

January 28, 2020

ARRC Chair Wipf Urges Action on Transitioning to SOFR

Tom Wipf, Chairman of the Alternative Reference Rates Committee (ARRC) and Vice Chairman of Institutional Securities at Morgan Stanley, authored a Bloomberg opinion-editorial "[Libor's Endgame in U.S. Requires Urgent Preparation](#)," which explains the significance of late-2020 announcements by regulators and LIBOR's administrators on the [proposed endgame](#) for LIBOR and provides concrete advice to market participants with U.S. dollar LIBOR exposures.

As Chairman Wipf notes in his piece, "Now that a proposed path is mapped out, the public and private sectors must work together with renewed urgency toward our common goal: preparing for no new LIBOR by transitioning all new activity to SOFR by the end of this year."

He highlights two specific areas of focus for market participants this year, noting that they:

- "Should immediately stop issuing USD LIBOR-based instruments and start writing SOFR into new contracts," and
- "Should also protect any outstanding LIBOR contracts from uncertainty by amending them to account for LIBOR's end" by adopting the [International Swaps and Derivatives Association's IBOR Fallbacks Protocol](#) or ARRC's [recommended fallback language](#) wherever possible.

He also underscored the importance of the ARRC's [New York State legislation](#), which was recently included in the [New York State Executive Budget](#).

With LIBOR's endgame newly clarified and rapidly approaching, the ARRC encourages all market participants to heed the advice in this op-ed and the recommended transition timelines outlined in its [Best Practices](#).

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 U.S. dollar (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

ALTERNATIVE REFERENCE RATES COMMITTEE

as a forum to coordinate and track planning across cash and derivatives products and market participants currently using USD LIBOR.

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