

Alternative Reference Rates Committee (ARRC)

Minutes for the February 19, 2020 Meeting

The ARRC Chair opened by thanking Federal Reserve Bank of New York President John Williams for hosting the meeting at the New York Fed and welcomed Federal Reserve Board of Governors Vice Chair for Supervision Randal Quarles via video conference.

President Williams thanked members for their ongoing commitment to supporting a smooth transition and noted that membership on the ARRC comes with significant responsibilities. President Williams highlighted that the New York Fed is taking a key step to support the transition away from LIBOR by [announcing](#) a plan to begin publishing SOFR Averages and a SOFR Index, which was subsequently [published](#) on March 2. He explained that this will help make SOFR averages more accessible and reliable, so that they can be easily referenced in a wide range of financial products. President Williams also noted that ARRC-recommended best practices could help accelerate the transition since they would provide tangible steps that market participants can take to move away from LIBOR.

Vice Chair Quarles emphasized the important role of the ARRC in helping to guide the industry's transition away from LIBOR. Vice Chair Quarles noted that SOFR remains the basis for the transition, and encouraged the ARRC to establish an ambitious set of recommended best practices and timelines that market participants could follow to help them move off of LIBOR.

The ARRC Chair welcomed a new member to the Committee and reminded all members of their key responsibilities and commitments per the ARRC's [Terms of Reference](#). All members reaffirmed adherence.

ARRC members had an extensive discussion about steps the ARRC could take to support the industry's transition away from LIBOR across various asset classes by end-2021. Members discussed potential best practices and timelines that the ARRC could recommend to the industry as well as objectives that the ARRC could establish to guide its own work. The ARRC Chair asked members to provide additional feedback about potential recommended best practices and objectives that could be discussed at a subsequent ARRC meeting.

Federal Reserve staff highlighted the final parameters for the publication of SOFR Averages and a SOFR Index that were previously [announced](#).

Co-Chairs of the Legal working group provided an update on the group's engagement with New York state officials about the ARRC's proposed legislation to minimize legal uncertainty and potential adverse economic impacts associated with LIBOR transition. The ARRC Chair noted that, given the progress made on the legislative relief work, it would be appropriate to release the draft legislation to allow for broader engagement. The draft legislation was subsequently [released](#).

The ARRC Chair noted again that the ARRC would benefit from engaging an external communications firm to help support the Outreach/Communications working group. The Chair noted that an external firm would help amplify the ARRC's messaging to ensure that all relevant stakeholders are well-informed

about the transition away from LIBOR. ARRC members agreed by a vote to engage an external communications firm for this role.

ARRC members received updates regarding recent official sector developments. The representative from the Federal Housing Finance Agency noted that Fannie Mae and Freddie Mac will no longer accept LIBOR-based adjustable rate mortgages by year-end, per an [announcement](#) made in early February. The representative from the U.S. Department of the Treasury noted that the Treasury continues to evaluate the potential issuance of SOFR-linked floating-rate notes and plans to launch a public comment period this year to assess potential demand for such issuance. The Treasury representative also reminded members that the [proposed tax relief guidance](#) provided by the Department and the IRS in October can be used by taxpayers as released, even as the Treasury works to finalize the guidance following the public comment period which closed late last year.

The representative from International Swaps and Derivatives Association (ISDA) noted that the organization would soon launch a new consultation on the inclusion of pre-cessation triggers in fallback language for derivatives, which was subsequently [released](#). The ARRC Chair noted that members should respond to the consultation and should encourage other market participants to respond as well, so that ISDA has sufficient feedback to make an informed decision about how to implement pre-cessation triggers for derivatives.

The ARRC's antitrust counsel reminded members about the ARRC's [Antitrust Guidelines](#) and summarized the core principles that guide the work of the ARRC and its various working groups. Counsel noted that the ARRC's mandate from the Federal Reserve is to develop voluntary recommendations that, if adopted, would facilitate a successful transition from LIBOR; that the ARRC's work is and will continue to be informed by broad input from all relevant stakeholders, including consumer advocacy and industry trade groups, financial markets regulators, and buy-side, sell-side, and intermediary firms and vendors; that the ARRC's recommendations strive to be fair and take into account the interests of all such industry participants; and that the ARRC will continue to conduct its work with a high degree of transparency as reflected in the ARRC's numerous publications, consultations, and proposed recommendations as regularly posted on its website. Members then reaffirmed their adherence to the Antitrust Guidelines.

