

July 11, 2022

ARRC Releases Guide to Support Transition of Legacy LIBOR Cash Products

Guide Comes Ahead of Key Transition Event Taking Place this Afternoon

The Alternative Reference Rates Committee (ARRC) today released the [LIBOR Legacy Playbook](#), a guide describing the existing broad frameworks to support the transition of legacy LIBOR cash products. While not intended to provide legal advice, the guide aims to provide tools and resources, including a compilation of best practice recommendations and reference materials, to assist market participants in ensuring that the transition from LIBOR is operationally successful.

This guide is being released shortly before a key transition event this afternoon—[Last Call on LIBOR: Final Steps to Transition](#)—that is being co-hosted by President John Williams of the Federal Reserve Bank of New York and Chief Executive Nikhil Rathi of the UK Financial Conduct Authority, who together serve as Co-Chairs to the Financial Stability Board’s Official Sector Steering Group. This event focuses on the industry’s transition away from LIBOR, bringing together public and private sector leaders who have played critical roles in the transition. Visit [here](#) for more information and to register to join the event in-person or by livestream.

“With less than a year until the publication of U.S. dollar LIBOR ends entirely, there is no time to wait to get your LIBOR legacy exposures in order. Today’s LIBOR Legacy Playbook will be especially helpful for all market participants to be prepared ahead of June 2023,” said Tom Wipf, ARRC Chairman and Vice Chairman of Institutional Securities at Morgan Stanley.

Of note, the LIBOR Legacy Playbook lays out several steps to help market participants navigate the successful implementation of the range of fallbacks for various cash products. These steps include:

- conducting a thorough assessment of the fallbacks that are embedded (either contractually or through legislation) in every USD LIBOR contract;
- remediating those contracts where feasible to reference SOFR before June 30, 2023 in order to minimize the operational challenges that will arise in transitioning the large number of contracts that currently reference USD LIBOR;
- adopting plans to communicate each contract’s fallback with the affected parties for those USD LIBOR contracts that remain; and
- making sure sufficient resources are allocated to ensure that these rate changes are successfully put into effect.

For increased ease in navigating the guide, the LIBOR Legacy Playbook is available in both [PowerPoint](#) and [Word](#) document formats. Please note, both formats of the Playbook are identical in content, with only the layouts differing.

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 it recommends 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 support the voluntary 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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