

Alternative Reference Rates Committee

February 16 Meeting Readout



This document contains highlights from the [Alternative Reference Rates Committee \(ARRC\) meeting on February 16, 2022](#). The complete meeting agenda can be found [here](#). Full minutes for this meeting will be [posted](#) in the coming weeks.

Topics discussed at the meeting included the momentum towards the Secured Overnight Financing Rate (SOFR) and the ARRC's key objectives for 2022.

Sign up [here](#) to receive email updates about the ARRC.

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Members noted that the transition away from LIBOR to robust reference rates is progressing strongly into 2022. Use of SOFR has accelerated across cash and derivatives markets.

- In particular, the pipeline of new loans and securitizations reflects a shift away from LIBOR towards SOFR. The shift in derivative markets, notably in interest rate swaps and futures, also shows an acceleration in SOFR use this year.
- As shown in the charts following - Activity data from cash and derivatives markets point to continued positive momentum in the transition from LIBOR to SOFR. Specifically:
 - Figure 2 shows that SOFR swaps now account for the majority of interest rate risk traded in the outright linear swaps market.
 - Figure 8 shows that average daily SOFR futures volumes doubled in January relative to December 2021. SOFR futures volumes and open interest have increased relative to Eurodollar futures and the overall STIR futures market.

The group also covered the [ARRC's objectives](#) for the year. The 2022 objectives reflect the ARRC's efforts to continue supporting the transition away from LIBOR by preparing markets for June 2023 and encouraging the voluntary use of SOFR as a more robust and resilient alternative. Two key priority areas identified by the ARRC for 2022 are:

- New Contracts - Promoting continued growth in use of SOFR in new activity across markets. This includes:
 - Monitoring the adoption of SOFR and SOFR Term Rates as well as considering recommendation of 12-month SOFR Term Rate.
 - Continuing to engage in outreach to market participants, including smaller corporates, to identify and help address any market segments in need of support.
- Legacy Contracts - Supporting the transition of legacy contracts ahead of the 2023 end of USD LIBOR. This includes:
 - Pursuing both federal and state legislation as appropriate which can provide a path for legacy contracts that have no effective means to replace LIBOR upon its cessation to transition.
 - Encouraging compression/conversion of LIBOR positions to SOFR to reduce the scale of LIBOR legacy contracts that need to be addressed prior to LIBOR's cessation.
 - Continuing the Operations/Infrastructure Working Group's efforts on communicating legacy LIBOR changes as of July 3, 2023.

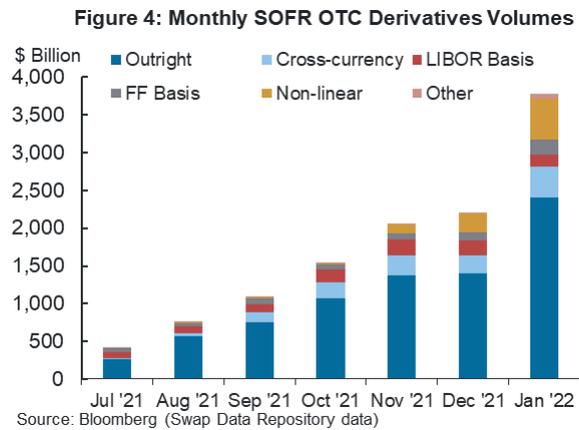
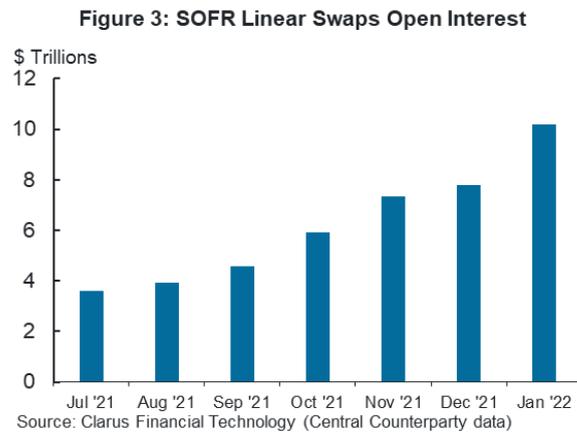
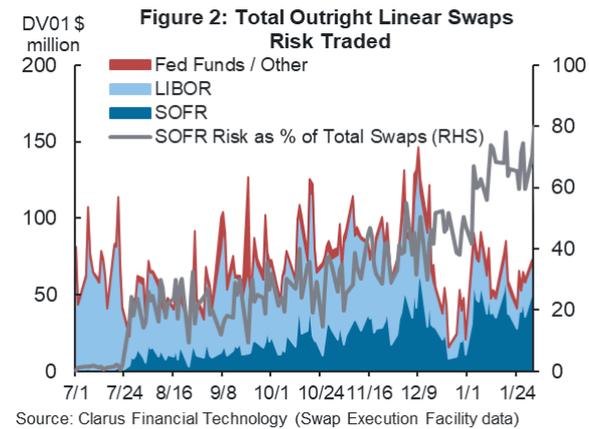
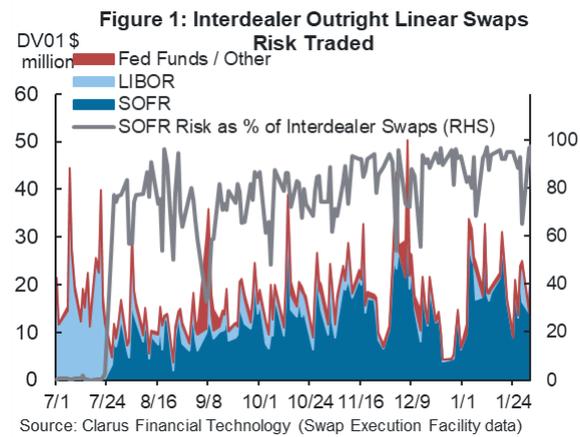
Alternative Reference Rates Committee

