

September 10, 2019

## **ARRC Extends Comment Period for Feedback on Fallback Contract Language Consultation for New Closed-End, Residential Adjustable-Rate Mortgages until September 24**

The Alternative Reference Rates Committee (ARRC) announced that it is extending the comment period for public feedback on its U.S. dollar (USD) LIBOR fallback contract language [consultation](#) for new residential adjustable-rate mortgages (ARMs) until September 24, 2019 to provide sufficient time to allow for more thorough feedback.

The consultation was [released](#) for public feedback on July 12, 2019. The consultation proposes improved fallback language for new ARM contracts that reference USD LIBOR in order to mitigate the risks associated with the potential end or disruption of LIBOR after 2021. LIBOR is currently the most commonly used reference rate for ARMs.

The ARMs consultation marks the fifth consultation on fallback language released by the ARRC. This effort is part of the ARRC's mandate to help address risks in contracts referencing LIBOR and builds on its work developing the [Paced Transition Plan](#), which outlines the steps for a smooth transition to the ARRC's recommended alternative reference rate, the Secured Overnight Financing Rate (SOFR).

The [ARMs consultation](#), as well as final recommended language that the ARRC has released for other cash products, are available [here](#).

### **Submitting Feedback about this Consultation**

The ARRC welcomes responses to the consultation from the widest possible range of stakeholders. Following the comment period, the ARRC plans to recommend fallback language for closed-end residential ARMs, which will incorporate input received from stakeholders during the consultation, for voluntary adoption in the marketplace.

Comments should be sent to the ARRC Secretariat ([arrc@ny.frb.org](mailto:arrc@ny.frb.org)) no later than September 24, 2019. Please coordinate internally and provide only one response in a PDF document and clearly indicate "Consultation Response" in the subject line of your email. Because the ARRC is committed to a fair and transparent process, all comments will be posted on the ARRC's website after the close of the consultation period without alteration except when necessary for technical reasons. Comments will be posted with attribution unless respondents request anonymity. If your institution is requesting anonymity, please clearly indicate this in the body of your email and please ensure that the PDF document you submit is anonymized.

Questions regarding this consultation should also be sent to the ARRC Secretariat ([arrc@ny.frb.org](mailto:arrc@ny.frb.org)) and will not be posted for attribution.

## **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.

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