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## **ARRC Outreach/Communications Working Group Co-Chairs on Industrywide Use of SOFR**

Andrew Gray and Charles Schwartz, Co-Chairs of the Alternative Reference Rates Committee (ARRC) Outreach/Communications Working Group, authored a [BankThink article in American Banker](#) about the ARRC and its preferred alternative to U.S. dollar (USD) LIBOR, the Secured Overnight Financing Rate (SOFR).

Titled “The Case for Industrywide Use of SOFR,” this article underscores the ARRC’s [diversity and its inclusive work](#), SOFR’s [strengths as an alternative reference rate](#), and the important role of the ARRC’s [proposed legislation to New York State lawmakers](#) in minimizing legal uncertainty and adverse economic impacts associated with LIBOR transition.

**On the ARRC overall, they wrote:** “The ARRC has been both transparent and inclusive. The ARRC’s membership is comprised of a broad set of private-market participants — including banks, asset managers, insurers and industry trade organizations — and official sector ex-officio members... This membership allows the group to have diverse participation across financial services.”

**On SOFR specifically, they noted:** “After more than two years of transparent research and public consultation, the ARRC selected its preferred alternative... SOFR was identified as the most suitable alternative rate for institutions of all sizes... Based on daily repo market transactions, SOFR is, by intent and construction, a reliable and representative indicator of market interest rates.”

**On the proposed legislation, they explained:** “Many existing contracts either lack any provisions that deal with LIBOR’s end or have provisions that would cause significant, unintended economic impacts. This legislation intends to address the legal uncertainty and economic harm that LIBOR’s end would otherwise create for consumers, businesses, lenders and investors.”

### **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 USD 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 the SOFR as the rate that represents best practice for use in certain new USD derivatives and other financial contracts. It also published its [Paced Transition Plan](#), with specific steps and timelines designed to encourage adoption of the 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

## ALTERNATIVE REFERENCE RATES COMMITTEE

exist beyond 2021, and serve as a forum to coordinate and track planning across cash and derivatives products and market participants currently using USD LIBOR.

Sign up [here](#) to receive email updates about the ARRC.

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