February 16 Meeting Readout: Figures

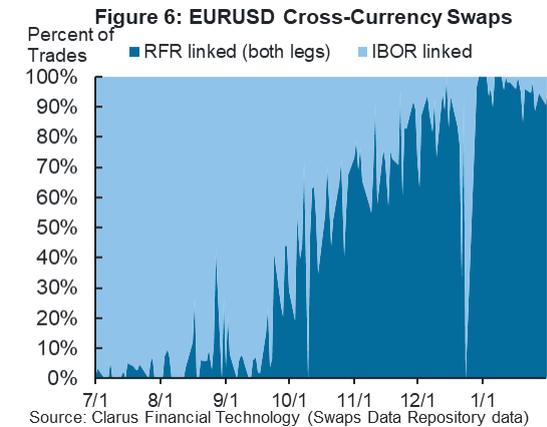
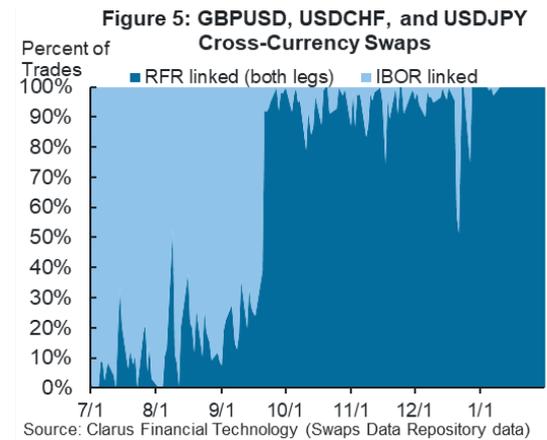
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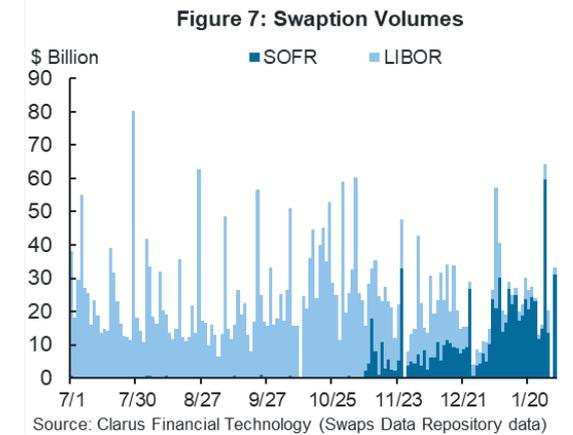
Linear Swaps



