

2020: The Time is Now

ISDA/SIFMA AMG Benchmark Strategies Forum 2020

Wednesday, February 12, 2020

Moderator: Scott O'Malia, Chief Executive Officer, ISDA

Harri Vikstedt, Senior Director, Financial Markets Department, Bank of Canada

Tom Wipf, ISDA Board Member, Vice Chairman of Institutional Securities, Morgan Stanley & Chair, Alternative Reference Rates Committee

Nate Wuerffel, Head of Domestic Markets, Markets Group, Federal Reserve Bank of New York

Tools for Transition from U.S. Dollar LIBOR

- **ARRC's Selection of SOFR as Recommended Alternative to USD LIBOR:**
 - [ARRC Interim Report and Consultation](#)
 - [ARRC Second Report](#)
- **ARRC Paced Transition Plan** (see timeline on next slide)
- **FRBNY/OFR Publication of New Reference Rates:**
 - [Publication of SOFR and Other Treasury Repo Reference Rates](#)
 - [Proposed Publication of SOFR Averages and a SOFR Index](#)
 - [Publication of SOFR Averages and a SOFR Index](#)
- **ARRC Recommended Fallback Contract Language:**
 - [Summary of ARRC's LIBOR Fallback Language](#)
 - [Adjustable Rate Mortgages](#)
 - [Bilateral Business Loans](#)
 - [Floating Rate Notes](#)
 - [Securitizations](#)
 - [Syndicated Loans](#)
- **Other ARRC Publications:**
 - [Buy-Side Checklist for SOFR Adoption](#)
 - [Recommendations for Interdealer Cross-Currency Swap Market Conventions](#)
 - [SOFR Floating Rate Notes Conventions Matrix, Appendix, and Comparison Chart](#)
 - [Practical Implementation Checklist for SOFR Adoption](#)
 - [Frequently Asked Questions](#)
 - [White Paper on Using an Average of SOFR to Build an Adjustable-Rate Mortgage Product for Consumers](#)
 - [A User's Guide to SOFR](#)
- **Recent ARRC Consultations:**
 - [Spread Adjustment Methodologies for Fallbacks in Cash Products Referencing USD LIBOR](#)
 - [Swaptions Impacted by the CCP Discounting Transition to SOFR](#)

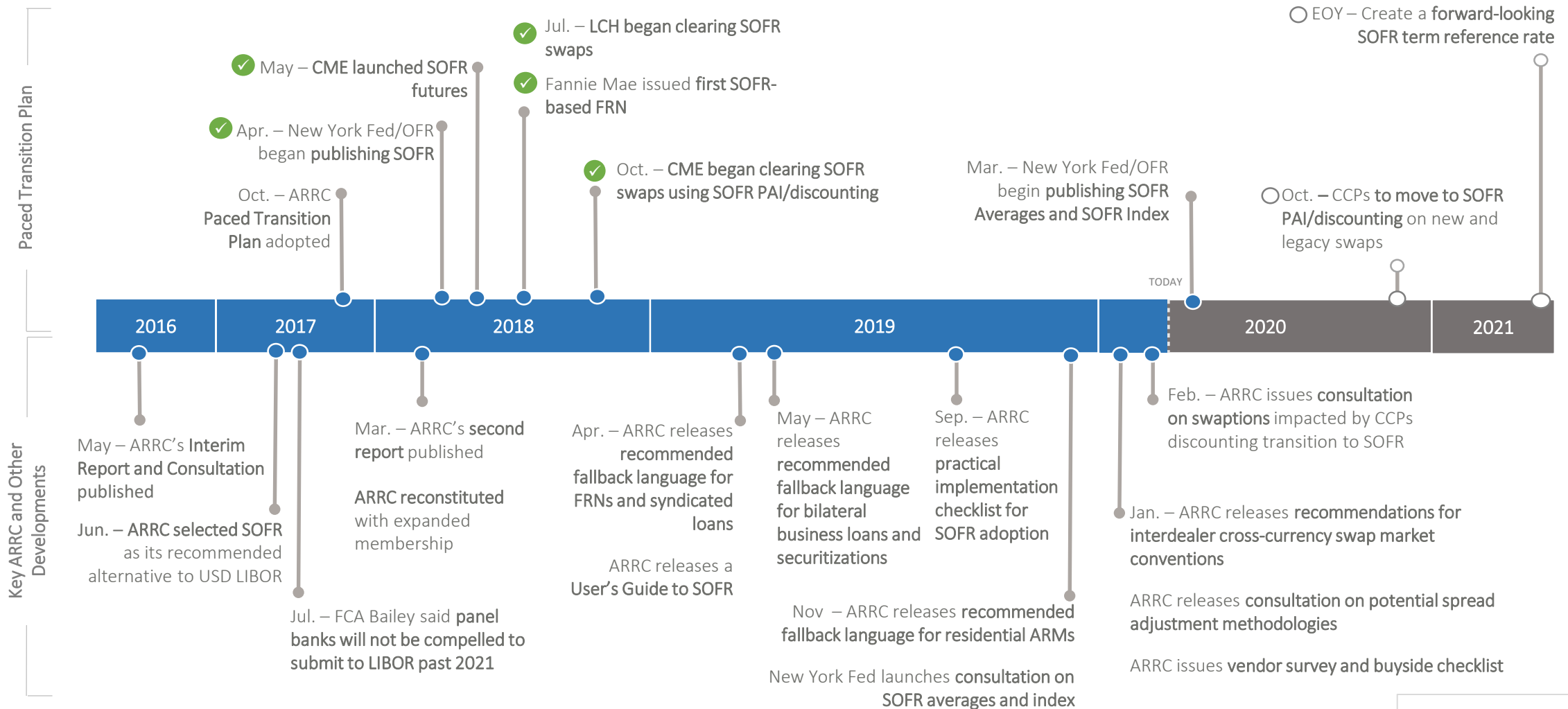
For more information, see:

<https://www.newyorkfed.org/arrc/fallbacks-contract-language>

<https://www.newyorkfed.org/arrc/publications>

Transition from U.S. Dollar LIBOR – Timeline

The Alternative Reference Rates Committee (ARRC) was originally convened in November 2014. Significant progress has been made to date.



KEY

- Complete
- Anticipated Completion
- ✓ Completed ahead of schedule

As of 2/12/20

SOFR Averages and Index

- Beginning on March 2, 2020, the New York Fed, in cooperation with Treasury's Office of Financial Research (OFR), will begin publishing 30-day, 90-day and 180-day SOFR Averages, as well as a SOFR Index
- The SOFR Averages and Index will employ daily compounding, in line with the ISDA methodology for use of overnight rates in swap contracts
- The SOFR Index will measure the cumulative impact of compounding the SOFR on a unit of investment over time and can be used to calculate custom period averages between any two business dates
- Publication of accessible and reliable SOFR Averages and a SOFR Index, for reference in financial contracts, is an important step in encouraging widespread adoption of SOFR and supporting the LIBOR transition
- The averages and index could be referenced in a variety of products, such as consumer loans and floating rate notes (FRNs)