

The ARRC's Paced Transition Plan for Developing SOFR Markets is Ahead of Schedule

	Step	Anticipated Date of Completion	Actual Date
1.	Infrastructure for futures and/or OIS trading in the new rate is put in place by ARRC members	2018 H2	✓ ARRC members already trading futures and OIS
2.	Trading begins in futures and/or bilateral, uncleared, OIS that reference SOFR.	by end 2018	✓ CME began SOFR Futures on May 7, 2018 ; ICE to launch on October 22, 2018
3.	Trading begins in cleared OIS that reference SOFR in the current (EFFR) PAI and discounting environment	2019 Q1	✓ LCH offered SOFR OIS and basis swap clearing on July 18, 2018 ; CME began clearing OTC SOFR swaps on October 1, 2018
4.	CCPs begin allowing market participants a choice between clearing new or modified swap contracts (swaps paying floating legs benchmarked to EFFR, LIBOR, and SOFR) into the current PAI/discounting environment or one that uses SOFR for PAI and discounting.	2020 Q1	✓ CME began clearing swaps using SOFR PAI/discounting on October 1, 2018
5.	CCPs no longer accept new swap contracts for clearing with EFFR as PAI and discounting except for the purpose of closing out or reducing outstanding risk in legacy contracts that use EFFR as PAI and discount rate. Existing contracts using EFFR as PAI and the discount rate continue to exist in the same pool, but would roll off over time as they mature or are closed out.	2021 Q2	LCH has announced that it expects to move SOFR PAI/discounting on both new and legacy swaps during the second half of <u>2020</u>
6.	Creation of a term reference rate based on SOFR-derivatives markets once liquidity has developed sufficiently to produce a robust rate.	by end of 2021	