Alternative Reference Rates Committee (ARRC)
Minutes for the August 11, 2021 Meeting

The ARRC Chair welcomed participants to the virtual meeting and reminded ARRC members of Refinitiv’s prototype publication launch of the ARRC’s recommended spread adjustments and spread adjusted rates for cash products. This prototype will include fallbacks based on the CME’s SOFR term rates in a second iteration based on the ARRC’s July 26 recommendation of the CME term rates.

The ARRC Chair noted to members that an ARRC workshop was held with various banks and borrowers on July 29, with a wide range of banks indicating that they intended to offer several different forms of SOFR in business loans. The LSTA then shared that they had developed a draft Term SOFR concept credit agreement document which is currently being vetted by their membership. The document should be finalized before the end of August and will be another tool to help facilitate the usage of Term SOFR in the near term by market participants that are interested in Term SOFR loans.

It was noted that the second phase of the MRAC’s SOFR First trading convention switches is planned for cross-currency basis swaps between US dollar, Japanese Yen, sterling, and Swiss franc LIBOR. The target date for the cross-currency swaps convention switch is September 21, 2021.

The Legal Working Group provided an update on the status of federal legislation and potential legislation in other states, emphasizing the importance of a consistent approach to legislative solutions. The Working Group requested volunteers for work on legislation for certain states that the ARRC Legal working group had identified as key ones to approach.

Members continued the discussion of the fallback waterfall recommendations the ARRC plans to make in connection with the NY legislation for 1-week and 2-month USD LIBOR.

Following the formal recommendation of the SOFR Term Rate, Federal Reserve Staff noted that work was underway to update the ARRC’s FAQs to reflect the recommendation and scope of use best practices. It was noted that this work included discussion related to the recommendation that any use of SOFR term rate derivatives be limited to end-user facing derivatives intended to hedge cash products that reference the SOFR Term Rate. Staff summarized the Task Force’s discussion and FAQ document, noting that draft language would be sent out for non-objections the following week.1

The ARRC Chair closed the meeting by thanking everyone and reminding everyone of the next ARRC meeting to be held September 8th via Webex.

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1 Following the August 11, 2021 meeting, the ARRC published related FAQs about the use cases for how best to employ the SOFR Term Rate.
Attendance at the August 11, 2021 Meeting

ARRC Members

American Bankers Association
Association for Financial Professionals
Bank of America
Bank of America
BlackRock
CRE Finance Council
Citigroup
Citigroup
Citigroup
Comerica
Deutsche Bank
Equitable
Fannie Mae
Federal Home Loan Bank Office of Finance
Federal Home Loan Bank of New York
Federal Home Loan Bank of New York
Ford Motor Company
Ford Motor Company
Freddie Mac
Freddie Mac
Freddie Mac
Goldman Sachs
Goldman Sachs
Government Finance Officers Association
Government Finance Officers Association
HSBC
HSBC
Independent Community Bankers of America
Intercontinental Exchange
International Swaps and Derivatives Association
JP Morgan Chase & Co.
JP Morgan Chase & Co.
JP Morgan Chase & Co.
KKR
LCH
Loan Syndications and Trading Association
Loan Syndications and Trading Association
MetLife
MetLife
MetLife

Hu Benton
Tom Hunt
Greg Todd
Janet Choi
Jack Hattem
Raj Aidasani
Jeanine Hyman
Josie Evans
Tania (Yuanyuan) Yue
Dave J Shipka
Kayam Rajaram
Greg Addonizio
Wells Engledow
Kyle Lynch
Phil Scott
Rei Shinozuka
Jason Behnke
Nathan Herbert
Guim Barbour
Karen Pilewski
Michelle Thomas
Alan Farrell
Guillaume Helie
Emily Brock
Pat McCoy
Blair Selber
Shirley Hapangama
Jenna.Burke
Harvey Flax
Ann Battle
Alice Wang
Emilio Jimenez
John Van Etten
Tal Reback
Gaurang Pipalia
Meredith Coffey
Tess Virmani
Alex Strickler
Joe Demetrick
William Ding
Morgan Stanley
Morgan Stanley
Morgan Stanley
Morgan Stanley
Morgan Stanley
National Association of Corporate Treasurers
PNC
PNC
Pacific Investment Management Company
Prudential Financial
Prudential Financial
Securities Industry and Financial Markets Association
Securities Industry and Financial Markets Association
Structured Finance Association
US Chamber of Commerce
Wells Fargo
Wells Fargo
World Bank Group

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
Federal Reserve Bank of New York
Federal Reserve Board of Governors
Federal Reserve Board of Governors
Federal Reserve Board of Governors
National Association of Insurance Commissioners
Office of Financial Research
Office of Financial Research
Office of the Comptroller of the Currency

Maria Douvas-Orme
Matt Ochs
Paige Mandy
Tom McCrocklin
Tom Wipf
Tom Deas
Alexander Spiro
Andrew Wilson
Jerry Woytash
Chris Mcalister
Jason Pan
Rob Toomey
Jennifer Earyes
Kristen Malinconico
Alexis Pederson
Brian Grabenstein
Don Sinclair

Alicia Lewis
Abhishek Agarwal
Irina Leonova
Daniel Coates
Muna Sisay
Betsy Bourassa
Caitlin Briglio
Cam Fuller
Caren Cox
Fatima Madhany
Jamie Pfeifer
Justine Hansen
Megan Zirinsky
Nathaniel Wuerffel
Ray Check
Scott Sherman
William Riordan
Darren Gersh
David Bowman
Jeffrey Huther
Eric Kolchinsky
Robert Kahn
Sriram Rajan
Ang Middleton
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

Kevin Walsh
Maria Chelo DeVenecia
Jason Leung
Michelle Danis
Tamara Brightwell
Joshua Frost

Observers
BNP Paribas
BlackRock
Brunswick
Brunswick
Cadwalader
Deloitte
Ernst & Young
Morgan Lewis
Oliver Wyman

Simon Winn
Alex Krol
Nathan Wang
Pauline Blondiaux
Lary Stromfeld
Alexey Surkov
Daniel Scrafford
Jon Roellke
Adam Schneider