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ARRC Releases the SOFR Starter Kit

Factsheet Series Provides Key Information on Transition to SOFR

The Alternative Reference Rates Committee (ARRC) today released the *SOFR Starter Kit*, a set of factsheets to inform the public about the transition away from U.S. dollar (USD) LIBOR to the Secured Overnight Financing Rate (SOFR), the ARRC's recommended alternative reference rate. The SOFR Starter Kit includes background on the impetus for the transition and the ARRC's work to select a preferred rate, facts and figures about SOFR, and next steps market participants can take.

"Transition efforts have been underway for many years now, and this change has far-reaching impacts," said Tom Wipf, ARRC Chairman and Vice Chairman of Institutional Securities at Morgan Stanley. "The *SOFR Starter Kit* aims to help anyone impacted by the transition quickly familiarize themselves with the history and core issues involved in transitioning."

These factsheets follow the conclusion of the ARRC's [SOFR Summer Series](#), a collection of educational panel discussions with representatives across various ARRC member institutions for industry professionals, media, and the general public. The Summer Series and the Starter Kit aim to ensure market readiness for the transition to SOFR as USD LIBOR's end-2021 deadline rapidly approaches.

The SOFR Starter Kit includes three factsheets:

1. [History and Background](#)
 - Background on USD LIBOR
 - History of the ARRC and the selection of SOFR
2. [Key Facts About SOFR](#)
 - How SOFR works
 - SOFR by the numbers
 - Common misconceptions of SOFR
3. [SOFR Next Steps](#)
 - SOFR best practices
 - Recommended fallback language
 - The user's guide to SOFR
 - Helpful tools from the ARRC

For additional background information, please refer to the ARRC's [Frequently Asked Questions](#).

[About the ARRC](#)

ALTERNATIVE REFERENCE RATES COMMITTEE

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.

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