

December 7, 2020

## **ARRC Releases Guide and Highlights New ISDA Webinar on USD LIBOR Endgame Developments (Updated on December 7)\***

***Guide Explains Interplay between Recent Announcements and Next Steps; Webinar Featured Key Institutions working on USD LIBOR's Endgame***

***\*This release was initially issued on December 4, 2020 and has been updated since to reference IBA's released consultation.***

The Alternative Reference Rates Committee (ARRC) today released a [guide](#) about recent announcements made by U.S. and UK regulators and LIBOR's administrator for the proposed endgame for U.S. dollar (USD) LIBOR. ARRC Chair Tom Wipf also participated in a webinar ([recording](#) and [transcript](#)) about those developments.

Overall, the [developments](#) announced on November 30 together propose a clear framework for ending USD LIBOR that would facilitate an orderly transition and accelerate market participants' use of the Secured Overnight Financing Rate (SOFR). They call for market participants to stop writing new USD LIBOR contracts by the end of 2021, while allowing most legacy contracts to mature before USD LIBOR stops.

"These resources walk through this week's consequential announcements on U.S. dollar LIBOR's proposed endgame and help explain what they mean for everyone involved in the transition," said Tom Wipf, ARRC Chairman and Vice Chairman of Institutional Securities at Morgan Stanley. "With this added clarity from regulators and LIBOR's administrator, it is essential to continue strong momentum towards ending new LIBOR by end-2021 and adapting robust reference rates like SOFR."

The November 30 developments were followed by an [announcement](#) from LIBOR's administrator, the ICE Benchmark Administration, which released a [consultation](#) on December 4 on its intention to cease the publication of LIBOR settings. With respect to USD LIBOR, that includes proposed end dates immediately following the December 31, 2021 publication for the minor LIBOR settings (1 Week and 2 Month) and immediately following the June 30, 2023 publication for major USD LIBOR settings (Overnight, and 1, 3, 6, and 12 Month). The consultation will be open for feedback until January 25, 2021 and IBA "intends to share the results of the consultation with the FCA and to publish a feedback statement summarizing responses from the consultation shortly thereafter."

Today's [guide](#) walks through these key announcements. It also covers what is on the horizon for USD LIBOR's endgame and the ARRC's work, regarding the [setting of a spread adjustment](#), the ARRC's [legislative proposal with New York State](#), and the ARRC's [Recommended Best Practices](#).

The [webinar](#) on the same topics was made available on the International Swaps and Derivatives Association's (ISDA) website today. In addition to ISDA leadership, participants included representatives from the ARRC, Federal Reserve, and Financial Conduct Authority.

## **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 Commodity Futures Trading Commission, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Association of Insurance Commissioners, the New York Department of Financial Services, the Office of Financial Research, the Office of the Comptroller of the Currency, the U.S. Department of Housing and Urban Development, the U.S. 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 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 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 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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