

October 30, 2018

ARRC Releases Information on Recent Progress on Transition and on Consultation for Fallback Contract Language

Draft Fallback Contract Language Is Open for Public Feedback through November 8, 2018

The Alternative Reference Rates Committee (ARRC) has released additional information regarding its support of the transition from U.S. dollar (USD) LIBOR. To do so, the ARRC has [provided a timeline of key milestones](#) to serve as a guide for those interested in following the progress to date, which includes implementing the ARRC's Paced Transition Plan.

In addition, the ARRC has also [released a set of Frequently Asked Questions \(FAQs\)](#) regarding the previously [released](#) consultation on USD LIBOR fallback contract language for floating rate notes (FRNs). The consultation on FRNs and the similar consultation for U.S. syndicated loans are open for public feedback through November 8, 2018. The FAQs on the FRN consultation are meant to further help the public understand and respond to the requests for feedback during the ARRC's comment period.

A few other recent developments related to the ARRC and its work have also taken place:

- On October 25, 2018, the Financial Accounting Standards Board [issued](#) an Accounting Standards Update that expands the list of U.S. benchmark interest rates permitted in the application of hedge accounting to include the Secured Overnight Financing Rate (SOFR), the ARRC's recommended alternative reference rate.

As FASB notes, the addition of SOFR is meant "to facilitate the LIBOR to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes."

- On October 16, 2018, Federal Reserve Vice Chairman for Supervision Randal K. Quarles provided an update to the Financial Stability Oversight Council on alternative reference rates, including the adoption of SOFR.

To see his remarks and hear further about the transition from LIBOR, view the webcast of the meeting, available [here](#).

About the ARRC

The ARRC is a group of private-market participants convened by the Federal Reserve Board and Federal Reserve Bank of New York in cooperation with the Bureau of Consumer Financial Protection, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of Financial Research, the Office of the Comptroller of the Currency, the Commodity Futures Trading Commission, the Securities and Exchange Commission and the U.S. Treasury Department. It was initially convened in 2014 to identify risk-free alternative reference rates for USD LIBOR, identify best practices for contract robustness, and create an implementation plan with metrics of success and a timeline to support an orderly adoption. The ARRC accomplished its first set of objectives and identified SOFR as the rate that represents best practice for use in certain new USD derivatives and other financial contracts. It also published its [Paced Transition](#)

ALTERNATIVE REFERENCE RATES COMMITTEE

[Plan](#), with specific steps and timelines designed to encourage adoption of SOFR. The ARRC was reconstituted in 2018 with an expanded membership to help to ensure the successful implementation of the Paced Transition Plan, address the increased risk that LIBOR may not exist beyond 2021, and serve as a forum to coordinate and track planning across cash and derivatives products and market participants currently using USD LIBOR.

Sign up [here](#) to receive email updates about ARRC.

Contact for General ARRC Inquiries & Comments

[ARRC Secretariat](#)

Contact for ARRC Chair Sandra O'Connor

[Andrew S. Gray](#)

JP Morgan Chase & Co

Contact for the Board of Governors

[Darren Gersh](#)

Contact for the New York Fed

[Suzanne Elio](#)