance on the process from the regulators. We would prefer a phased approach in which old transactions mature with USD Libor and new trades are priced against the new reference rate – although we acknowledged that this could possibly bring in arbitrage opportunities.

We fully support the point made in the SIFMA document regarding Alternative rates regarding the pace of a broader industry transition to rest with the end users for a big part. In order to (convince clients to) move to a new rate it will need to have proven itself over time first by showing underlying liquidity to be constant and robust

We appreciate the opportunity to comment on the ARRC's Consultation and would be pleased to discuss any of these comments in greater detail if you find this helpful. Thanks again for taking our comments into consideration.