The ARRC recently announced that it:

- Supports the use of SOFR Term Rates for business loan activity, where adapting to an overnight rate could be more difficult;
- Does not support the use of SOFR Term Rates for derivatives markets, except for end users to hedge cash products using the SOFR Term Rates; and
- Continues to recommend using forms of overnight and averages of SOFR where possible.

### Status and What’s Next

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 21, 2021</td>
<td>ARRC recommends conventions and best practice for scope of use.</td>
</tr>
<tr>
<td>July 26, 2021</td>
<td>A major convention switch recommends inter-dealer brokers change USD linear swap trading from LIBOR to SOFR.</td>
</tr>
<tr>
<td>July 29, 2021</td>
<td>U.S. supervisory guidance encourages stopping new USD LIBOR issuances by end-2021.</td>
</tr>
<tr>
<td>December 31, 2021</td>
<td>LIBOR’s administrator ceases publication of all GBP, EUR, CHF, JPY LIBOR settings, and two little used USD LIBOR settings, immediately following the December 31 print.</td>
</tr>
</tbody>
</table>

### Steps making this recommendation possible

- Publication of RFP for an ARRC-recommended administrator
- Publication of principles for the ARRC’s recommendation
- Publication of market indicators for the ARRC’s recommendation
- Identification of the leading RFP proposal
- Publication of conventions and best practice recommendations for using Term Rates

Meeting market indicators allows the ARRC to formally recommend CME SOFR term rates.
The ARRC believes SOFR is the best replacement for USD LIBOR because it is:

1. Deep, broad, and diverse enough that it does not dry up in times of market stress
2. Resilient even as markets evolve over time
3. Entirely transaction-based, so it cannot easily be manipulated

SOFR is gaining significant momentum…

For more information:
https://www.newyorkfed.org/arrc