ARRC members continued to characterize the passage of the June 30, 2023 LIBOR transition milestone and subsequent contract coupon rate resets as smooth and uneventful.

- The Loan Syndications and Trading Association (LSTA) noted that the USD LIBOR transition has been largely completed in both the leveraged loan and CLO markets following numerous LIBOR fallback amendments executed in June and several add-on amendments completed in the following months. They highlighted, however, that while a loan or CLO may currently reference SOFR, they may not start making payments based on SOFR until the next interest rate reset period.

- In terms of operational considerations, the LSTA suggests that agent banks ensure that their rate reset notices separate the credit spread adjustment (CSA), margin, and all-in rate from the reference rate in order to provide lenders increased visibility into each interest rate component and comply with managed portfolio (such as CLO) indentures.

The Operations/Infrastructure Working Group provided an update on usage of the DTCC LIBOR Replacement Index Communication Tool:

- A majority of securities have had their last LIBOR-linked coupons, with coupon resets occurring throughout August and September.
- Usage of the tool across issuers, agents, trustees, and market data providers has reportedly been smooth, including following the cessation of representative USD LIBOR on June 30. As of September, more than 126k notifications have been received by the tool.

The Regulatory Issues Working Group provided an update on their engagement with the CFTC regarding the request for Pre-Trade Mid Mark relief currently afforded to certain swaps referencing USD LIBOR to be extended to the swap market’s predominant reference rate, SOFR OIS. The ARRC formally filed the relief request letter with the CFTC and it is currently under review.

The ARRC discussed a draft of its closing report which is intended to provide an overview of its final reflections on the transition from LIBOR.