

March 8, 2021

ARRC Confirms a “Benchmark Transition Event” has occurred under ARRC Fallback Language

The Alternative Reference Rates Committee (ARRC) confirms that in its opinion the March 5, 2021 announcements by [ICE Benchmarks Administration](#) and the [U.K. Financial Conduct Authority](#) on future cessation and loss of representativeness of the LIBOR benchmarks constitutes a “Benchmark Transition Event” with respect to all USD LIBOR settings pursuant to the ARRC recommendations regarding more robust fallback language for new issuances or originations of LIBOR floating rate notes, securitizations, syndicated business loans, and bilateral business loans. For additional information, see the [ARRC FAQs Regarding the Occurrence of a Benchmark Transition Event](#). The ARRC [previously commended](#) the decisions outlining the definitive endgame for LIBOR.

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 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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