Alternative Reference Rates Committee (ARRC)

Minutes for the July 14, 2021 Meeting

The ARRC Chair welcomed participants to the virtual meeting and alerted ARRC members of the fourth SOFR Symposium on July 21.

The Legal Working Group invited Morgan Lewis to review the ARRC’s LIBOR transition recommendations, pursuant to the ARRC’s mandate, Terms of Reference, protocols, and guidelines.

The ARRC Chair highlighted the formal adoption of a recommendation of the SOFR First convention switch by the Market Risk Advisory Committee (MRAC) of the Commodity Futures Trading Commission (CFTC). During the July 13 meeting, the MRAC voted unanimously to adopt the Interest Rate Benchmark Reform Subcommittee of the MRAC recommendation that interdealer brokers change USD linear swap trading conventions from USD LIBOR to SOFR on July 26, 2021. MRAC’s announcement included additional SOFR First trading convention switches. The next SOFR First phase involves transitioning cross currency swaps on September 21, 2021.

The Business Loans Working Group provided an update on recommended term SOFR and SOFR compounded in advance conventions for syndicated and bilateral business loans. The Chair noted the Working Group plans to publish the recommended conventions before the proposed July 26, 2021 SOFR First switch date so that the conventions will be available for parties to use voluntarily as they see fit, in their independent discretion, once the ARRC formally recommends the CME term rate. The Chair asked for objections to publishing the recommended conventions and received none. Federal Reserve staff noted an upcoming workshop on July 29 with banks and borrowers focusing on how to use SOFR for business loans.

The Tax Subgroup provided an update on a recent request by the IRS and Treasury regarding the Fair Market Value alternatives which are actively being evaluated for purposes of developing recommendations. The IRS and Treasury requested the ARRC submit a written response regarding its views on these alternatives by the end of July.

Federal Reserve staff provided an update on Refinitiv’s launch of a prototype rate: The Refinitiv USD IBOR Cash Fallbacks. Staff began a discussion on the fallback waterfall recommendations the ARRC plans to make in connection with the NY legislation for 1-week and 2-month USD LIBOR. Staff reminded ARRC members that any recommendations must be based on overnight SOFR or SOFR averages as there are no CME term rate in those tenors. ARRC members continue to work on finalizing these recommendations.

1 Following the MRAC’s July 13 meeting, the ARRC issued a press release applauding the Committee’s efforts.
2 After the July 14 ARRC meeting, the ARRC released the recommended conventions.
The ARRC Chair then asked members who recused themselves from the Term Rate RFP work to drop off the line. The ARRC then reviewed an updated draft of the proposed approach for the recommended scope of use of ARRC-recommended SOFR Term Rates that had been prepared by the ARRC’s Term Rate Task Force. Following feedback provided by the ARRC, the ARRC Chair noted a brief meeting would be held the next week for final approval of the recommendations before public release.

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On July 19, 2021 the ARRC held a brief meeting with members who had not recused themselves from the Term Rate RFP work to continue the discussion on scope of use of ARRC-recommended SOFR Term Rates. During the meeting, ARRC members, without objection from any attendees, voted to approve the proposed recommendations for scope of use.3

On July 28, 2021 the ARRC held an additional interim meeting with all members to discuss recommending the SOFR term rate. The ARRC began by discussing completion of the July 26 convention switch in interdealer markets and subsequent growth in SOFR cash and derivatives markets. After the Term Rate Task Force recommended that the ARRC formally endorse Term SOFR, the ARRC Chair asked for objections to endorsing the SOFR term rate and received none.4 The group then discussed having a separate meeting to provide clarity for specific questions that have arisen around the scope of use of the SOFR term rate for derivatives. Finally, Federal Reserve Staff asked for objections to the ARRC Chair sending a letter of support for an updated draft of federal legislation to address tough legacy contracts, and received none.

