

April 17, 2020

ARRC Announces Its Key Objectives for 2020

The Alternative Reference Rates Committee (ARRC) today unveiled a [set of key objectives](#) for 2020, which aim to advance the group's work and mission. These goals and anticipated milestones build on the ARRC's existing work and underscore the important progress that the ARRC has made in the past year toward achieving market readiness and supporting the voluntary adoption of the Secured Overnight Financing Rate (SOFR), the ARRC's recommended alternative to U.S. dollar (USD) LIBOR.

These [2020 objectives](#) center on the following core tenets of the ARRC's work:

1. Supporting SOFR use and liquidity;
2. Encouraging the development and strengthening of market infrastructure and operations to support SOFR;
3. Creating and encouraging the use of robust contractual fallbacks;
4. Developing materials to support consumer education and outreach efforts;
5. Increasing clarity on key legal, tax, accounting, and regulatory matters; and
6. Advancing outreach, education, and global coordination.

Along with these objectives, the ARRC is also developing recommended best practices that it expects to release in the coming weeks. Today's objectives and the upcoming best practices are being developed with the potential impacts of COVID-19 in mind, while also noting the U.K. Financial Conduct Authority's March 25, 2020 [statement](#), which highlighted that the central assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed and that this timeframe should remain the target date for all firms to meet.

"The ARRC is committed to supporting and preparing all market participants for this important shift in global market infrastructure in a variety of ways," said Tom Wipf, ARRC Chair and Vice Chairman of Institutional Securities at Morgan Stanley. "2020 will be a pivotal year in the transition away from LIBOR. The new milestones we announced today and the upcoming best practices are a critical step to ensure that a transition to SOFR is streamlined and seamless."

In line with the ARRC's 2020 objective to pursue legislative relief for legacy LIBOR-linked contracts that may be otherwise difficult to amend and that do not have economically appropriate fallbacks, the ARRC also released a [webinar](#) today. This webinar provides an in-depth overview of the ARRC's [proposal for New York State legislation](#), which was [released](#) on March 6, 2020. As discussed in greater detail on the webinar, the proposal is intended to minimize legal uncertainty and adverse economic impacts associated with the LIBOR transition.

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

ALTERNATIVE REFERENCE RATES COMMITTEE

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 the 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 the 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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