Cross-Currency Swaps



Non-Linear Derivatives



Alternative Reference Rates Committee February 16 Meeting Readout: Figures

Exchange-Traded Derivatives

Figure 8: Average Daily Notional SOFR Futures Volumes

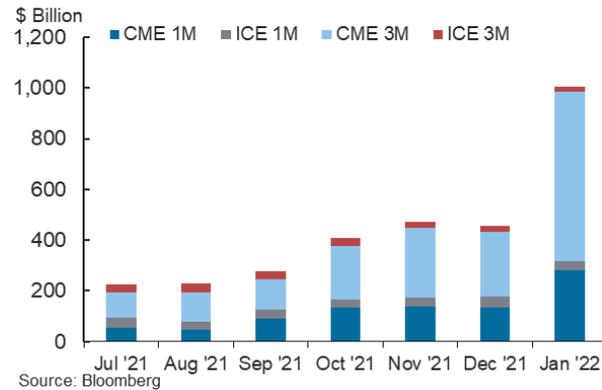
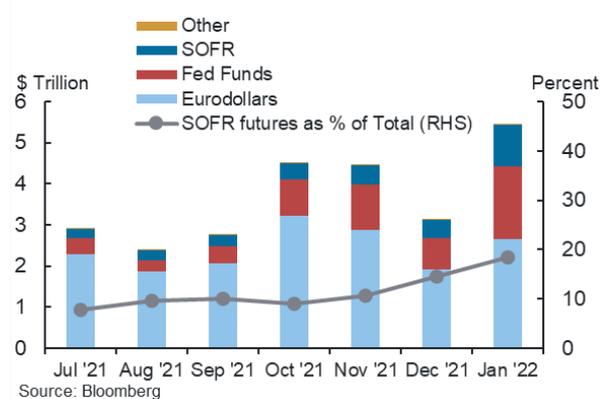


Figure 9: STIR Futures Average Daily Volumes



Cash Products

Figure 10: FRN Issuance by Reference Rate

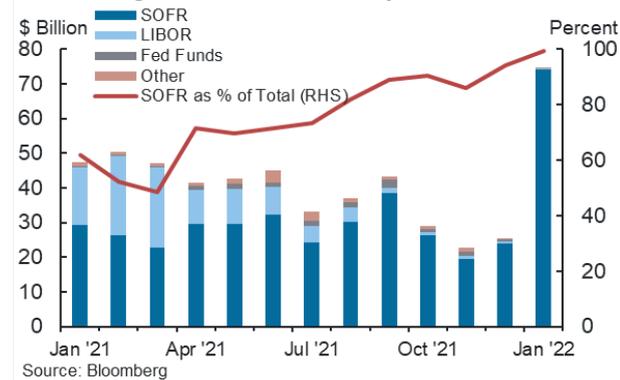


Figure 11: SOFR FRN Issuance by Issuer Type



Figure 12: LIBOR FRN Issuance by Issuer Type

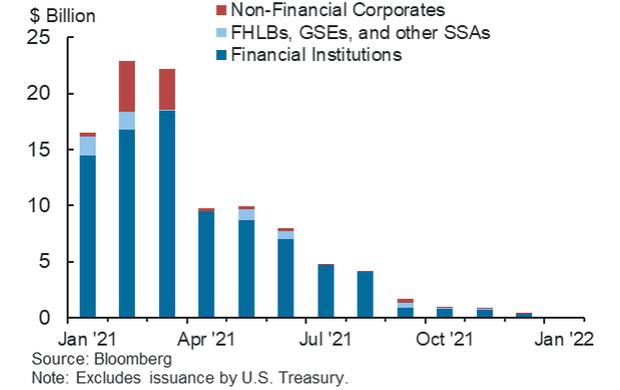


Figure 13: SOFR-indexed ARM Agency MBS Issuance

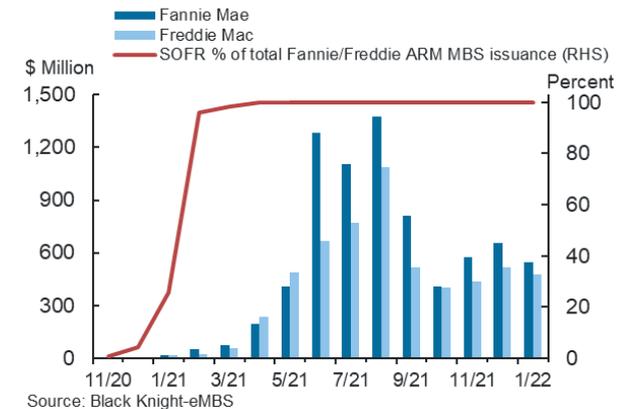


Figure 14: Syndicated Lending

