

May 28, 2020

ARRC Welcomes Fannie Mae and Freddie Mac's LIBOR Transition Playbook

The Alternative Reference Rates Committee (ARRC) welcomed news from the Federal Housing Financing Agency (FHFA) of a LIBOR Transition Playbook, published jointly today by the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. FHFA announced that the Playbook, along with joint frequently asked questions, and other resources are available on newly published LIBOR websites for [Fannie Mae](#) and [Freddie Mac](#). The websites provide many additional resources that outline key milestones and recommended actions to help stakeholders transition business policies and processes to support products linked to the Secured Overnight Financing Rate (SOFR), discontinue most LIBOR-indexed products by the end of 2020, and prepare for LIBOR becoming unusable.

The Playbook focuses on the following products:

- Single-Family Adjustable Rate Mortgages (ARMs) and securities;
- Single-Family Credit Risk Transfer (CRT) transactions;
- Collateralized Mortgage Obligations;
- Fannie Mae Multifamily (MF) ARMs and mortgage-backed securities;
- Freddie Mac MF Floating Rate loans and securities;
- Fannie Mae MF CRT transactions; and
- Freddie Mac MF CRT transactions.

“We applaud Fannie Mae and Freddie Mac for publishing their LIBOR Transition Playbook, which demonstrates a clear and forward-looking approach for moving to SOFR. We encourage other institutions to follow this exemplary model the GSEs have set in establishing specific transition plans,” said Tom Wipf, ARRC Chair and Vice Chairman of Institutional Securities at Morgan Stanley. “Alongside the [ARRC's Best Practices](#) for transitioning away from LIBOR, issued earlier this week, today's Playbook underscores how important it is that all market participants continue to make progress in preparing for the cessation of LIBOR at the end of 2021.”

As co-conveners of the ARRC, the Federal Reserve Board and the Federal Reserve Bank of New York also issued supportive statements.

“This work from the FHFA and the GSEs represents a critical milestone in the transition of the financial sector away from the use LIBOR. It will help ensure a sound evolution for these important consumer products,” said Randal K. Quarles, Federal Reserve Vice Chair for Supervision.

“This Playbook sets milestones for the transition from LIBOR- to SOFR-based products. Along with the [ARRC's Best Practices](#) issued earlier this week, it represents another important step in moving to robust reference rates before the end of 2021,” said John C. Williams, New York Fed President and CEO, and Co-Chair of the Official Sector Steering Group.

About the ARRC

ALTERNATIVE REFERENCE RATES COMMITTEE

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 Commodity Futures Trading Commission, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Association of Insurance Commissioners, the New York Department of Financial Services, the Office of Financial Research, the Office of the Comptroller of the Currency, the U.S. Department of Housing and Urban Development, the U.S. 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 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.

Contact for ARRC Chair Tom Wipf

[Paige Mandy](#)

Morgan Stanley

Contact for the ARRC's Outreach/Communications Working Group

[Andrew S. Gray](#)

JPMorgan Chase

Contact for the Federal Reserve Board

[Darren Gersh](#)

Contacts for the Federal Reserve Bank of New York

[Suzanne Elio](#) and [Betsy Bourassa](#)