

## ARRC LIBOR Fallback Consultation Notice

As you know by now, the use of LIBOR is expected to be phased out by the end of 2021 and efforts are being made to set up the process to employ an alternative rate. CFA members should be aware that the Alternative Reference Rates Committee (ARRC) has released a “LIBOR fallback consultation” for syndicated business loans, which is the first step towards the ARRC issuing standard recommended fallback language.

The consultation offers two alternative approaches to such language:

- an “amendment” approach, which is a more robust version of the amendment language that is often being used in credit agreements to facilitate the transition from LIBOR and
- a “hardwired” approach, which lays out triggers to start the transition, a new rate (SOFR) and a compensatory spread (to capture the difference between LIBOR and SOFR), and which can be executed en masse without amendments.

The ARCC is looking for feedback from market participants. Members should review the consultation and respond to the ARRC. Comments should be sent to [arrc@ny.frb.org](mailto:arrc@ny.frb.org)

Link to the consultation: <https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2018/ARRC-Syndicated-Business-Loans-Consultation.pdf>