

## **Alternative Reference Rates Committee (ARRC)**

### **Minutes for the July 14, 2021 Meeting**

The ARRC Chair welcomed participants to the virtual meeting and alerted ARRC members of the fourth [SOFR Symposium](#) on July 21.

The Legal Working Group invited Morgan Lewis to review the ARRC's LIBOR transition recommendations, pursuant to the ARRC's mandate, Terms of Reference, protocols, and guidelines.

The ARRC Chair highlighted the [formal adoption](#) of a recommendation of the SOFR First convention switch by the Market Risk Advisory Committee (MRAC) of the Commodity Futures Trading Commission (CFTC).<sup>1</sup> During the July 13 [meeting](#), the MRAC voted unanimously to adopt the Interest Rate Benchmark Reform Subcommittee of the MRAC recommendation that interdealer brokers change USD linear swap trading conventions from USD LIBOR to SOFR on July 26, 2021. MRAC's announcement included additional [SOFR First](#) trading convention switches. The next SOFR First phase involves [transitioning cross currency swaps](#) on September 21, 2021.

The Business Loans Working Group provided an update on recommended term SOFR and SOFR compounded in advance conventions for syndicated and bilateral business loans. The Chair noted the Working Group plans to publish the recommended conventions before the proposed July 26, 2021 SOFR First switch date so that the conventions will be available for parties to use voluntarily as they see fit, in their independent discretion, once the ARRC formally recommends the CME term rate. The Chair asked for objections to publishing the recommended conventions and received none.<sup>2</sup> Federal Reserve staff noted an upcoming workshop on July 29 with banks and borrowers focusing on how to use SOFR for business loans.

The Tax Subgroup provided an update on a recent request by the IRS and Treasury regarding the Fair Market Value alternatives which are actively being evaluated for purposes of developing recommendations. The IRS and Treasury requested the ARRC submit a written response regarding its views on these alternatives by the end of July.

Federal Reserve staff provided an update on Refinitiv's launch of a prototype rate: The Refinitiv USD IBOR Cash Fallbacks. Staff began a discussion on the fallback waterfall recommendations the ARRC plans to make in connection with the NY legislation for 1-week and 2-month USD LIBOR. Staff reminded ARRC members that any recommendations must be based on overnight SOFR or SOFR averages as there are no CME term rate in those tenors. ARRC members continue to work on finalizing these recommendations.

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<sup>1</sup> Following the MRAC's July 13 meeting, the ARRC issued a [press release](#) applauding the Committee's efforts.

<sup>2</sup> After the July 14 ARRC meeting, the ARRC released the recommended [conventions](#).

The ARRC Chair then asked members who recused themselves from the Term Rate RFP work to drop off the line. The ARRC then reviewed an updated draft of the proposed approach for the recommended scope of use of ARRC-recommended SOFR Term Rates that had been prepared by the ARRC's Term Rate Task Force. Following feedback provided by the ARRC, the ARRC Chair noted a brief meeting would be held the next week for final approval of the recommendations before public release.

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On July 19, 2021 the ARRC held a brief meeting with members who had not recused themselves from the Term Rate RFP work to continue the discussion on scope of use of ARRC-recommended SOFR Term Rates. During the meeting, ARRC members, without objection from any attendees, voted to approve the proposed recommendations for scope of use.<sup>3</sup>

On July 28, 2021 the ARRC held an additional interim meeting with all members to discuss recommending the SOFR term rate. The ARRC began by discussing completion of the July 26 convention switch in interdealer markets and subsequent growth in SOFR cash and derivatives markets. After the Term Rate Task Force recommended that the ARRC formally endorse Term SOFR, the ARRC Chair asked for objections to endorsing the SOFR term rate and received none.<sup>4</sup> The group then discussed having a separate meeting to provide clarity for specific questions that have arisen around the scope of use of the SOFR term rate for derivatives. Finally, Federal Reserve Staff asked for objections to the ARRC Chair sending a letter of support for an updated draft of [federal legislation](#) to address tough legacy contracts, and received none.

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<sup>3</sup>After the July 19 follow-up meeting, the ARRC issued a [press release](#) outlining the [use cases](#) for how best to employ the SOFR Term Rates.

<sup>4</sup> The ARRC issued a [press release](#) formally recommending the CME Group's forward-looking SOFR term rates on July 29, 2021.

