

## **Alternative Reference Rates Committee (ARRC)**

### **Minutes for the May 19, 2021 Meeting**

The ARRC chair welcomed participants to the virtual meeting.

It was noted that the Interest Rate Benchmark Reform Subcommittee of the CFTC’s Market Risk Advisory Committee was moving to recommend a “SOFR First” transition initiative to prioritize interdealer trading in SOFR rather than LIBOR. The Subcommittee intends to recommend market best practices and timing for switching interdealer trading conventions from LIBOR to SOFR for USD linear interest rate swaps.<sup>1</sup>

The Legal working group chairs noted that the House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets held a [hearing](#) on April 15 on LIBOR transition and shared key highlights. The chairs also noted that, in advance of the hearing, the Structured Finance Association and other leading industry groups submitted a [letter](#) to the Subcommittee, reiterating support for federal legislation to address tough legacy contracts and some institutions held joint trade meetings with the Subcommittee members.

The Nonfinancial Corporates working group chairs noted that a vendor [survey](#) is in progress and responses are due May 30. The survey is intended to gather information about LIBOR transition readiness and challenges among nonfinancial corporate systems vendors. The chairs also informed members that the Association for Financial Professionals, the National Association of Corporate Treasurers, and the U.S. Chamber of Commerce’s Center for Capital Markets Competitiveness submitted a [letter](#) to the Department of the Treasury, Board of Governors of the Federal Reserve System, New York Fed, CFTC, and SEC, highlighting the various challenges that the LIBOR transition represents to the community of nonfinancial corporates.

Federal Reserve staff noted that the ARRC expects to release an updated version of the [current](#) LIBOR ARM transition guide soon.

The ARRC Chair then asked members who recused themselves from the Term Rate RFP work to drop off the line. The Term rate working group provided an overview of the evaluation process and criteria for selecting a forward-looking SOFR term rate administrator and identified CME Group’s submission as the strongest proposal. The members noted support for the working group’s recommendation. The members agreed to announce, in the coming days, that the ARRC would select CME Group as the administrator for a forward-looking SOFR term rate, once

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<sup>1</sup> On June 8, 2021, the Subcommittee [announced](#) its recommended market best practice for switching interdealer trading conventions from LIBOR to SOFR for USD linear interest rate swaps. Specifically, the Subcommittee recommends that on July 26, 2021 and thereafter, interdealer brokers replace trading of LIBOR linear swaps with trading of SOFR linear swaps. The Subcommittee also recommends keeping interdealer broker’s screens for LIBOR linear swaps available for informational purposes (not for trading activity) until October 22, 2021 and turning the screens off after that date. The ARRC issued a [press release](#) welcoming the Subcommittee’s recommendations.

market indicators for the term rate are met.<sup>2</sup> It was noted that the Term Rate task force will now work on outlining recommended best practices for the use of the term rate.

An ARRC member highlighted that some ARRC members appeared to publicly suggest that reference rate alternatives to SOFR, including credit-sensitive rates, were not suitable for market participants to use, and asked whether this was consistent with the ARRC's position on such rates. The member suggested that the ARRC make clear that it has not formed a view regarding the suitability of credit sensitive rates. The ARRC Chair remarked that the ARRC's current mandate is to ensure the successful implementation of the [Paced Transition Plan](#), which the ARRC adopted in 2017 with specific steps and timelines designed to encourage market participants to adopt SOFR. The ARRC chair reiterated that the ARRC selected SOFR, as its recommended alternative reference rate to USD LIBOR after considering a comprehensive list of potential alternatives (including several types of term unsecured rates) based on the ARRC's criteria and public consultations and concluded that they were not suitable for the ARRC's recommendation based on its criteria.<sup>3</sup> The ARRC chair noted that it is not part of the ARRC's current mandate to establish a position on other rates. It was noted that the ARRC has existing [FAQs](#) that highlight that the ARRC supports a vibrant and innovative market with reference rates that are robust and available for use before the end of 2021.

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<sup>2</sup> Following the May 19, 2021 meeting, the ARRC released an update on its process for selecting a forward-looking SOFR term rate administrator.

