1. The meeting started with several updates. The ARRC representative from the International Swaps and Derivatives Association (ISDA) noted that ISDA had issued a statement summarizing the preliminary results of its consultation on fallbacks for several interbank offered rates including sterling and Swiss franc LIBOR. The responses showed a clear preference for falling back to compound overnight rates in arrears and use of ISDA’s historical mean/median approach for spread adjustments. The ARRC Chair noted that it was positive to see a consensus emerge and looked forward to ISDA’s consultation on fallbacks for U.S. dollar LIBOR.

The ARRC Chair updated the Committee on the recent Official Sector Steering Group (OSSG) meeting. Federal Reserve staff noted that the meeting included extensive discussion on the need to educate market participants about how overnight reference rates could be used in cash products and the need to seek international coordination on accounting, tax, and regulatory issues.

Finally, the group recognized and welcomed the newly formed Interest Rate Benchmark Reform Subcommittee of the Commodity Futures Trading Commission’s (CFTC) Market Risk Advisory Committee (MRAC), which is expected to help the CFTC in finding regulatory solutions to help ensure a smooth transition from LIBOR.

2. The Chairs of the Floating Rate Notes and Business Loans working groups summarized the feedback received on the consultations on fallback contract language for floating rate notes and syndicated business loans. The Chairs reported that while respondents acknowledged the importance of cohesion between fallbacks in cash products and derivatives, a large majority believed that the inclusion of pre-cessation triggers (triggers designed to control for a degradation in LIBOR’s quality rather than a permanent cessation) was warranted even if ISDA did not adopt them. Of those advocating for inclusion, most believed that all the triggers suggested by the ARRC should be included, with some particular preference for including a trigger in the event that the regulator of LIBOR judged the rate to be non-representative. In response to specific questions included in the syndicated business loans consultation, a large majority of respondents also expressed a preference for an early “opt-in” trigger that would allow LIBOR loans to be voluntarily converted to SOFR if borrowers and lenders agreed.

With respect to the rate waterfall, a large majority of respondents believed that a forward-looking SOFR term rate should be the primary fallback if the ARRC endorses such a rate, and that a compounded overnight SOFR rate should be the secondary fallback (with most preferring a compound average in arrears); however, some respondents preferred a compound average of SOFR as the primary fallback. There was only limited support for including spot SOFR in the rate waterfall. A large majority of respondents preferred that the ARRC recommend a spread adjustment and that the ISDA spread adjustment would be appropriate as the second step. A large majority of respondents also noted that the ARRC should publish a spread adjustment.

Respondents to the syndicated business loans consultation were roughly evenly split on their support for either an amendment or hardwired approach to fallbacks, with slightly more preferring the hardwired approach.
The Chairs noted that the Floating Rate Notes and Business Loans working groups would work to incorporate the feedback so that the ARRC can approve recommended contract language for floating rate notes and syndicated business loans soon. ARRC members directed the working groups to seek language that could accommodate those who preferred to fallback to a compound average of SOFR in addition to the majority who preferred to fallback to a forward-looking SOFR term rate.

3. The Committee discussed the final versions of public consultations for bilateral business loans and securitizations that were prepared by the Business Loans and Securitizations working groups, respectively. The Committee approved the consultations for public release, and the consultations were subsequently released on the ARRC’s website for public feedback through February 5, 2019. The Committee noted its intention to incorporate feedback and approve recommended fallback language for voluntary adoption thereafter.

