May 31, 2023

ARRC Statement on the Last 30 Days before U.S. Dollar LIBOR Panels End

Firms Should Already Be Fully Prepared for this Imminent Deadline; Those with Remaining Exposures Are Urged to Draw Upon Readily Available Transition Tools Now

The U.S. Dollar LIBOR panel will cease at end-June 2023. With only 30 days remaining, the Alternative Reference Rates Committee (ARRC) urges market participants with LIBOR exposures to complete their transition efforts now, and to draw upon the numerous resources and tools that have been made available over the past several years to facilitate this.

Finalize and Complete your Transition from LIBOR

There has long been clear messaging from the ARRC and similar public-private groups worldwide, as well as international and domestic official sector bodies, on the urgent need for an orderly transition away from LIBOR. By now, firms should be fully aware of, and prepared for this fast-approaching deadline. Those that are not prepared risk significant ramifications, including uncertain and potentially unfavorable outcomes regarding their legacy LIBOR contracts along with operational disruptions. These risks underscore that it is essential that all market participants complete their transition of remaining LIBOR contracts now.

Key Resources

- The DTCC's LIBOR Replacement Index Communication Tool enables the smooth communication of LIBOR transition-related rate changes for U.S.-issued securities.
- The ARRC has published a Statement that confirms the applicable fallback rates where parties have adopted the ARRC-recommended hardwired fallback language.
    - As noted in the Statement, where parties have not adopted the ARRC-recommended hardwired fallback language, the ARRC urges counterparties to negotiate appropriate terms in advance of June 30, 2023.
    - The ARRC has also emphasized that its recommended spread adjustments were intended only for use in legacy LIBOR contracts that fall back to SOFR and that they would not be and are not intended to apply to new contracts.
- The Federal Reserve Board has published regulations that implements the LIBOR Act, which establishes a uniform, nationwide solution for replacing references to U.S. Dollar LIBOR in tough legacy contracts that are governed by U.S. law.
- The ARRC has published a Legacy Playbook that contains a range of information and materials to assist with the remediation of legacy LIBOR contracts.

For a more extensive set of resources and tools, please visit the ARRC website.

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 Consumer Financial Protection Bureau, 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 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 the ARRC.

Contact for ARRC Chair Tom Wipf
Mark Lake
Morgan Stanley

Contact for the ARRC's Outreach/Communications Working Group
Andrew S. Gray
JPMorgan Chase

Contact for the Federal Reserve Board
Darren Gersh

Contact for the Federal Reserve Bank of New York
Betsy Bourassa