

March 2, 2020

ARRC Chair Tom Wipf Welcomes the Publication of SOFR Averages and a SOFR Index

Tom Wipf, Alternative Reference Rates Committee (ARRC) Chair and Vice Chairman of Institutional Securities at Morgan Stanley, welcomed the Federal Reserve Bank of New York's inaugural [publication](#) today of Secured Overnight Financing Rate (SOFR) Averages and a SOFR Index. SOFR is published by the New York Fed and it is the ARRC's recommended alternative to U.S. dollar (USD) LIBOR.

In cooperation with the Treasury Department's Office of Financial Research, the New York Fed is now publishing three daily compounded averages of SOFR: "30-day Average SOFR", "90-day Average SOFR", and "180-day Average SOFR", in addition to a daily index that allows for the calculation of compounded average rates over custom time periods: the "SOFR Index".

"The SOFR Averages and Index equip market participants with consistent, accessible prints that are produced by the official sector. They are also available *today* for immediate use," said Wipf. "Market participants should use them to create new SOFR-based contracts, instead of precariously growing LIBOR exposures and waiting for the development of a forward-looking term SOFR."

The New York Fed's publication of the SOFR Averages and a SOFR Index will help to support a smooth transition away from USD LIBOR. By providing calculated term rates that can be easily cited in contracts, the New York Fed's publication will facilitate the adoption of SOFR and facilitate its usage as a USD LIBOR alternative.

The New York Fed [released](#) a consultation in November 2019 seeking feedback on its proposal to publish averages and an index for SOFR, including the calculation methodology, tenors, and other publication parameters. After taking in feedback, it released a [statement](#) in February 2020 announcing that it would begin publishing the averages today. This timing is earlier than many market participants had expected, since it had initially been communicated that publication would begin in the first half of 2020.

The SOFR Averages and Index will be published on the [New York Fed's website](#), on each day that is not broadly recognized as a holiday by the SIFMA calendar for U.S. government securities, shortly after SOFR is published around 8:00 a.m. Eastern Time.

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

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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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