

Alternative Reference Rates Committee (ARRC)

Minutes for the April 7, 2020 Meeting

The ARRC Chair opened the meeting by thanking members for their work during a challenging and uncertain time. The Chair highlighted the [statement by the Financial Conduct Authority](#) that reiterated that the existence of LIBOR cannot be guaranteed beyond end-2021. The Chair added that given the challenges that the ongoing pandemic poses to market participants' transition efforts, the ARRC's leadership is more important than ever and the ARRC must focus on pushing the transition ahead. The Chair then welcomed new members to the ARRC.

Federal Reserve staff provided an overview of [feedback](#) received through the public consultation on spread adjustment methodologies. Reflecting the responses received in the consultation, members discussed the benefits of a spread adjustment methodology for cash products that aligns with the methodology recommended by the International Swaps and Derivatives Association (ISDA) for derivatives. Members also discussed the need for a 1-year transition period for a spread adjustment for consumer products, as highlighted by the consumer advocacy groups that had responded to the consultation. Following the discussion, members agreed on [recommending a spread adjustment methodology based](#) on a historical median over a five-year lookback period, with a 1-year transition period for consumer products and that further technical details of the ARRC's spread adjustments could be determined in the coming months.

Co-Chairs of the Market Structure and Paced Transition working group provided an update on feedback received through the swaptions consultation. The co-Chairs noted that while responses were generally consistent, they would seek further feedback from market participants before finalizing any recommendations.

The ARRC Chair opened a discussion about the [ARRC's 2020 objectives](#) and members agreed to release the document soon after the meeting. Members noted that the document should help demonstrate that the ARRC remains focused on moving the transition forward.

The ARRC Chair asked members for further input on the recommended best practices that the Committee has been developing to help guide the industry's transition. Members discussed various approaches for refining and releasing the recommended best practices given the challenging operating environment stemming from the pandemic. The Chair noted that the ARRC should aim to finalize its recommended best practices and monitor market conditions in order to consider appropriate recommended timelines and to decide on an appropriate time for publishing the recommendations in light of the current disruptions.

The Chair of the Accounting/Tax working group provided an overview of relief that the Financial Accounting Standards Board (FASB) [announced](#) to help support the reference rate transition.

The Chair of the Business Loans working group provided an update on the group's progress toward developing a conventions matrix and refining the recommended hardwired fallback language for syndicated loans.

The ARRC Chair closed the meeting by noting that the ARRC would conduct a [webinar](#) to provide an in-depth overview of the [proposal for New York State legislation](#) and to encourage broader engagement on the proposal.

Attendance at the April 7, 2020 Meeting*

ARRC Members

American Bankers Association	Hu Benton
Association for Financial Professionals	Tom Hunt
AXA	Julien Zusslin
Bank of America	Sonali Theisen
BlackRock	Jack Hattem
Citigroup	Dina Faenson
Citigroup	Jeannine Hyman
CME Group	Agha Mirza
Comerica	Dave Shipka
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
Deutsche Bank	Adam Eames
Deutsche Bank	Greg Coutu
Fannie Mae	Bob Ives
Federal Home Loan Bank	Kyle Lynch
Federal Home Loan Bank	Phil Scott
Ford Motor Company	Jason Behnke
Ford Motor Company	Nathan Herbert
Freddie Mac	Ameez Nanjee
Goldman Sachs	Brian Friedman
Goldman Sachs	Gigi Chavez de Arnavat
Goldman Sachs	Guillaume Helie
Goldman Sachs	Jason Granet
Government Finance Officers Association	Emily Brock
Government Finance Officers Association	Pat McCoy
HSBC	Blair Selber
HSBC	Shirley Hapangama
Huntington	Beth Russell
Independent Community Bankers of America	Chris Cole
Independent Community Bankers of America	James Kendrick
Intercontinental Exchange	Harvey Flax
International Swaps and Derivatives Association	Ann Battle
JP Morgan Chase & Co.	Alice Wang
JP Morgan Chase & Co.	Andrew Gray
JP Morgan Chase & Co.	Emilio Jimenez
LCH	Phil Whitehurst
Loan Syndications and Trading Association	Meredith Coffey
Loan Syndications and Trading Association	Tess Virmani
MetLife	Alex Strickler
MetLife	Joe Demetrick
MetLife	Kevin Budd
Morgan Stanley	Maria Douvas-Orme
Morgan Stanley	Matt Ochs

Morgan Stanley
Morgan Stanley
National Association of Corporate Treasurers
Pacific Investment Management Company
Pacific Investment Management Company
PNC
PNC
Prudential Financial
Prudential Financial
Securities Industry and Financial Markets Association
Structured Finance Association
TD Bank
TD Bank
Wells Fargo
Wells Fargo
World Bank Group

Ex-Officio ARRC Members

Commodity Futures Trading Commission
Consumer Financial Protection Bureau
Federal Deposit Insurance Corporation
Federal Housing Finance Agency
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Board of Governors
Federal Reserve Board of Governors
National Association of Insurance Commissioners
New York State Department of Financial Services
Office of Financial Research
U.S. Department of Housing and Urban Development
U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Treasury
U.S. Treasury

Observers

Bank of Canada
BNP Paribas
Brunswick
Cadwalader
Ernst & Young
Morgan Lewis

Paige Mandy
Tom Wipf
Tom Deas
Kathy Verner
Scott Goodman
Alexander Spiro
Andrew Wilson
Chris McAlister
Gary Horbacz
Chris Killian
Kristi Leo
Greg Moore
Priya Misra
Alexis Pederson
Brian Grabenstein
Don Sinclair

Sayee Srinivasan
Abhishek Agarwal
Irina Leonova
Dan Coates
Adhiraj Dutt
Betsy Bourassa
Jamie Pfeifer
Justine Hansen
Nathaniel Wuerffel
David Bowman
Jeff Huther
Eric Kolchinsky
Steven Kluger
Matt McCormick
Jose Fernandez
David Metzman
Tamara Brightwell
Chloe Cabot
Peter Phelan

Sheryl King
Simon Winn
Pauline Blondiaux
Lary Stromfeld
Marc Saidenberg
Jon Roellke

Morgan Lewis
Oliver Wyman

Jonathan Justl
Adam Schneider

*This meeting was held via conference call.