Alternative Reference Rates Committee (ARRC)

Minutes for the June 17, 2021 Meeting

The ARRC Chair welcomed participants to the virtual meeting and reminded members of the outstanding ISDA consultation on fallbacks for certain benchmark swap rates published by the ICE Benchmark Administration (IBA).

The ARRC Chair noted the June 8, 2021 announcement by the Interest Rate Benchmark Reform Subcommittee of the CFTC’s Market Risk Advisory Committee (“MRAC”) proposing that the MRAC adopt, as a recommended market best practice, that interdealer brokers change USD linear swap trading conventions from USD LIBOR to SOFR on July 26, 2021. The Chair also highlighted the recent FSOC meeting and the messages from Principals on the importance of accelerating the transition from LIBOR, of choosing robust reference rates in the transition, and the importance of transitioning derivatives and capital markets to SOFR for financial stability reasons.

The Business Loans Working Group provided an update on recommended term SOFR and SOFR compounded in advance conventions. 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 ARRC discussed the fallback waterfall recommendations the ARRC would need to make in connection with the NY legislation for 1-week and 2-month USD LIBOR given that those rates will end as of this year. ARRC members were reminded that the recommendations should be based on SOFR under the NY legislation and that there is no expectation that either a 1-week or 2-month SOFR term rate will be published and, therefore, it was expected that the ARRC’s forthcoming recommendations would be based on SOFR in arrears or in advance as appropriate to the product.

The ARRC Chair then asked members who recused themselves from the Term Rate RFP work to drop off the line. Federal Reserve staff described the high-level, anonymized, and aggregated results of a survey of ARRC members on the scope of use of any ARRC-recommended SOFR Term Rate. The ARRC then reviewed a draft of the proposed approach for the recommended scope of use of ARRC-recommended SOFR Term Rates that had been developed by the ARRC’s Term Rate Taskforce. The ARRC Chair led a discussion on the approach. Members were supportive of the approach.

The ARRC Chair closed the meeting by thanking everyone, noted an invite would be sent for a follow-up meeting to continue the term rate scope of use discussion, and reminded everyone of the next regularly-scheduled ARRC meeting to be held on July 14 via Webex.
In a follow-up call on June 29, ARRC members who had not recused themselves from the Term Rate RFP work continued discussion on the recommendations related to scope of use of the Term Rate. The ARRC members provided feedback on an updated draft and identified areas that required further work by the Term Rate Taskforce.
Attendance at the June 17, 2021 Meeting*

**ARRC Members**
- American Bankers Association
- Bank of America
- Bank of America
- Citigroup
- Citigroup
- Citigroup
- CME Group
- Comerica
- CRE Finance Council
- CRE Finance Council
- Deutsche Bank
- Deutsche Bank
- Equitable
- Fannie Mae
- Federal Home Loan Bank
- Federal Home Loan Bank
- Federal Home Loan Bank
- Ford Motor Company
- Freddie Mac
- Freddie Mac
- Freddie Mac
- GE Capital
- Goldman Sachs
- Goldman Sachs
- Government Finance Officers Association
- HSBC
- Huntington Bank
- Independent Community Bankers of America
- Independent Community Bankers of America
- Intercontinental Exchange
- International Swaps and Derivatives Association
- KKR
- LCH
- Loan Syndications and Trading Association
- MetLife
- MetLife
- Morgan Stanley
- Morgan Stanley
- Morgan Stanley

**Attendees**
- Hu Benton
- Greg Todd
- Janet Choi
- Jeannine Hyman
- Josie Evans
- Tania (Yuanyuan) Yue
- Agha Mirza
- Dave J Shipka
- Raj Aidasani
- Sairah Burki
- Adam Eames
- Kayam Rajaram
- Julien Zusslin*
- Wells Engledow
- Kyle Lynch
- Phil Scott
- Rei Shinozuka
- Jason Behnke
- Ameez Nanjee
- Karen Pilewski
- Michelle Thomas
- Fred Robustelli
- Alan Farrell
- Guillaume Helie
- Emily Brock
- Shirley Hapangama
- Beth Russell
- Chris Cole
- James Kendrick
- Harvey Flax
- Ann Battle
- Alice Wang
- Emilio Jimenez
- Tal Reback
- Philip Whitehurst
- Meredith Coffey
- Alex Strickler
- William Ding
- Maria Douvas-Orme
- Matt Ochs
- Paige Mandy
U.S. Securities and Exchange Commission    Jason Leung
U.S. Securities and Exchange Commission    Michelle Danis
U.S. Treasury                          Chloe Cabot
U.S. Treasury                           Daniel Harty
U.S. Treasury                           Joshua Frost

Observers
Bank of Canada                     Sheryl King
BNP Paribas                         Simon Winn
Brunswick                           Jeanmarie Mcfadden
Cadwalader                          Lary Stromfeld
Deloitte                            Alexey Surkov
Ernst & Young                       John Boyle
Morgan Lewis                         Jon Roellke
Oliver Wyman                         Adam Schneider
Venerable                            Charles Schwartz

*This meeting was held via WebEx; asterisk indicates participation by dial-in.