

Alternative Reference Rates Committee

2020 Objectives



Below are the 2020 Objectives that the Alternative Reference Rates Committee ([ARRC](#)) has set for itself to support the transition away from LIBOR and support the voluntary use of the Secured Overnight Financing Rate (SOFR) as a more robust and resilient alternative. These objectives were developed keeping in mind the current expectation that LIBOR can no longer be guaranteed beyond the end of 2021. This timeline was recently reinforced by the FCA in a [statement](#) released on March 25, 2020 amid the dislocations surrounding the coronavirus.

In parallel to these objectives, the ARRC is also developing recommended Best Practices for the industry to help support the transition away from LIBOR. The ARRC expects to release the first phase of these best practices within the coming months and, while recognizing that certain near-term steps may be delayed in the current economic environment, continues to emphasize that market participants should seek to move away from LIBOR.

ARRC Objectives	2020 Priorities / Milestones	Date
 <p>Supporting SOFR Use and Liquidity</p>	<ul style="list-style-type: none"> Establish an RFP process and criteria for recommendations in order to select an administrator of an ARRC-recommended forward-looking term SOFR rate to be published in the first half of 2021 if liquidity in SOFR derivatives markets has developed sufficiently, and also establish recommended scopes of use for such a term rate. 	<ul style="list-style-type: none"> By September 30, 2020
	<ul style="list-style-type: none"> Establish final recommended conventions for SOFR-based floating rate notes, business loans, and securitizations. 	<ul style="list-style-type: none"> By July 31, 2020
	<ul style="list-style-type: none"> Work as appropriate with market participants, CME, and LCH in facilitating the use of SOFR PAI and discounting for cleared U.S. dollar interest-rate derivatives, including recommended voluntary options for conventions on the exchange of compensation in relation to legacy swaptions or discounting for new swaptions. Explore potential methods to facilitate the movement of legacy derivative positions from LIBOR to SOFR before 2021. 	<ul style="list-style-type: none"> Ongoing
 <p>Market Infrastructure and Operations</p>	<ul style="list-style-type: none"> Create tools that aid market participants in making the operational and infrastructure changes necessary for them to prepare for the LIBOR transition and to minimize disruption, including proposals for industry timelines, checklists, market conventions, or actions that could be taken to address specific implementation issues. 	<ul style="list-style-type: none"> Ongoing

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2020 Objectives (Continued)



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 <p>Contractual Fallbacks</p>	<ul style="list-style-type: none"> Establish an RFP process for selection of an administrator to publish the ARRC’s recommended spread adjustments and spread-adjusted rates and finalize technical details related to the recommended spread adjustments. 	<ul style="list-style-type: none"> By September 30, 2020
	<ul style="list-style-type: none"> Publish revisions to the ARRC’s hardwired fallback language (including a more permissive early opt-in trigger), recommended conventions, and supporting materials for business loans. 	<ul style="list-style-type: none"> By June 30, 2020
 <p>Consumer Products</p>	<ul style="list-style-type: none"> Publish recommended fallback language for new student loans referencing LIBOR and conventions for new student loans referencing SOFR, creating similar materials for other consumer products as appropriate. 	<ul style="list-style-type: none"> By June 30, 2020
	<ul style="list-style-type: none"> Develop resource guides identifying recommended actions to support market participants’ efforts to develop clear and effective programs for consumer education and outreach and consolidating materials and information sources that can aid such programs. 	<ul style="list-style-type: none"> By September 30, 2020
 <p>Legal, Tax, Accounting, and Regulatory Clarity</p>	<ul style="list-style-type: none"> Continue to pursue potential legislative relief for legacy contracts that may be otherwise difficult to amend and that do not have economically appropriate fallbacks. 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Continue to work with tax, regulatory, and self-regulatory organizations as they finalize proposals for tax, regulatory, and accounting measures to address the LIBOR transition, encouraging the removal of unintended impediments to the transition and encouraging international regulatory coordination and fostering market understanding of the measures that are taken. 	<ul style="list-style-type: none"> Ongoing
 <p>Outreach, Education, and Global Coordination</p>	<ul style="list-style-type: none"> Promote broad and comprehensive outreach and education efforts around the LIBOR transition and the work of the ARRC to support the transition. 	<ul style="list-style-type: none"> Ongoing