




Alternative Reference Rates Committee

2022 Objectives



Below are 2022 Objectives for consideration by the Alternative Reference Rates Committee (ARRC). They reflect the ARRC's efforts to continue supporting the transition away from LIBOR, preparing markets for the end of U.S. dollar (USD) LIBOR in 2023, and facilitating the voluntary use of the Secured Overnight Financing Rate (SOFR) as a more robust and resilient alternative. **The two key priority areas are (1) promoting continued growth in use of SOFR in new activity; and (2) supporting the transition of legacy contracts ahead of the June 30, 2023 cessation of remaining USD LIBOR tenors.**




ARRC Objectives	2022 Priority 1: Promote Continued Growth in Use of SOFR in New Activity	Date
 <p>Track SOFR Adoption</p>	<ul style="list-style-type: none"> ▪ Monitor and highlight progress in adoption of SOFR across markets. Monitor available data on SOFR use and any residual USD LIBOR use, across products to assess the course of the transition. ▪ Monitor use of SOFR Term Rates. Monitor available data related to SOFR Term Rate use to understand if it is evolving in line with the ARRC Best Practice Recommendations Related to Scope of Use of the Term Rate, and whether there are any issues arising through such use that require further industry work and/or discussions. 	<ul style="list-style-type: none"> ▪ Ongoing ▪ Ongoing
 <p>Support Continued Growth in SOFR Adoption</p>	<ul style="list-style-type: none"> ▪ Encourage transition from Eurodollar futures to SOFR. Identify whether there are steps the ARRC and industry can take to support the shift activity out of Eurodollar futures and toward SOFR, keeping in mind the composition of players in the relevant markets and conducting outreach to, and engaging with such market participants where possible. ▪ Consider ARRC recommendation of 12-month SOFR Term Rate. Evaluate the transactions volumes that underlie the construction of the CME's 12-month SOFR Term Rate and how such data is evolving. Consider whether the ARRC should recommend the 12-month SOFR Term Rate alongside the ARRC's existing recommendations for 1-, 3-, and 6-month CME Term Rates and for what any recommended scope of use should be, in line with its principles and existing market indicators. 	<ul style="list-style-type: none"> ▪ Ongoing ▪ June 30 or earlier
 <p>Conduct Outreach and Engagement</p>	<ul style="list-style-type: none"> • Engage in outreach to smaller corporates. Conduct outreach to smaller corporates to understand any challenges they may be facing as they transition their activity away from USD LIBOR and help to facilitate their transition efforts. ▪ Raise awareness and conduct outreach to tailored audiences regarding the progress made in SOFR adoption across products. 	<ul style="list-style-type: none"> ▪ Ongoing ▪ Ongoing

Alternative Reference Rates Committee

2022 Objectives (Continued)



Below are 2022 Objectives for consideration by the ARRC. This reflects the ARRC’s efforts to continue supporting the transition away from LIBOR, prepare markets for the end of USD LIBOR in 2023, and support the voluntary use of SOFR as a more robust and resilient alternative. **The two key priority areas are (1) promoting continued growth in use of SOFR in new activity; and (2) supporting the transition of legacy contracts ahead of the June 30, 2023 cessation of remaining USD LIBOR tenors.**

ARRC Objectives	2022 Priority 2: Supporting the transition of <u>legacy contracts</u> ahead of the June 30, 2023 cessation of remaining USD LIBOR tenors	Date
 <p>Pursue Legacy Legislative Solutions</p>	<ul style="list-style-type: none"> • Pursue federal and state legislation. Support the development and implementation of legislation that can support a smooth transition by providing a path for tough legacy contracts to transition upon the cessation of remaining USD LIBOR tenors. Pursue both federal and state legislation as appropriate. 	<ul style="list-style-type: none"> ▪ Ongoing
 <p>Address Legacy Contracts</p>	<ul style="list-style-type: none"> • Encourage compression/conversion of LIBOR positions to SOFR. Consider whether there are mechanisms that can be developed and used to support the compression of legacy LIBOR trades to reduce the scale of LIBOR legacy contracts that need to be addressed in preparation for the cessation of remaining USD LIBOR tenors. ▪ Support the use of strong fallback language. Help market participants manage the risk of legacy exposures by implementing strong fallback language wherever possible. ▪ Promote awareness of transition issues for contracts referencing ICE USD LIBOR Swap Rates. Promote industry awareness of the issues involved in transition for ICE Swap Rates and offer best practice recommendations where appropriate. 	<ul style="list-style-type: none"> ▪ Ongoing ▪ Ongoing ▪ Ongoing
 <p>Market Infrastructure and Operations</p>	<ul style="list-style-type: none"> • Assist with Operations and Infrastructure implementation. Continue Operations/Infrastructure work on communicating legacy LIBOR changes as of July 3, 2023. Engage with operations and infrastructure working group members to keep the relevant stakeholders informed on transition-related items and support continued preparation for the cessation of the remaining USD LIBOR tenors following June 30, 2023. Support may include cross firm exercises to ensure system readiness. 	<ul style="list-style-type: none"> ▪ Ongoing