

Alternative Reference Rates Committee (ARRC)

Minutes for the December 3, 2019 Meeting

1. The ARRC's antitrust counsel provided an update on a meeting with staff at the Antitrust Division of the United States Department of Justice at the end of October attended by counsel for the ARRC and Federal Reserve staff at which counsel for the ARRC: (a) expressed the ARRC's support for the request by the International Swaps and Derivatives Association (ISDA) for a Business Review Letter relating to its work on the LIBOR transition; and (b) reviewed the ARRC's prior and ongoing activities related to ISDA's work described in its Business Review Letter request. The co-Chairs of the ARRC's Legal working group provided an update on developments since the November ARRC [meeting](#) at which the ARRC agreed that it would begin to discuss potential legislation with New York State authorities as well as engage more publicly on the issue. The co-Chairs thanked members for their feedback on the "common ground" approach for potential legislation and noted that the focus of the work had shifted towards identifying the most constructive approach for outreach in support of the proposal.
2. Federal Reserve staff noted that ARRC members had continued to assess various spread adjustment methodologies for appropriateness for use in cash products and that the ARRC would soon release a public consultation to solicit feedback on potential methodologies. Members noted that it would be helpful to remain aware of similar work being conducted by ISDA for a derivatives spread adjustment as the ARRC conducts its own analysis for cash products.
3. ARRC members discussed the continued uncertainty regarding whether and how ISDA would incorporate a pre-cessation trigger that would take effect in the event that the UK Financial Conduct Authority finds LIBOR to be non-representative in its forthcoming updated definitions for LIBOR and other IBORs (and related protocol to include the updated definitions in legacy contracts). Members noted that feedback from ISDA's recent consultation on this topic highlighted that most respondents raised concerns regarding the use of LIBOR in the event that it was deemed non-representative, though there were diverging views expressed by respondents to ISDA's consultation on how to practically implement a pre-cessation trigger. Members expressed interest in tracking ISDA's progress on this issue, particularly given the ARRC's incorporation of pre-cessation triggers in its recommended fallback contract language for cash products.
4. The co-Chairs of the Operations/Infrastructure working group discussed progress on the group's work on: identifying key external and internal systems that need to be assessed in order to ensure a smooth transition away from U.S. dollar LIBOR; preparing timelines, checklists, and other resources to help minimize market disruptions; coordinating with other ARRC working groups on any operational recommendations.
5. A co-Chair of the Business Loans working group provided an update related to potential recommendations for conventions for using SOFR in syndicated and bilateral business loans, noting that recent work had been focused on compounding and secondary trading conventions, specifically in the context of borrower prepayments. The co-Chair noted that in the coming months, the working group intends to publish a guide on potential conventions for market participants to consider when using SOFR in new business loan issuances.
6. ARRC members provided an update on ongoing work related to swaptions and interdealer cross-currency swap market conventions. In regard to swaptions, members noted recent announcements

from central counterparty clearing houses on the timing of the shift to SOFR price alignment interest and discounting, and that the ARRC is considering issues related to mitigating potential risk transfer associated with swaptions. It was noted that related work is underway in other currency jurisdictions. In regard to interdealer cross-currency swaps, members of the ARRC's Cross-Currency Swaps subgroup reported that the subgroup was nearing a final version of recommendations for potential conventions in the interdealer market.

7. The ARRC Chair closed the meeting by reminding members to respond to the Federal Reserve Bank of New York's [consultation](#) requesting public comment on the proposed publication of SOFR averages and a SOFR index. The Chair also noted that the end of 2021 is now only two years away and reinforced the critical importance for all market participants to continue to take the necessary steps to support a smooth and effective transition away from LIBOR.

Attendance at the December 3, 2019 Meeting

ARRC Members

American Bankers Association	Hu Benton*
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
CME Group	Fred Sturm*
CRE Finance Council	Lisa Pendergast
CRE Finance Council	Raj Aidasani
Deutsche Bank	Adam Eames
Fannie Mae	Bob Ives
Fannie Mae	Wells Engledow*
Federal Home Loan Bank	Phil Scott
Freddie Mac	Ameez Nanjee
GE Capital	Michael Taets*
Goldman Sachs	Gigi Chavez de Arnavat
Goldman Sachs	Guillaume Helie*
Goldman Sachs	Jason Granet
Government Finance Officers Association	Emily Brock
Government Finance Officers Association	Pat McCoy
HSBC	Blair Selber
HSBC	Shirley Hapangama
Independent Community Bankers of America	Chris Cole*
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.	Matthew Cherwin
JP Morgan Chase & Co.	Perry Elbadrawi*
JP Morgan Chase & Co.	Terry Belton*
LCH	David Horner*
LCH	Phil Whitehurst*
Loan Syndications and Trading Association	Meredith Coffey
Loan Syndications and Trading Association	Tess Virmani*
MetLife	Alex Strickler*
MetLife	Kevin Budd*
Morgan Stanley	Maria Douvas-Orme
Morgan Stanley	Matt Ochs

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

Tom Wipf
Tom Deas
Courtney Garcia*
Scott Goodman*
Chris McAlister
Gary Horbacz
Chris Killian
Rob Toomey *
Sairah Burki*
Greg Moore
Priya Misra
Alexis Pederson
Brian Grabenstein
Don Sinclair*

Ex-Officio ARRC Members

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
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
Federal Reserve Bank of New York
Federal Reserve Bank of New York
Federal Reserve Board of Governors
Federal Reserve Board of Governors
Federal Reserve Board of Governors
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. Securities and Exchange Commission
U.S. Securities and Exchange Commission
U.S. Treasury

Sayee Srinivasan*
Abhishek Agarwal*
Irina Leonova
Dan Coates
Fatima Madhany
Betsy Bourassa
Elizabeth Kessenides*
Jamie Pfeifer
Justin Epstein
Raymond Check
Justine Hansen
Matt Lieber
Megan Zirinsky*
Nathaniel Wuerffel*
Ray Check
William Riordan
Scott Nagel
Chiara Scotti
Darren Gersh*
David Bowman
Erik Heitfield*
Evan Winerman*
Jeff Huther
Matt McCormick*
Ang Middleton
Kevin Walsh*
David Metzman
Michelle Danis*
Chloe Cabot*

U.S. Treasury

Peter Phelan*

Observers

Bank of Canada

Sheryl King

BNP Paribas

Simon Winn

Cadwalader

Jonathan Hoff

Cadwalader

Lary Stromfeld

Deloitte

Alexey Surkov

Ernst & Young

Roy Choudhury*

Morgan Lewis

Jon Roellke

Oliver Wyman

Adam Schneider

U.S. Department of Housing and Urban Development

Jose Fernandez

U.S. Department of Housing and Urban Development

Richard Perrelli

*Indicates participation by telephone