The ARRC Chair welcomed participants to the virtual meeting and introduced John Williams, the President of the Federal Reserve Bank of New York, who delivered remarks thanking the committee for their work in facilitating a smooth transition from LIBOR and highlighting the positive momentum going into 2022. President Williams noted that over the coming year, the ARRC can continue to play a key role in monitoring progress in the transition away from LIBOR to robust reference rates, and in ensuring industry preparedness for the end of LIBOR publication in mid-2023.

Next, the Chair noted that the Financial Stability Oversight Council (FSOC) received an update from staff of the Federal Reserve on the transition from LIBOR at its December 17th meeting. Discussion among the FSOC members acknowledged the positive progress made in the LIBOR transition heading into year end, underscored the importance of transitioning to more durable rates, such as SOFR, and highlighted the importance of adopting federal legislation to support the transition of legacy contracts. The Chair highlighted comments from FSOC Principals that commended the ARRC for its efforts to facilitate this progress.

The Legal Working Group then provided an update on the status of proposed federal legislation. It was noted that the House of Representatives passed H.R. 4616, the Adjustable Interest Rate (LIBOR) Act in December 2021 and the bill is now with the Senate Committee on Banking, Housing, and Urban Affairs. The working group noted that the Senate committee members are actively engaged in reviewing the bill. The discussion on federal legislation was followed by an update on state legislation. A number of states are in varying stages of considering a LIBOR legislation similar to the legislation passed by New York and Alabama in 2021. Members were encouraged to reach out to state organizations that they had relationships with to increase awareness and emphasize that legislation addressing the transition of tough legacy LIBOR contracts was of importance. It was emphasized that both federal and state legislative efforts are parallel workstreams as passage of a federal legislative solution is not guaranteed.

The Tax/Accounting Working Group noted that the Internal Revenue Service (IRS) had published final IBOR regulations in the Federal Register. The IRS’s final regulations discuss the ARRC’s work, including participation by ex officio members that include the Treasury Department, and the ARRC’s development of recommended fallback language for inclusion in the terms of certain cash products, such as syndicated loans and securitizations. The IRS noted that in October 2020, the Treasury Department and the IRS released Rev. Proc. 2020-44, 2020-45 I.R.B. 991, in advance of finalizing the proposed regulations to support the adoption of the ARRC’s recommended fallback provisions and the ISDA 2020 IBOR Fallbacks Protocol. The final regulations authorize the ARRC to determine what should be a “qualified rate” to replace an IBOR so long as the Federal Reserve Bank of New York continues to be an ex officio member of
the ARRC. Last, the Treasury Department and IRS projected that the final regulations, “by implementing the regulatory provisions requested by ARRC and taxpayers, will help facilitate the economy’s adaptation to the cessation of LIBOR in a least-cost manner.”

Next, the Regulatory Working Group Chairs provided an update on the work of the group which included the submission of a letter by ARRC members requesting an extension and related modifications to no-action relief issued by the U.S. Commodity Futures Trading Commission (CFTC). In particular, the ARRC had requested certain CFTC letters relating to the LIBOR transition be extended, considering many USD LIBOR settings will continue to be published until June 30, 2023. The CFTC issued revised no-action letters to swap dealers and other market participants on December 22, 2021. The letters provided relief particularly to older, legacy swaps and contained conditions for counterparties to qualify for relief.

ARRC members discussed progress on the transition in non-US dollar and US dollar cash and derivatives markets over year-end, indicating that the milestone year-end transition from LIBOR went smoothly. Members described continued and accelerated progress in the transition to the Secured Overnight Financing Rate (SOFR) across cash and derivatives markets ahead of the 2021 year-end milestone and into the start of the new year (see Appendix A for charts). In Q4 2021, SOFR swap volumes more than doubled relative to the volume of SOFR swaps traded during the first three quarters of 2021. It was noted that, the amount of SOFR risk traded in the swaps market had surpassed LIBOR in January and now represented the majority of risk traded. SOFR futures also continue to see progress with SOFR futures volumes rising to about 25 percent of Eurodollar futures volume compared to only 2 percent a year ago. In option markets, participants indicated that there was a baseline level of streaming liquidity in SOFR options. Issuance activity of SOFR-linked loans increased in December 2021 with participants generally noting a strong pipeline ahead. However, some members pointed out that, despite the progress in SOFR futures trading volumes, LIBOR trading remained the majority of futures volumes and that further progress was needed to ensure that futures markets reflected the shift in swaps and loan markets. To close the discussion, ARRC members were reminded that they will be sent the sentiment survey for another round of feedback shortly.

The ARRC Chair ended the meeting by thanking everyone and reminding everyone of the next ARRC meeting to be held February 16th via Webex.
Attendance at the January 10, 2022 Meeting*

**ARRC Members**

American Bankers Association  
Hu Benton  
American Bankers Association  
Andy Guggenheim  
Association for Financial Professionals  
Thomas Hunt  
Bank of America  
Greg Todd  
Bank of America  
Janet Choi  
Bank of America  
Sonali Theisen  
Bank of New York Mellon  
Jason Granet  
Bank of New York Mellon  
Oliver Bader  
Bank of New York Mellon  
Jeanne Naughton-Carr  
BlackRock  
Jack Hattem  
BlackRock  
Alexander Krol  
Citigroup  
Josie Evans  
CME Group  
Agha Mirza  
Comerica Bank  
Dave Shipka  
CRE Finance Council  
Raj Aidasani  
CRE Finance Council  
Sairah Burki  
Deutsche Bank  
Adam Eames  
Deutsche Bank  
Kayam Rajaram  
Equitable  
Julien Zusslin  
Fannie Mae  
Wells Engledow  
Fannie Mae  
Bob Ives  
Federal Home Loan Bank Office of Finance  
Kyle Lynch  
Federal Home Loan Bank of New York  
Phil Scott  
Federal Home Loan Bank of New York  
Rei Shinozuka  
Ford Motor Company  
Jason Behnke  
Freddie Mac  
Ameez Nanjee  
Freddie Mac  
Guim Barbour  
Freddie Mac  
Michelle Thomas  
Freddie Mac  
Timothy O’Neill  
Freddie Mac  
Karen Pilewski  
GE Capital  
Fred Robustelli  
GE Capital  
Mike Taets  
Goldman Sachs  
Guillaume Helie  
Goldman Sachs  
Richard Chambers  
Goldman Sachs  
Alan Farrell  
Government Finance Officers Association  
Patrick McCoy  
Government Finance Officers Association  
Emily Brock  
HSBC  
Shirley Hapangama  
Huntington National Bank  
Beth Russell  
Intercontinental Exchange  
Harvey Flax  
International Swaps and Derivatives Association  
Ann Battle
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<td>Joshua Frost</td>
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**Observers**

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<td>BNP Paribas</td>
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*This meeting was held via WebEx; asterisk indicates participation by dial-in.*
Appendix A
LIBOR Transition Update

Linear Swaps

Figure 1: Interdealer Outright Linear Swaps Risk Traded

Figure 2: Total Outright Linear Swaps Risk Traded

Figure 3: SOFR Linear Swaps Open Interest

Figure 4: Monthly SOFR OTC Derivatives Volumes

Cross-Currency Swaps

Figure 5: GBPUSD, USDCHF, and USDJPY Cross-Currency Swaps

Figure 6: EURUSD Cross-Currency Swaps

Source: Clarus Financial Technology (Swap Execution Facility data)

Source: Clarus Financial Technology (Central Counterparty data)

Source: Clarus Financial Technology (Swaps Data Repository data)