4. ARRC members agreed that the Legal working group should look further into the Committee’s options for seeking legislative relief in order to mitigate risks related to legacy contracts for certain cash products in the event of a LIBOR cessation.
Attendance at the December 5, 2018 Meeting

ARRC Members
AXA
Bank of America
Bank of America
BlackRock
Citigroup
Citigroup
CME
CME
Deutsche Bank
Deutsche Bank
Fannie Mae
Fannie Mae
Freddie Mac
Goldman Sachs
Goldman Sachs
Goldman Sachs
Government Finance Officers Association
HSBC
Intercontinental Exchange
International Swaps and Derivatives Association
JP Morgan
JP Morgan
JP Morgan
JP Morgan
JP Morgan
JP Morgan
JP Morgan
JP Morgan
JP Morgan
LCH
Met Life
Met Life
Met Life
Morgan Stanley
Morgan Stanley
National Association of Corporate Treasurers
Pacific Investment Management Company
Pacific Investment Management Company
TD Bank
TD Bank
The Federal Home Loan Banks, through FHLBNY
The Independent Community Bankers of America
The Independent Community Bankers of America
The Loan Syndications and Trading Association

Julien Zusslin
Alex van Voorhees
Paul Scurfield*
Jack Hattem*
Jeannine Hyman*
Dina Faenson
Agha Mirza
Fred Sturm
Adam Eames
Vishal Mahadakar
Nadine Bates*
Wells Engledow*
Ameez Nanjee*
Alexander Blanchard*
Amy Hong
Jason Granet
Emily Brock*
Shirley Hapangama
Harvey Flax
Ann Battle
Sandie O‘Connor
Terry Belton
Alice Wang
Keith Stephan
Perry Elbadrawi
Andrew Gray
Vickie Alvo*
Emilio Jimenez*
Phil Whitehurst*
Jason Manske
Kevin Budd*
Alex Strickler*
Tom Wipf
Maria Douvas-Orme
Tom Deas
Aaron Kim
Scott Goodman
Greg Moore*
Priya Misra
Vikram Dongre
Chris Cole*
James Kendrick*
Meredith Coffey
<table>
<thead>
<tr>
<th>Organization</th>
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<tbody>
<tr>
<td>The Loan Syndications and Trading Association</td>
<td>Tess Virmani*</td>
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<tr>
<td>The Securities Industry and Financial Markets Association</td>
<td>Randy Snook</td>
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<td>The Securities Industry and Financial Markets Association</td>
<td>Chris Killian*</td>
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<td>Wells Fargo</td>
<td>Alexis Pederson</td>
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<td>Wells Fargo</td>
<td>Brian Grabenstein</td>
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<td>World Bank Group</td>
<td>Don Sinclair*</td>
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<td><strong>Ex-Officio ARRC Members</strong></td>
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<tr>
<td>Bureau of Consumer Financial Protection</td>
<td>Abhishek Agarwal</td>
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<td>Commodity Futures Trading Commission</td>
<td>Sayee Srinivasan*</td>
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<td>Federal Housing Finance Agency</td>
<td>Dan Coates</td>
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<td>Federal Reserve Bank of New York</td>
<td>Matt Lieber</td>
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<td>Evan Winerman*</td>
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<td>Erik Heitfield*</td>
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<td>Laura Macedo*</td>
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<td>Office of Financial Research</td>
<td>Matt McCormick*</td>
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<td>Office of the Comptroller of the Currency</td>
<td>Kevin Walsh</td>
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<td>U.S. Securities and Exchange Commission</td>
<td>David Metzman</td>
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<td>U.S. Securities and Exchange Commission</td>
<td>Michelle Danis*</td>
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<td>U.S. Treasury</td>
<td>Peter Phelan</td>
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<td>U.S. Treasury</td>
<td>Brian Smith*</td>
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<td>U.S. Treasury</td>
<td>Chloe Cabot</td>
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**Observers**

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<tbody>
<tr>
<td>American Bankers Association</td>
<td>Hu Benton</td>
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<td>Bank of Canada</td>
<td>Sheryl King*</td>
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<td>BNP Paribas</td>
<td>Simon Winn</td>
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<td>Cadwalader</td>
<td>Lary Stromfeld</td>
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<td>CRE Finance Council</td>
<td>Raj Aidasani</td>
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<td>Lisa Pendergast</td>
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<td>Morgan Lewis</td>
<td>Jon Roellke</td>
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<td>Structured Finance Industry Group</td>
<td>Sairah Burki</td>
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<td>Venerable</td>
<td>Charles Schwartz</td>
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*Indicates participation by telephone