

Alternative Reference Rates Committee (ARRC)

Minutes for the September 20, 2018 Meeting

1. The ARRC Chair noted that the Outreach and Communications working group produced a document addressing frequently asked questions that were [posted](#) to the ARRC website.
2. The ARRC agreed that Venerable would serve as co-chair of the Outreach and Communications working group.
3. The Committee discussed the final versions of [public consultations](#) for [floating rate notes](#) and [syndicated business loans](#) that were prepared by the working groups. The Committee approved the consultations, which were subsequently released on the ARRC's website for public feedback through November 8, 2018. The Committee noted its intention to incorporate feedback and approve recommended fallback language for voluntary adoption by the end of the year.
4. Working group chairs noted that the public consultations for securitizations and bilateral business loans were being prepared and would be shared with the Committee in the coming months.
5. The Chair highlighted examples of SOFR adoption, including recent SOFR debt issuances and growth in SOFR derivatives activity. ARRC members then had a wide-ranging discussion around ways to further encourage SOFR adoption. ARRC members noted that the addition of SOFR to FASB's hedge accounting list would help overcome certain challenges preventing some market participants from transitioning to SOFR. ARRC members also observed that more education efforts are needed in order to increase awareness around LIBOR-related issues. Some members commented that it could be helpful to engage in a proactive dialogue with software vendors to address any potential obstacles related to SOFR adoption.
6. ARRC members discussed the use of compression auctions to convert existing LIBOR swap positions into SOFR swap positions prior to a trigger event under an ISDA protocol. Darrell Duffie, who attended the meeting as an observer, discussed his [work](#) on how compression auctions could be applied to convert centrally cleared swaps, suggesting this approach would: reduce the number of outstanding LIBOR swaps while allowing market participants to maintain roughly the same levels of market exposure, create market liquidity for SOFR swaps, and fulfill market participants' fiduciary responsibilities. ARRC members discussed how compression auctions would work across swaps with different maturities. Fed staff noted that the Committee needs to think of ways to build liquidity in SOFR-linked derivatives and the Chair noted it would be beneficial for the Committee to conduct a test to determine whether compression auctions would be an effective approach.

Attendance at the September 20, 2018 Meeting

ARRC Members

AXA	Julien Zusslin
Bank of America	Alex van Voorhees
Bank of America	Paul Scurfield
BlackRock	Jack Hattem
Citigroup	Dina Faenson
CME	Agha Mirza*
CME	Fred Sturm
Deutsche Bank	Adam Eames
Deutsche Bank	Vishal Mahadkar
Fannie Mae	Nadine Bates
Fannie Mae	Wells Engledow*
Freddie Mac	Ameez Nanjee
GE Capital	Michael Taets
Goldman Sachs	Amy Hong*
Goldman Sachs	Jason Granet
Goldman Sachs	Scott Rofey
Government Finance Officers Association	Pat McCoy
Government Finance Officers Association	Emily Brock
HSBC	Shirley Hapangama
Intercontinental Exchange	Harvey Flax
International Swaps and Derivatives Association	Ann Battle
JP Morgan	Sandie O'Connor
JP Morgan	Terry Belton
JP Morgan	Alice Wang
JP Morgan	Perry Elbadrawi
JP Morgan	Emilio Jimenez
LCH	Phil Whitehurst*
Met Life	Jason Manske
Met Life	Kevin Budd*
Met Life	Alex Strickler*
Morgan Stanley	Tom Wipf
Morgan Stanley	Maria Douvas-Orme
National Association of Corporate Treasurers	Tom Deas
Pacific Investment Management Company	Aaron Kim
Pacific Investment Management Company	Scott Goodman
Pacific Investment Management Company	Courtney Garcia*
TD Bank	Priya Misra
The Federal Home Loan Banks, through FHLBNY	Phil Scott
The Independent Community Bankers of America	Chris Cole*
The Independent Community Bankers of America	James Kendrick*
The Loan Syndications and Trading Association	Meredith Coffey
The Loan Syndications and Trading Association	Tess Virmani*
The Securities Industry and Financial Markets Association	Randy Snook

The Securities Industry and Financial Markets Association	Chris Killian*
Wells Fargo	Alexis Pederson
Wells Fargo	Brian Grabenstein
World Bank Group	Don Sinclair

Ex-Officio ARRC Members

Commodity Futures Trading Commission	Sayee Srinivasan*
Bureau of Consumer Financial Protection	Abhishek Agarwal
Federal Deposit Insurance Corporation	Irina Leonova
Federal Housing Finance Agency	Dan Coates
Federal Reserve Bank of New York	Matt Lieber
Federal Reserve Bank of New York	Josh Frost
Federal Reserve Bank of New York	William Riordan
Federal Reserve Bank of New York	Caren Cox
Federal Reserve Bank of New York	Justine Hansen
Federal Reserve Bank of New York	Adhiraj Dutt
Federal Reserve Board of Governors	Evan Winerman*
Federal Reserve Board of Governors	David Bowman
Federal Reserve Board of Governors	Chiara Scotti
Federal Reserve Board of Governors	Erik Heitfield
Federal Reserve Board of Governors	Laura Macedo*
Office of Financial Research	Matt McCormick*
Office of the Comptroller of the Currency	Kevin Walsh
U.S. Securities and Exchange Commission	David Metzman
U.S. Securities and Exchange Commission	Michelle Danis*
U.S. Treasury	Brian Smith*
U.S. Treasury	Chloe Cabot

Observers

American Bankers Association	Hu Benton
Bank of Canada	Sheryl King*
BNP Paribas	Mony Liquard*
Cadwalader	Lary Stromfeld
CRE Finance Council	Raj Aidasani
Morgan Lewis	Jon Roellke*
Stanford University	Darrell Duffie
Structured Finance Industry Group	Sairah Burki*
Venerable	Charles Schwartz

*Indicates participation by telephone