Alternative Reference Rates Committee (ARRC)

Minutes for the August 11, 2021 Meeting

The ARRC Chair welcomed participants to the virtual meeting and reminded ARRC members of Refinitiv's prototype publication launch of the ARRC's recommended spread adjustments and spread adjusted rates for cash products. This prototype will include fallbacks based on the CME's SOFR term rates in a second iteration based on the ARRC's July 26 recommendation of the CME term rates.

The ARRC Chair noted to members that an ARRC workshop was held with various banks and borrowers on July 29, with a wide range of banks indicating that they intended to offer several different forms of SOFR in business loans. The LSTA then shared that they had developed a draft Term SOFR concept credit agreement document which is currently being vetted by their membership. The document should be finalized before the end of August and will be another tool to help facilitate the usage of Term SOFR in the near term by market participants that are interested in Term SOFR loans.

It was noted that the second phase of the MRAC's SOFR First trading convention switches is planned for cross-currency basis swaps between US dollar, Japanese Yen, sterling, and Swiss franc LIBOR. The target date for the cross-currency swaps convention switch is September 21, 2021.

The Legal Working Group provided an update on the status of federal legislation and potential legislation in other states, emphasizing the importance of a consistent approach to legislative solutions. The Working Group requested volunteers for work on legislation for certain states that the ARRC Legal working group had identified as key ones to approach.

Members continued the discussion of the fallback waterfall recommendations the ARRC plans to make in connection with the NY legislation for 1-week and 2-month USD LIBOR.

Following the formal recommendation of the SOFR Term Rate, Federal Reserve Staff noted that work was underway to update the ARRC's FAQs to reflect the recommendation and scope of use best practices. It was noted that this work included discussion related to the recommendation that any use of SOFR term rate derivatives be limited to end-user facing derivatives intended to hedge cash products that reference the SOFR Term Rate. Staff summarized the Task Force's discussion and FAQ document, noting that draft language would be sent out for non-objections the following week.[1]

The ARRC Chair closed the meeting by thanking everyone and reminding everyone of the next ARRC meeting to be held September 8th via Webex.

[1] Following the August 11, 2021 meeting, the ARRC published related FAQs about the use cases for how best to employ the SOFR Term Rate.

Attendance at the August 11, 2021 Meeting

ARRC Members	
American Bankers Association	Hu Benton
Association for Financial Professionals	Tom Hunt
Bank of America	Greg Todd
Bank of America	Janet Choi
BlackRock	Jack Hattem
CRE Finance Council	Raj Aidasani
Citigroup	Jeannine Hyman
Citigroup	Josie Evans
Citigroup	Tania (Yuanyuan) Yue
Comerica	Dave J Shipka
Deutsche Bank	Kayam Rajaram
Equitable	Greg Addonizio
Fannie Mae	Wells Engledow
Federal Home Loan Bank Office of Finance	Kyle Lynch
Federal Home Loan Bank of New York	Phil Scott
Federal Home Loan Bank of New York	Rei Shinozuka
Ford Motor Company	Jason Behnke
Ford Motor Company	Nathan Herbert
Freddie Mac	Guim Barbour
Freddie Mac	Karen Pilewski
Freddie Mac	Michelle Thomas
Goldman Sachs	Alan Farrell
Goldman Sachs	Guillaume Helie
Government Finance Officers Association	Emily Brock
Government Finance Officers Association	Pat McCoy
HSBC	Blair Selber
HSBC	Shirley Hapangama
Independent Community Bankers of America	Jenna.Burke
Intercontinental Exchange	Harvey Flax
International Swaps and Derivatives Association	Ann Battle
JP Morgan Chase & Co.	Alice Wang
JP Morgan Chase & Co.	Emilio Jimenez
JP Morgan Chase & Co.	John Van Etten
KKR	Tal Reback
LCH	Gaurang Pipalia
Loan Syndications and Trading Association	Meredith Coffey
Loan Syndications and Trading Association	Tess Virmani
MetLife	Alex Strickler
MetLife	Joe Demetrick
MetLife	William Ding

Morgan Stanley	Maria Douvas-Orme
Morgan Stanley	Matt Ochs
Morgan Stanley	Paige Mandy
Morgan Stanley	Tom McCrocklin
Morgan Stanley	Tom Wipf
National Association of Corporate Treasurers	Tom Deas
PNC	Alexander Spiro
PNC	Andrew Wilson
Pacific Investment Management Company	Jerry Woytash
Prudential Financial	Chris Mcalister
Prudential Financial	Jason Pan
Securities Industry and Financial Markets Association	Chris Killian
Securities Industry and Financial Markets Association	Rob Toomey
Structured Finance Association	Jennifer Earyes
US Chamber of Commerce	Kristen Malinconico
Wells Fargo	Alexis Pederson
Wells Fargo	Brian Grabenstein
World Bank Group	Don Sinclair

Ex-Officio ARRC Members

Commodity Futures Trading Commission	Alicia Lewis
Consumer Financial Protection Bureau	Abhishek Agarwal
Federal Deposit Insurance Corporation	Irina Leonova
Federal Housing Finance Agency	Daniel Coates
Federal Housing Finance Agency	Muna Sisay
Federal Reserve Bank of New York	Betsy Bourassa
Federal Reserve Bank of New York	Caitlin Briglio
Federal Reserve Bank of New York	Cam Fuller
Federal Reserve Bank of New York	Caren Cox
Federal Reserve Bank of New York	Fatima Madhany
Federal Reserve Bank of New York	Jamie Pfeifer
Federal Reserve Bank of New York	Justine Hansen
Federal Reserve Bank of New York	Megan Zirinsky
Federal Reserve Bank of New York	Nathaniel Wuerffel
Federal Reserve Bank of New York	Ray Check
Federal Reserve Bank of New York	Scott Sherman
Federal Reserve Bank of New York	William Riordan
Federal Reserve Board of Governors	Darren Gersh
Federal Reserve Board of Governors	David Bowman
Federal Reserve Board of Governors	Jeffrey Huther
National Association of Insurance Commissioners	Eric Kolchinsky
Office of Financial Research	Robert kahn
Office of Financial Research	Sriram Rajan
Office of the Comptroller of the Currency	Ang Middleton

Office of the Comptroller of the Currency	Kevin Walsh
U.S. Department of Housing and Urban Development	Maria Chelo DeVenecia
U.S. Securities and Exchange Commission	Jason Leung
U.S. Securities and Exchange Commission	Michelle Danis
U.S. Securities and Exchange Commission	Tamara Brightwell
U.S. Treasury	Joshua Frost

Observers

BNP Paribas	Simon Winn
BlackRock	Alex Krol
Brunswick	Nathan Wang
Brunswick	Pauline Blondiaux
Cadwalader	Lary Stromfeld
Deloitte	Alexey Surkov
Ernst & Young	Daniel Scrafford
Morgan Lewis	Jon Roellke
Oliver Wyman	Adam Schneider