Transition from U.S. Dollar LIBOR – Timeline

The Alternative Reference Rates Committee (ARRC) was originally convened in November 2014. Significant progress has been made to date.

2016
- ARRC’s Interim Report and Consultation published
- Jun. – ARRC selected SOFR as its recommended alternative to USD LIBOR
- May – FCA Bailey said panel banks will not be compelled to submit to LIBOR past 2021

2017
- Apr. – New York Fed/OFR began publishing SOFR
- May – ARRC’s second report published; ARRC reconstituted with expanded membership
- Jul. – ARRC releases recommended fallback language for FRNs, business loans, and securitizations as well as a User’s Guide to SOFR
- Mar. – ARRC’s Proposed ARRC Draft Legislative Relief; New York Fed/OFR begin publishing SOFR Averages and SOFR Index

2018
- Oct. – ARRC Paced Transition Plan adopted
- May – CME launched SOFR futures
- Oct. – CME began clearing SOFR swaps using SOFR PA/discounting
- Jul. – LCH began clearing SOFR swaps; Fannie Mae issued first SOFR-based FRN
- Apr. – ARRC releases Best Practices and swaptions recommendations
- Nov./Dec. – U.S. Authorities issue accounting, tax, and margin relief proposals

2019
- Apr./May. – ARRC releases practical implementation checklist for SOFR adoption
- Jun. – ARRC releases SOFR ARM Whitepaper
- Sep. – ARRC releases recommended fallback language for residential ARMs

2020 (through May, June cont’d on Slide 2)
- Apr. – ARRC unveils key objectives for 2020
- May – ARRC releases recommendations for interdealer cross-currency swap market conventions; ARRC issues vendor survey and buyside checklist
- Jan. – ARRC releases

As of 9/9/20
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In 2020, the ARRC has set out objectives for itself and recommended best practices for market participants as the transition continues.

**2020 Objectives and Paced Transition Plan**

- **Jun. 30** – ARRC to publish revised hardwired business loan fallback language as well as fallback language and conventions for new student loans
- **Jul. 31** – ARRC to publish final recommended conventions for SOFR-based floating rate notes, business loans, and securitizations; ISDA expects to publish its protocol and updated definitions
- **Oct. 16** – CME and LCH to move to SOFR PAI and discounting on new and legacy swaps
- **Jun. 30** – New syndicated business loans and student loans should include ARRC-recommended hardwired fallback language; No new applications of LIBOR ARMs; Business loans and consumer mortgages vendors should be ready to support SOFR; Dealers should offer electronic market making in SOFR derivatives
- **Oct. 31** – New bilateral business loans should include ARRC-recommended hardwired fallback language
- **Dec. 31** – ARRC to publish revised hardwired business loan fallback language as well as fallback language and conventions for new student loans

**Best Practice Recommendations**

- **Jun. 30** – No new LIBOR CLOs (corporate or CRE)
- **Mar. 31** – Dealers should change market convention for quoting USD derivatives from LIBOR to SOFR
- **Nov. 16** – CME and LCH to move to SOFR PAI and discounting on new and legacy swaps
- **Nov. 30** – New syndicated business loans and floating-rate securitizations (with the exception of CLOs) and derivative trades that increase LIBOR risk
- **Dec. 31** – ARRC to establish RFP processes to facilitate the eventual publication of (a) forward-looking term SOFR rates and (b) the ARRC’s recommended spread adjustment for transition of legacy contracts

**Key Transition Development (Not Best Practices-related)**

- **Oct. 31** – No new FRNs using LIBOR and maturing after 2021; securitization vendors should be ready to support SOFR; Dealers should amend interdealer CSAs to use and make markets in SOFR-linked interest rate volatility products
- **Dec. 31** – No new FRNs using LIBOR and maturing after 2021; securitization vendors should be ready to support SOFR; Dealers should amend interdealer CSAs to use and make markets in SOFR-linked interest rate volatility products
- **Dec. 1 – Market participants should adhere to the ISDA’s Fallback Protocol for Interbank Offered Rates within 3- to 4-months of publication and before the amendments to embed the fallbacks in legacy transactions take effect

**As of 9/9/20**