<sup>3</sup> For additional information on the ARRC's criteria and selection process see the ARRC's [Second Report](#).

## Attendance at the May 19, 2021 Meeting

### ARRC Members

American Bankers Association	Hu Benton
Association for Financial Professionals	Tom Hunt
Bank of America	Greg Todd
Bank of America	Janet Choi
Bank of America	Sonali Theisen
Bank of Canada	Sheryl King
BlackRock	Alex Krol
BlackRock	Jack Hattem
CME Group	Agha Mirza
CRE Finance Council	Raj Aidasani
CRE Finance Council	Sairah Burki
Citigroup	Jeannine Hyman
Citigroup	Josie Evans
Citigroup	Tania (Yuanyuan) Yue
Comerica	Dave J Shipka
Deutsche Bank	Adam Eames
Deutsche Bank	Kayam Rajaram
Equitable	Julien Zusslin
Fannie Mae	Bob Ives
Fannie Mae	Wells Engledow
Federal Home Loan Bank	Phil Scott
Ford Motor Company	Jason Behnke
Freddie Mac	Ameez Nanjee
Freddie Mac	Guim Barbour
Freddie Mac	Karen Pilewski
Freddie Mac	Michelle Thomas
Goldman Sachs	Alan Farrell
Goldman Sachs	Guillaume Helie
HSBC	Shirley Hapangama
Huntington Bank	Beth Russell
Independent Community Bankers of America	Chris Cole
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.	Emilio Jimenez
JP Morgan Chase & Co.	Perry Elbadrawi
KKR	Tal Reback
LCH	Philip Whitehurst
Loan Syndications and Trading Association	Meredith Coffey
Loan Syndications and Trading Association	Tess Virmani

MetLife  
MetLife  
Morgan Stanley  
Morgan Stanley  
Morgan Stanley  
Morgan Stanley  
National Association of Corporate Treasurers  
PIMCO  
PNC  
PNC  
Prudential Financial  
Prudential Financial  
Securities Industry and Financial Markets Association  
Securities Industry and Financial Markets Association  
Structured Finance Association  
TD Bank  
TD Bank  
US Chamber of Commerce  
Venerable  
Wells Fargo  
Wells Fargo  
Wells Fargo  
World Bank Group

**Ex-Officio ARRC Members**

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

Joe Demetrick  
William Ding  
Maria Douvas-Orme  
Matt Ochs  
Paige Mandy  
Tom Wipf  
Tom Deas  
Jerome Schneider  
Alex Spiro  
Andrew Wilson  
Chris Mcalister  
Gary Horbacz  
Chris Killian  
Rob Toomey  
Kristi Leo  
Greg Moore  
Priya Misra  
Kristen Malinconico  
Charles Schwartz  
Alexis Pederson  
Brian Grabenstein  
Susan Hughes  
Don Sinclair

Alicia Lewis  
Sayee Srinivasan  
Abhishek Agarwal  
Irina Leonova  
Kyle Lynch  
Rei Shinozuka  
Daniel Coates  
Betsy Bourassa  
Caitlin Briglio  
Cam Fuller  
Caren Cox  
Fatima Madhany  
Jamie Pfeifer  
Nathaniel Wuerffel  
Pooja Gupta  
William Riordan  
David Bowman  
Darren Gersh  
Erik Heitfeld

Federal Reserve Board of Governors  
Federal Reserve Board of Governors  
New York State Department of Financial Services  
Office of Financial Research  
Office of the Comptroller of the Currency  
Office of the Comptroller of the Currency  
U.S. Department of Housing and Urban Development  
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  
U.S. Treasury  
U.S. Treasury

**Observers**

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

Evan Winerman  
Jeffrey Huther  
Steven Kluger  
Robert Kahn  
Ang Middleton  
Kevin Walsh  
Jose Fernandez  
Maria Chelo De Venecia  
Tamara Brightwell  
Michelle Danis  
Jason Leung  
Brian Smith  
Chloe Cabot  
Daniel Harty  
Joshua Frost

Simon Winn  
Jeanmarie Mcfadden  
Lary Stromfeld  
Alexey Surkov  
John Boyle  
Jon Roellke  
Adam Schneider