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ARRC Document Highlights SOFR's Progress to Date

Commemorates the One-Year Anniversary since SOFR's Publication by Highlighting Growth in Liquidity in Markets Referencing SOFR and Progress in Preparing for the Transition

The Alternative Reference Rates Committee (ARRC) today issued [a document](#) to commemorate the one-year anniversary of the publication of the Secured Overnight Financing Rate (SOFR). SOFR is the rate that the ARRC selected as its preferred alternative to U.S. dollar LIBOR.

This two-page document highlights progress made since the Federal Reserve Bank of New York, in collaboration with the Office of Financial Research, [began daily publication of the SOFR in 2018](#). Through charts and other visuals, this document highlights the evolution of liquidity in SOFR-linked markets, the development of fallback contract language, and the breadth of market participant involvement in the ARRC.

“In the year since SOFR’s publication, SOFR futures markets, cleared swap markets, and debt markets have been established and steadily developed. During that time, the ARRC has also taken critical steps to support a smooth transition and participation in our group has expanded,” said Tom Wipf chair of the ARRC and Vice Chairman of Institutional Securities at Morgan Stanley. “While these accomplishments are laudable, the deadline for when LIBOR could become unusable is quickly approaching. It’s essential that all market participants prepare for the transition away from LIBOR now.”

About the ARRC

The ARRC is a group of private-market participants convened by the Federal Reserve Board and Federal Reserve Bank of New York in cooperation with the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of Financial Research, the Office of the Comptroller of the Currency, the Commodity Futures Trading Commission, the Securities and Exchange Commission and the U.S. Treasury Department. It was initially convened in 2014 to identify risk-free alternative reference rates for U.S. dollar LIBOR, identify best practices for contract robustness, and create an implementation plan with metrics of success and a timeline to support an orderly adoption. The ARRC accomplished its first set of objectives and identified SOFR as the rate that represents best practice for use in certain new U.S. dollar derivatives and other financial contracts. It also published its [Paced Transition Plan](#), with specific steps and timelines designed to encourage adoption of SOFR. The ARRC was reconstituted in 2018 with an expanded membership to help to ensure the successful implementation of the [Paced Transition Plan](#), address the increased risk that LIBOR may not exist beyond 2021, and serve as a forum to coordinate and track

ALTERNATIVE REFERENCE RATES COMMITTEE

planning across cash and derivatives products and market participants currently using U.S. dollar LIBOR.

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