

Date: June 15, 2020

Submitted Electronically to: arrc@ny.frb.org

Alternate Reference Rates Committee
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

Re: Consultation Response – Student Loan Consultation

Below please find responses provided by [REDACTED] and its affiliates (collectively, “[REDACTED]”) regarding the Alternate Reference Rate Committee’s (“ARRC”) Consultation Regarding More Robust LIBOR Fallback Contract Language for New Variable Rate Private Student Loans published on March 27, 2020 (the “ARRC Consultation”). Capitalized terms used and not defined herein shall have the meanings set forth in the ARRC Consultation.

[REDACTED] requests that ARRC, and any parties acting on behalf of ARRC in connection with the ARRC Consultation, anonymize [REDACTED]’s response such that no attribution to [REDACTED] may be made by any party other than ARRC and its legal advisors for purposes of the ARRC Consultation. [REDACTED]’s response may include details regarding the business plans and internal business processes of [REDACTED]. This information has not been made available to the public. Disclosure or use of this information in any manner that is not authorized in writing by [REDACTED] may result in substantial competitive harm to [REDACTED].

[REDACTED]’s response to Question 9 in the ARRC Consultation is as follows:

Question 9.

If the Note Holder is a trust, is there some entity other than the Note Holder that should be responsible for identifying the replacement Index if Step 1 of the waterfall fails?

Servicers of student loans work directly with borrowers on payment plan options, which may include the modification of a student loan’s interest rate. Given student loan servicers are familiar with modifying a student loans interest rate under its existing practices, they would be best positioned to undertake the obligation to determine the replacement index under the proposed second step of the ARRC’s replacement index waterfall.

The servicer determining the replacement rate at this step becomes particularly important where the noteholder is deemed to be a trust. Without clarifying that the servicer should determine the replacement rate at this step could create confusion where parties expect another party unaccustomed or unable to determine replacement indices (e.g., the trustee) to determine the replacement index in the event the Fed or its designated committee does choose the replacement index under step 1 of the proposed waterfall.

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Thank you for considering [REDACTED]'s response to the ARRC Consultation. We welcome any feedback and/or questions regarding the substance or format of our submission. Please direct any questions regarding this submission to [REDACTED].

Best regards,

[REDACTED]

Phone: [REDACTED]

Email: [REDACTED]

[REDACTED] and its affiliates ("[REDACTED]") request confidential treatment for this material ("Confidential Information") which contains confidential information concerning the business plans and internal business processes of [REDACTED] and confidential supervisory information. This information is not available to the public and is exempt from disclosure under the Freedom of Information Act (5 U.S.C. §552(b)(4), (8)), and related regulations promulgated by the Board of Governors of the Federal Reserve System under 12 C.F.R. Part 261. Disclosure of this information would result in substantial competitive harm to [REDACTED]. [REDACTED] requests that if the Federal Reserve should determine to make available to the public any of the Confidential Information, it will inform [REDACTED] prior to doing so and provide it with an opportunity to make an appropriate submission as to why such information should be preserved in confidence.