## Attendance at the July 14, 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
Bank of America	Sonali Theisen
BlackRock	Jack Hattem
CME Group	Agha Mirza
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
CRE Finance Council	Sairah Burki
Citigroup	Jeannine Hyman
Citigroup	Josie Evans
Citigroup	Tania (Yuanyuan) Yue
Comerica	Dave J Shipka
Deutsche Bank	Kayam Rajaram
Equitable	Julien Zusslin
Fannie Mae	Bob Ives
Fannie Mae	Wells Engledow
Federal Home Loan Bank	Kyle Lynch
Federal Home Loan Bank	Phil Scott
Federal Home Loan Bank	Rei Shinozuka
Ford Motor Company	Jason Behnke
Ford Motor Company	Nathan Herbert
Freddie Mac	Ameez Nanjee
Freddie Mac	Guim Barbour
Freddie Mac	Michelle Thomas
Freddie Mac	Karen Pilewski
Freddie Mac	Allan Krinsman
Freddie Mac	Tim O'Neill
GE Capital	Michael Taets
Goldman Sachs	Guillaume Helie
Government Finance Officers Association	Pat McCoy
Government Finance Officers Association	Emily Brock
HSBC	Blair Selber
HSBC	Shirley Hapangama
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.	Emilio Jimenez
JP Morgan Chase & Co.	Perry Elbadrawi

KKR  
LCH  
Loan Syndications and Trading Association  
MetLife  
MetLife  
Morgan Stanley  
Morgan Stanley  
Morgan Stanley  
Morgan Stanley  
National Association of Corporate Treasurers  
PNC  
PNC  
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  
Structured Finance Association  
TD Bank  
TD Bank  
US Chamber of Commerce  
US Chamber of Commerce  
Wells Fargo  
Wells Fargo  
World Bank Group

**Ex-Officio ARRC Members**

Commodity Futures Trading Commission  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
National Association of Insurance Commissioners  
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. Treasury  
U.S. Treasury  
U.S. Treasury  
Consumer Financial Protection Bureau

Tal Reback  
Philip Whitehurst  
Tess Virmani  
Alex Strickler  
Joe Demetrick  
Maria Douvas-Orme  
Matt Ochs  
Paige Mandy  
Tom Wipf  
Tom Deas  
Alexander Spiro  
Andrew Wilson  
Andrei Wagner  
Jerry Woytash  
Chris Mcalister  
Gary Horbacz  
Chris Killian  
Rob Toomey  
Jennifer Earyes  
Kristi Leo  
Priya Misra  
Greg Moore  
Kristen Malinconico  
Tom Quaadman  
Alexis Pederson  
Brian Grabenstein  
Don Sinclair

Alicia Lewis  
Justin Epstein  
Cam Fuller  
Heidy Medina  
Justine Hansen  
Ray Check  
Eric Kolchinsky  
Sriram Rajan  
Ang Middleton  
Kevin Walsh  
Chelo DeVenecia  
Chloe Cabot  
Daniel Harty  
Joshua Frost  
Abhishek Agarwal

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  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
Federal Reserve Bank of New York  
Federal Reserve Board of Governors  
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Federal Reserve Board of Governors  
Office of Financial Research  
U.S. Department of Housing and Urban Development  
U.S. Department of Housing and Urban Development  
U.S. Department of Housing and Urban Development  
U.S. Securities and Exchange Commission  
U.S. Securities and Exchange Commission  
U.S. Treasury

**Observers**

BNP Paribas  
BNP Paribas  
BNP Paribas  
Bank of Canada  
BlackRock  
Brunswick  
Brunswick  
Brunswick  
Brunswick  
Cadwalader  
Cadwalader  
Davis Polk  
Deloitte  
Ernst & Young  
Morgan Lewis  
Morgan Lewis  
Oliver Wyman  
Oliver Wyman  
Venerable

Irina Leonova  
Daniel Coates  
Betsy Bourassa  
Caitlin Briglio  
Fatima Madhany  
Jamie Pfeifer  
Nathaniel Wuerffel  
William Riordan  
Caren Cox  
Scott Sherman  
David Bowman  
Erik Heitfeld  
Evan Winerman  
Jeffrey Huther  
Robert Kahn  
Melanie Davis  
Jose Fernandez  
Joshua Miller  
Michelle Danis  
Jason Leung  
Chloe Cabot

Simon Winn  
Frederic Goulipian  
Stephane Pellerin  
Sheryl King  
Alex Krol  
Jeanmarie Mcfadden  
Casey Gunkel  
Nathan Wang  
Pauline Blondiaux  
Jason Halper  
Lary Stromfeld  
Lucy W. Farr  
Alexey Surkov  
Greg Damalas  
Jon Roellke  
Jonathan Justl  
Pin Su  
Udy Khemani  
Charles Schwartz