

Alternative Reference Rates Committee (ARRC)

Minutes for the March 18, 2021 Meeting

The ARRC chair welcomed participants to the virtual meeting and began by updating members on Brunswick's fee structure for 2021 discussed during last month's meeting.

An update was provided on the [selection of Refinitiv](#) as publisher of the ARRC-recommended spreads and spread-adjusted rates for cash products.

Representatives from the Federal Reserve and ISDA provided an update on plans around the publication of SOFR and its corresponding use in derivative contracts in connection with Good Friday, April 2, 2021.¹ As a result of repo market closures, the New York Fed did not publish the SOFR, BGCR, or TGCR on, or for, April 2, 2021 and updated its publication [guidelines](#) to allow for deviations from the SIFMA calendar when the repo market is effectively closed.

The ARRC Chair reminded members of the upcoming SOFR symposium² to be held on March 22, 2021 with the Federal Reserve Vice Chair for Supervision, Randall Quarles, providing a keynote address.

The ARRC Chair then updated members on the Progress Report³ on the transition from USD LIBOR, noting that the report provides an overview of the LIBOR transition, including a timeline of steps taken in the transition, a table of remaining LIBOR exposures, data on the development of alternative markets, and areas where more progress away from USD LIBOR is needed, noting in particular, the loan market.

The Securitizations working group updated ARRC members on its white paper, *Options for using SOFR in new ABS, MBS, and CMBS products*,⁴ which outlines how to use 30-day average SOFR, with a monthly reset, set in advance of the interest accrual period in new issuance of the aforementioned products. The ARRC chair asked for objections to the publication of the white paper and received none, although ARRC members did wish to be clear that conventions based on SOFR in arrears could also be reasonably used in some circumstances.

The Swaptions subgroup provided an update on its white paper, *Suggested Fallback Formula for the USD LIBOR ICE Swap Rate*,⁵ which describes a formula to calculate a fallback for contracts

¹ The New York Fed published a [statement](#) on its website regarding the publication of reference rates on Friday, April 2, 2021.

² Materials from the SOFR symposium, which took place after the March 18, 2021 ARRC meeting, can be found on the [ARRC website](#) ([recording](#) and [presentation](#)).

³ Following the March 18, 2021 meeting, the ARRC published its [Progress Report](#).

⁴ The ARRC published [Options for using SOFR in new ABS, MBS, and CMBS products](#) on March 29, 2021, after the ARRC meeting.

⁵ The ARRC published [Suggested Fallback Formula for the USD LIBOR ICE Swap Rate](#) following on March 24, 2021.

that reference the USD LIBOR ICE swap rate and are not covered by existing fallback provisions. No objections were raised by ARRC members to the publication of the white paper.

The Business Loans working group updated ARRC members on the streamlined Hardwired Fallback Language⁶ for syndicated and bilateral loans following the [March 5th announcements](#) by LIBOR's regulator and its administrator outlining exactly when LIBOR panels will end. The ARRC Chair asked for objections to the publication of the supplemental fallback language and received none.

Federal Reserve staff reminded ARRC members that Refinitiv will publish ARRC recommended spreads and spread-adjusted rates for both consumer and non-consumer cash products. Members discussed the final technical details of the ARRC's recommendations for spread adjustments to be applied to consumer products, noting substantial rounds of input from the Consumer Products working group and consumer advocacy groups. Members raised no objections to, a proposal that the ARRC recommended long-run spread adjustment for consumer products match the value (rather than the methodology) of ISDA's spread adjustments to USD dollar LIBOR. This proposed approach is consistent with the recommendation for non-consumer cash products, ensuring that consumers would face the same long-run spread as participants in all other markets that the ARRC has recommended fallback language for.⁷

The ARRC Chair then asked members who have recused themselves from the Term Rate RFP work to drop off the line. The Chair then reviewed the Term Rate task force's membership, mandate, objectives, and planned activities. There was a discussion regarding the proposed 2021 objective related to a potential SOFR term rate and draft key principles for the ARRC's recommendation of such a term rate. Given the desire to provide a timely, public update regarding the path forward for the ARRC's term rate work, ARRC members discussed the approach and content of a planned communication.⁸

The ARRC Chair closed the meeting by thanking everyone and reminded everyone of the Symposium to be held on March 22nd via Webex.

⁶ After the March 18, 2021 ARRC meeting, the ARRC released its [Supplemental Recommendation of Hardwired Fallback Language for Business Loans](#)

⁷ As previously stated by the ARRC based on feedback from prior consultations, the ARRC will include a one-year transition period as part of its recommended spread adjustments for consumer products. The ARRC specified that the starting point for the transition period would be based on a 2-week average of the relevant LIBOR-SOFR spread prior to the time of the Benchmark Replacement Date.