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3 After the July 19 follow-up meeting, the ARRC issued a press release outlining the use cases for how best to employ the SOFR Term Rates.  
4 The ARRC issued a press release formally recommending the CME Group’s forward-looking SOFR term rates on July 29, 2021.
Attendance at the July 14, 2021 Meeting

**ARRC Members**
- American Bankers Association
- Association for Financial Professionals
- Bank of America
- Bank of America
- BlackRock
- CME Group
- CRE Finance Council
- CRE Finance Council
- CRE Finance Council
- Citigroup
- Citigroup
- Citigroup
- Comerica
- Deutsche Bank
- Equitable
- Fannie Mae
- Fannie Mae
- Federal Home Loan Bank
- Federal Home Loan Bank
- Federal Home Loan Bank
- Ford Motor Company
- Ford Motor Company
- Freddie Mac
- Freddie Mac
- Freddie Mac
- Freddie Mac
- Freddie Mac
- GE Capital
- Goldman Sachs
- Government Finance Officers Association
- Government Finance Officers Association
- HSBC
- HSBC
- Independent Community Bankers of America
- Intercontinental Exchange
- International Swaps and Derivatives Association

**Participants**
- Hu Benton
- Tom Hunt
- Greg Todd
- Janet Choi
- Sonali Theisen
- Jack Hattem
- Agha Mirza
- Lisa Pendergast
- Raj Aidasani
- Sairah Burki
- Jeannine Hyman
- Josie Evans
- Tania (Yuanyuan) Yue
- Dave J Shipka
- Kayam Rajaram
- Julien Zusslin
- Bob Ives
- Wells Engledow
- Kyle Lynch
- Phil Scott
- Rei Shinozuka
- Jason Behnke
- Nathan Herbert
- Ameez Nanjee
- Guim Barbour
- Michelle Thomas
- Karen Pilewski
- Allan Krinsman
- Tim O'Neill
- Michael Taets
- Guillaume Helie
- Pat McCoy
- Emily Brock
- Blair Selber
- Shirley Hapangama
- James Kendrick
- Harvey Flax
- Ann Battle
- Alice Wang
- Emilio Jimenez
- Perry Elbadrawi
<table>
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<tr>
<th>Organization</th>
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<td>KKR</td>
<td>Tal Reback</td>
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<td>LCH</td>
<td>Philip Whitehurst</td>
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<td>Pacific Investment Management Company</td>
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<td>Don Sinclair</td>
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**Ex-Officio ARRC Members**

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<tr>
<td>Commodity Futures Trading Commission</td>
<td>Alicia Lewis</td>
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<td>Cam Fuller</td>
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<td>Eric Kolchinsky</td>
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<td>Sriram Rajan</td>
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<td>Ang Middleton</td>
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<td>Kevin Walsh</td>
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<td>U.S. Department of Housing and Urban Development</td>
<td>Chelo DeVenecia</td>
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<td>U.S. Treasury</td>
<td>Chloe Cabot</td>
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<td>Joshua Frost</td>
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<td>Consumer Financial Protection Bureau</td>
<td>Abhishek Agarwal</td>
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Irina Leonova
Federal Housing Finance Agency
Daniel Coates
Federal Reserve Bank of New York
Betsy Bourassa
Federal Reserve Bank of New York
Caitlin Briglio
Federal Reserve Bank of New York
Fatima Madhany
Federal Reserve Bank of New York
Jamie Pfeifer
Federal Reserve Bank of New York
Nathaniel Wuerffel
Federal Reserve Bank of New York
William Riordan
Federal Reserve Bank of New York
Caren Cox
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Joshua Miller
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Michelle Danis
U.S. Securities and Exchange Commission
Jason Leung
U.S. Treasury
Chloe Cabot

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Sheryl King
Bank of Canada
Alex Krol
BlackRock
Jeanmarie Mcfadden
Brunswick
Casey Gunkel
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Cadwalader
Lary Stromfeld
Davis Polk
Lucy W. Farr
Deloitte
Alexey Surkov
Ernst & Young
Greg Damalas
Morgan Lewis
Jon Roellke
Morgan Lewis
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