

Alternative Reference Rates Committee (ARRC)

Minutes for the June 26, 2019 Meeting

1. The co-Chairs of the Legal Working Group updated the ARRC on the Working Group's efforts exploring potential legislative solutions to address issues that could arise with legacy U.S. dollar (USD) LIBOR-linked instruments in the event of LIBOR disruption. Representatives from Cadwalader provided an overview describing how such solutions might work, including examples of how they could apply in certain scenarios. ARRC members discussed the different scenarios, and agreed to each consider the issues in further depth internally within their institutions in preparation for continued discussion at the next ARRC meeting. The ARRC Chair noted that the legislative work was preliminary at this time and that no decision would be made about whether to move forward with such efforts until further information could be gathered about their potential effectiveness.
2. ARRC members discussed and approved the [Consultation on Fallback Contract Language for Adjustable-Rate Mortgages \(ARMs\)](#) and the white paper on [Options for Using SOFR in ARMs](#) that were developed by the Consumer Products Working Group. The Consultation requests feedback by September 10, 2019 on a proposal for improved fallback language for new ARM contracts that reference USD LIBOR while the white paper illustrates how an average of the Secured Overnight Financing Rate (SOFR) can be used in newly issued ARMs in a structure that is generally comparable to today's existing ARMs. The materials were subsequently released along with the [Guiding Principles](#) for the development of fallback contract language for consumer products that was approved at the May ARRC meeting.
3. A member of the Outreach/Communications Working Group presented a draft checklist for SOFR adoption that the Working Group developed in order to help market participants better understand organizational steps they could take to help prepare for the potential disruption of LIBOR. The ARRC Chair requested that members provide the Secretariat with feedback on the checklist. The co-Chairs of the Working Group briefly discussed ideas to strengthen certain aspects of the Working Group's organizational structure.
4. Federal Reserve staff provided an [overview](#) of the SOFR data contingency methodology, noting that the contingency methodology, which is available on the Federal Reserve Bank of New York's [website](#), has been in place since SOFR production began. The data contingency methodology is designed to ensure the timely production of SOFR and the Federal Reserve Bank of New York's other Treasury repo reference rates in the event that primary source data are unavailable, as was the case on June 3, 2019.
5. A member of the Floating Rate Notes Working Group presented materials developed by the Working Group outlining further details of the various conventions used in recent FRN issuances based on SOFR that the Working Group believed would be helpful for market participants to consider when using SOFR in new FRN issuances. The ARRC approved the idea of releasing the document, subject to further revision and final review.

Attendance at the June 26, 2019 Meeting

ARRC Members

American Bankers Association	Hu Benton
AXA	Julien Zusslin
Bank of America	Alex van Voorhees
BlackRock	Alex Krol
Citigroup	Dina Faenson
Citigroup	Jeannine Hyman
CME	Agha Mirza
CME	Fred Sturm
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
Deutsche Bank	Adam Eames
Deutsche Bank	Vishal Mahadkar
Fannie Mae	Nadine Bates
Fannie Mae	Sheila Teimourian*
Federal Home Loan Banks, through FHLBNY	Reggie O'Shields
Freddie Mac	Ameez Nanjee
GE Capital	Michael Taets
Goldman Sachs	Gigi Chavez de Arnavat
Goldman Sachs	Jason Granet
Goldman Sachs	Richard Chambers
Government Finance Officers Association	Emily Brock*
Government Finance Officers Association	Pat McCoy
HSBC	Shirley Hapangama
Independent Community Bankers of America	James Kendrick*
Intercontinental Exchange	Harvey Flax
International Swaps and Derivatives Association	Ann Battle
JP Morgan	Alice Wang
JP Morgan	Andrew Gray
JP Morgan	Emilio Jimenez
JP Morgan	John Horner
JP Morgan	Katie Morgan*
JP Morgan	Keith Stephan
JP Morgan	Perry Elbadrawi*
JP Morgan	Terry Belton*
LCH	Phil Whitehurst*
Loan Syndications and Trading Association	Meredith Coffey
Loan Syndications and Trading Association	Tess Virmani*
MetLife	Alex Strickler*
MetLife	Kevin Budd*
Morgan Stanley	Maria Douvas-Orme
Morgan Stanley	Tom Wipf
National Association of Corporate Treasurers	Tom Deas
Pacific Investment Management Company	Courtney Garcia*

Pacific Investment Management Company	Scott Goodman
Pacific Investment Management Company	Tracey Jordal*
Prudential Financial	Chris McAlister
Prudential Financial	Gary Horbacz
Securities Industry and Financial Markets Association	Chris Killian
Securities Industry and Financial Markets Association	Rob Toomey *
Structured Finance Association	Sairah Burki*
TD Bank	Greg Moore
Wells Fargo	Alexis Pederson
Wells Fargo	Brian Grabenstein
Wells Fargo	Susan Hughes
World Bank Group	Don Sinclair*

Ex-Officio ARRC Members

Commodity Futures Trading Commission	Sayee Srinivasan*
Consumer Financial Protection Bureau	Abhishek Agarwal
Federal Housing Finance Agency	Dan Coates
Federal Reserve Bank of New York	Adhiraj Dutt
Federal Reserve Bank of New York	Alec Mitchell
Federal Reserve Bank of New York	Betsy Bourassa
Federal Reserve Bank of New York	Cam Fuller
Federal Reserve Bank of New York	Caren Cox
Federal Reserve Bank of New York	Jamie Pfeifer
Federal Reserve Bank of New York	Joshua Jones
Federal Reserve Bank of New York	Justine Hansen
Federal Reserve Bank of New York	Matt Lieber
Federal Reserve Bank of New York	Nathaniel Wuerffel
Federal Reserve Bank of New York	Ray Check
Federal Reserve Bank of New York	Sarah Bailey
Federal Reserve Bank of New York	Scott Sherman
Federal Reserve Bank of New York	William Riordan
Federal Reserve Board of Governors	Chiara Scotti*
Federal Reserve Board of Governors	Darren Gersh*
Federal Reserve Board of Governors	David Bowman
Federal Reserve Board of Governors	Erik Heitfield*
Federal Reserve Board of Governors	Evan Winerman*
Office of Financial Research	Matt McCormick
Office of the Comptroller of the Currency	Ang Middleton
U.S. Securities and Exchange Commission	David Metzman*
U.S. Securities and Exchange Commission	Michelle Danis*
U.S. Treasury	Chloe Cabot
U.S. Treasury	Peter Phelan

Observers

Bank of Canada	Sheryl King
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BNP Paribas
Cadwalader
Cadwalader
Morgan Lewis
Oliver Wyman
Venerable

Simon Winn
Jonathan Hoff
Lary Stromfeld
Jon Roellke
Adam Schneider
Charles Schwartz

*Indicates participation by telephone