

Alternative Reference Rates Committee (ARRC)

Minutes for the January 22, 2020 Meeting

The ARRC Chair opened the meeting by relaying a message from Federal Reserve staff that nothing had changed about the ARRC or its objectives in response to recent news reports. The Chair noted that with less than two years before LIBOR is no longer guaranteed, it was important that market participants not slow their transition efforts. He noted that SOFR remains a robust, IOSCO-compliant alternative to U.S. dollar (USD) LIBOR that can be used across derivatives and cash products

The ARRC Chair then provided an administrative update, noting that the Federal Reserve works to ensure that a wide range of views from all parts of the market are being represented on the ARRC as the Committee executes on its mandate to develop transition recommendations and that the ARRC is adding even further to its existing diversity with new Members. The Chair reinforced that the ARRC, through its membership and working groups, will continue to engage with firms that include a wide range of consumer, corporate, and retail participants affected by the transition, including additional regional firms and banks, non-financial corporates, and others.

A Co-Chair of the Legal working group noted that the group had engaged with the New York Governor's Office on proposed legislation to help address the likely negative impact on consumers and other market participants that are parties to certain legacy LIBOR-linked contracts. Members discussed the need for legislative affairs experts that could help educate New York State authorities about the background and substance of the ARRC's proposed legislation. Members supported the Legal working group's plan to identify potential legislative affairs experts that could serve in that role.

The ARRC Chair noted that the significant momentum behind the LIBOR transition in the U.K. has helped demonstrate that when sufficient levels of liquidity develop in markets linked to overnight risk-free rates (RFRs), market participants are able to smoothly transition. Noting recent priorities set by the Sterling Risk-Free Rates Working Group, the Chair requested that Members help develop specific recommendations and proposed timelines that the ARRC can consider recommending to encourage more robust efforts toward a faster transition from USD LIBOR and broader voluntary adoption of SOFR.

The Co-Chairs of the Outreach/Communications working group provided an update on the group's work to potentially engage an external communications firm that could support the ARRC's efforts to emphasize the need to transition and better educate consumers and other market participants about the end of LIBOR and the ARRC's transition recommendations. Members discussed the benefits of engaging an external firm and the potential to further refine the scope of work.

The Co-Chairs of the Operations/Infrastructure working group provided an overview of a buy-side checklist and vendor survey, which were developed by the group and [released to the public on January 31](#). The [checklist](#) consists of steps that owners of USD LIBOR-linked assets can take to prepare for the transition to SOFR. The [vendor survey](#) is intended to help software and technology providers identify and address the operational challenges that are part of the transition to SOFR.

A Co-Chair of the Business Loans working group noted that the working group is focusing on how the market might implement methodologies to calculate interest for loans and on developing recommended conventions for the syndicated loan market. The Co-Chair noted that a recently conducted survey of the

working group's participants found that a variety of interest methodologies might be appropriate in different circumstances in line with the diversity of loans in the market, and that in particular, the working group will consider recommended conventions for bilateral loan markets that might differ in some areas from the recommendations for syndicated loans.

Federal Reserve staff noted that the ARRC's consultation on spread adjustment methodologies had been [released](#) and noted that ARRC Members should encourage all market participants to respond and provide their input to inform the ARRC's work in developing spread adjustment recommendations.

A Co-Chair of the Market Structure and Paced Transition Working Group provided an overview of a consultation developed by the group to help assess whether the ARRC should recommend a compensation methodology for USD LIBOR-linked swaptions that could be affected by the discounting change for cleared derivatives from the effective federal funds rate to SOFR that is expected to occur on October 16, 2020. The ARRC subsequently [released](#) the consultation.

Federal Reserve staff noted that the ARRC would soon [release](#) its final recommendations for new interdealer cross-currency basis swaps that use SOFR and RFRs recommended by National Working Groups in other jurisdictions.

Attendance at the January 22, 2020 Meeting

ARRC Members

American Bankers Association	Hu Benton*
Association for Financial Professionals	Tom Hunt
AXA	Julien Zusslin
Bank of America	Alex van Voorhees*
Bank of America	Greg Todd
Bank of America	Sonali Theisen*
BlackRock	Jack Hattem
Citigroup	Dina Faenson
Citigroup	Jeannine Hyman
CME Group	Agha Mirza
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
Deutsche Bank	Adam Eames
Deutsche Bank	Vishal Mahadkar
Fannie Mae	Bob Ives
Fannie Mae	Wells Engledow*
Federal Home Loan Bank	Kyle Lynch
Federal Home Loan Bank	Phil Scott
Freddie Mac	Ameez Nanjee
GE Capital	Michael Taets*
Goldman Sachs	Gigi Chavez de Arnavat
Goldman Sachs	Jason Granet
Goldman Sachs	Richard Chambers
Government Finance Officers Association	Emily Brock*
Government Finance Officers Association	Pat McCoy
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
JP Morgan Chase & Co.	Katie Morgan*
JP Morgan Chase & Co.	Perry Elbadrawi*
JP Morgan Chase & Co.	Terry Belton*
LCH	Phil Whitehurst*
Loan Syndications and Trading Association	Meredith Coffey
MetLife	Alex Strickler*
MetLife	Joe Demetrick
MetLife	Kevin Budd*
Morgan Stanley	Maria Douvas-Orme

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

Matt Ochs
Paige Mandy
Michelle Goldstein
Tom Wipf
Tom Deas
Courtney Garcia*
Scott Goodman*
Tracey Jordal*
Chris McAlister*
Gary Horbacz
Chris Killian
Rob Toomey *
Greg Moore*
Priya Misra
Alexis Pederson
Brian Grabenstein
Don Sinclair

Ex-Officio ARRC Members

Commodity Futures Trading Commission
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 Bank of New York
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Federal Reserve Bank of New York
Federal Reserve Board of Governors
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Federal Reserve Board of Governors
Federal Reserve Board of Governors
Office of Financial Research
Office of the Comptroller of the Currency
Office of the Comptroller of the Currency
U.S. Department of Housing and Urban Development

Joshua Sterling*
Sayee Srinivasan*
Abhishek Agarwal
Irina Leonova
Dan Coates
Adhiraj Dutt
Betsy Bourassa
Caren Cox
Fatima Madhany*
Justin Epstein*
Matt Lieber
Megan Zirinsky *
Nathaniel Wuerffel
Ray Check
Suzanne Elio*
William Riordan
Chiara Scotti*
Darren Gersh*
David Bowman
Erik Heitfield
Evan Winerman*
Jeff Huther*
Matt McCormick*
Ang Middleton*
Kevin Walsh
Jose Fernandez

U.S. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Treasury
U.S. Treasury

David Metzman
Michelle Danis*
Chloe Cabot
Peter Phelan

Observers

Bank of Canada
BNP Paribas
Boston Consulting Group
Cadwalader
Cadwalader
Deloitte
Ernst & Young
Morgan Lewis
Oliver Wyman
Venerable

Sheryl King
Simon Winn
Roy Choudhury
Jason Halper
Lary Stromfeld
Alexey Surkov
Marc Saidenberg
Jon Roellke
Adam Schneider
Charles Schwartz

*Indicates participation by telephone