⁸ Subsequent to the March 18, 2021 ARRC meeting, the ARRC issued a [press release](#) with an update on a forward-looking SOFR term rate.

Attendance at the March 18, 2021 Meeting*

ARRC Members

American Bankers Association	Hu Benton
AXA	Ashwin Krishna
Bank of America	Greg Todd
Bank of America	Sonali Theisen
Bank of Canada	Harri Vikstedt
BlackRock	Alex Krol
BlackRock	Jack Hattem*
Boston Consulting Group	Roy Choudhury
CME Group	Agha Mirza
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
CRE Finance Council	Sairah Burki
Citigroup	Jeannine Hyman
Citigroup	Josie Evans
Citigroup	Tania Yue
Comerica	Dave J. Shipka
Deutsche Bank	Adam Eames
Deutsche Bank	Greg Coutu
Deutsche Bank	Kayam Rajaram
Fannie Mae	Robert Ives
Fannie Mae	Wells Engledow
Federal Home Loan Bank	Phil Scott
Ford	Melissa Rothert
Ford	Nathan Herbert
Freddie Mac	Ameez Nanjee
Freddie Mac	Guim Barbour
Freddie Mac	Michelle Thomas
GE Capital	Fred Robustelli
Goldman Sachs	Guillaume Helie
Goldman Sachs	Jason Granet
Government Finance Officers Association	Emily Brock
Government Finance Officers Association	Patrick Mccoy
HSBC	Blair Selber
HSBC	Shirley Hapangama
Huntington Bank	Beth Russell
Independent Community Bankers of America	James Kendrick
Intercontinental Exchange	Harvey Flax
International Swaps and Derivatives Association	Ann Battle
JP Morgan Chase & Co.	Alice Wang
JP Morgan Chase & Co.	Andrew Gray
JP Morgan Chase & Co.	Emilio Jimenez

KKR
LCH
Loan Syndications and Trading Association
MetLife
MetLife
Morgan Stanley
Morgan Stanley
Morgan Stanley
Morgan Stanley
National Association of Corporate Treasurers
PIMCO
PIMCO
PIMCO
PNC
PNC
Prudential Financial
Prudential Financial
Securities Industry and Financial Markets Association
Securities Industry and Financial Markets Association
Structured Finance Association
Structured Finance Association
TD Bank
TD Bank
US Chamber of Commerce
US Chamber of Commerce
U.S. Department of Housing and Urban Development
Venerable
Wells Fargo
Wells Fargo
World Bank Group

Tal Reback
Philip Whitehurst
Meredith Coffey
Alex Strickler
Joe Demetrick
Maria Douvas-Orme
Matt Ochs
Paige Mandy
Tom Wipf
Tom Deas
Andrei Wagner
Jerome Schneider
Jerry Woytash
Alex Spiro
Andrew Wilson
Chris Mcalister
Gary Horbacz
Chris Killian
Rob Toomey
Jen Earyes
Kristi Leo
Priya Misra
Greg Moore
Kristen Malinconico
Tom Quaadman
Jose Fernandez
Charles Schwartz
Alexis Pederson
Brian Grabenstein
Don Sinclair

Ex-Officio ARRC Members

Commodity Futures Trading Commission
Consumer Financial Protection Bureau
Federal Deposit Insurance Corporation
Federal Housing Finance Agency
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York

Sayee Srinivasan
Abhishek Agarwal
Irina Leonova
Daniel Coates
Betsy Bourassa
Caitlin Briglio
Caren Cox
Fatima Madhany
Heidy Medina
Irmak Ince
Jamie Pfeifer
Justin Epstein

Federal Reserve Bank of New York
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National Association of Insurance Commissioners
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Office of Financial Research
Office of Financial Research
Office of the Comptroller of the Currency
U.S. Department of Housing and Urban Development
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Treasury
U.S. Treasury

Observers

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Bank of Canada
Brunswick
Brunswick
Cadwalader
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Ernst & Young
Morgan Lewis
Oliver Wyman

Justine Hansen
Kimberley Liao
Megan Zirinsky
Nathaniel Wuerffel
William Riordan
Scott Sherman
David Bowman
Darren Gersh
Erik Heitfeld
Evan Winerman
Jeffrey Huther
Eric Kolchinsky
Ron Alquist
Robert "Jay" Kahn
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Daniel Scrafford
Jon Roellke
Adam Schneider