Attendance at the February 19, 2020 Meeting

ARRC Members

American Bankers Association	Hu Benton*
AXA	Julien Zusslin*
Bank of America	Sonali Theisen*
Bank of America	Greg Todd*
Bank of America	Janet Choi
BlackRock	Alex Krol
Citigroup	Dina Faenson
Citigroup	Jeannine Hyman
CME Group	Agha Mirza
Comerica	Dave Shipka *
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
Deutsche Bank	Adam Eames
Deutsche Bank	Greg Coutu
Fannie Mae	Wells Engledow*
Federal Home Loan Bank	Kyle Lynch
Federal Home Loan Bank	Rei Shinozuka
Freddie Mac	Ameez Nanjee*
GE Capital	Fred Robustelli *
Goldman Sachs	Gigi Chavez de Arnavat
Goldman Sachs	Jason Granet
Goldman Sachs	Richard Chambers
Government Finance Officers Association	Pat McCoy
Government Finance Officers Association	Emily Brock
HSBC	Blair Selber
HSBC	Shirley Hapangama*
Huntington	Beth Russell
Independent Community Bankers of America	Chris Cole*
Independent Community Bankers of America	James Kendrick*
Intercontinental Exchange	Harvey Flax
International Swaps and Derivatives Association	Ann Battle
JP Morgan Chase & Co.	Alice Wang
JP Morgan Chase & Co.	Andrew Gray
JP Morgan Chase & Co.	David Beck*
JP Morgan Chase & Co.	Emilio Jimenez*
JP Morgan Chase & Co.	Katie Morgan*
JP Morgan Chase & Co.	Perry Elbadrawi*
LCH	Phil Whitehurst*
Loan Syndications and Trading Association	Tess Virmani*
Loan Syndications and Trading Association	Meredith Coffey
MetLife	Joe Demetrick
MetLife	Alex Strickler*
MetLife	Kevin Budd*

Morgan Stanley
Morgan Stanley
Morgan Stanley
Morgan Stanley
National Association of Corporate Treasurers
Pacific Investment Management Company
Pacific Investment Management Company
Prudential Financial
Prudential Financial
Securities Industry and Financial Markets Association
Securities Industry and Financial Markets Association
Structured Finance Association
TD Bank
TD Bank
Wells Fargo
Wells Fargo
World Bank Group

Maria Douvas-Orme
Matt Ochs
Tom Wipf
Paige Mandy*
Tom Deas
Courtney Garcia*
Scott Goodman*
Chris McAlister
Gary Horbacz
Chris Killian
Rob Toomey *
Kristi Leo*
Greg Moore
Priya Misra
Alexis Pederson
Brian Grabenstein
Don Sinclair*

Ex-Officio ARRC Members

Commodity Futures Trading Commission
Consumer Financial Protection Bureau
Federal Deposit Insurance Corporation
Federal Housing Finance Agency
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
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Sayee Srinivasan
Abhishek Agarwal
Irina Leonova
Dan Coates
Adhiraj Dutt
Betsy Bourassa
Cam Fuller
Fatima Madhany
Jack Gutt
James Bergin
Jamie Pfeifer
John Williams
Justin Epstein
Justine Hansen
Lorie Logan
Michael Held
Nathaniel Wuerffel
Ray Check
Scott Sherman
Suzanne Elio*
William Riordan
Chiara Scotti
David Bowman
Erik Heitfield*
Evan Winerman*
Randal Quarles*

Federal Reserve Board of Governors
Office of Financial Research
Office of the Comptroller of the Currency
Office of the Comptroller of the Currency
U.S. Department of Housing and Urban Development
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Treasury
U.S. Treasury
U.S. Treasury

Jeff Huther
Matt McCormick*
Ang Middleton*
Kevin Walsh
Jose Fernandez
David Metzman
Jeffrey Dinwoodie*
Michelle Danis*
Sebastian Gomez*
Tamara Brightwell
Brett York*
Chloe Cabot
Peter Phelan

Observers

Bank of Canada
BNP Paribas
Boston Consulting Group
Cadwalader
Deloitte
Ernst & Young
Morgan Lewis
Morgan Lewis
Oliver Wyman
Venerable

Harri Vikstedt
Simon Winn
Roy Choudhury
Lary Stromfeld
Alexey Surkov
Marc Saidenberg
Jon Roellke
Jonathan Justl
Adam Schneider
Charles Schwartz

*Indicates participation by telephone