

November 30, 2021

## **ARRC Welcomes Refinitiv's USD IBOR Institutional and Consumer Cash Fallbacks**

The Alternative Reference Rates Committee (ARRC) today welcomed Refinitiv's [announcement](#) that its USD IBOR Institutional Cash Fallbacks are now available for immediate use as production benchmarks and that, pending final approvals, its USD IBOR Consumer Cash Fallbacks for 1-week and 2-month settings would launch on January 3, 2022. This update follows the ARRC's March 2021 [announcement](#) that it had selected Refinitiv as its chosen provider to publish ARRC-recommended fallback rates for cash products based on the Secured Overnight Financing Rate (SOFR), the ARRC's preferred alternative to USD LIBOR.

"The official launch of Refinitiv's Institutional Cash Fallbacks gives market participants another important tool to ensure the stability of legacy contracts that contain ARRC-recommended fallback language," said Tom Wipf, ARRC Chairman and Vice Chairman of Institutional Securities at Morgan Stanley. "With exactly one month to go before no new LIBOR, we urge market participants to take action now to ensure a smooth transition."

Refinitiv's Cash Fallbacks are for use in contracts that contain ARRC-recommended fallback provisions to address instances where USD LIBOR ceases or is non-representative. There are two versions of the Refinitiv USD IBOR Cash Fallbacks: one for institutional cash products, available for use immediately, and the other for consumer cash products, effective on January 3, 2022.

- USD IBOR Institutional Cash Fallbacks are available for use in financial contracts. The adjusted SOFR component includes SOFR compounded in arrears, and the daily simple SOFR and SOFR compounded in advance.
- The USD IBOR Consumer Cash Fallbacks are based on compounded SOFR in advance plus the spread adjustment, which is gradually introduced during the 12 month transition period following LIBOR cessation or permanent loss of representativeness.

For more information about the Refinitiv USD IBOR Cash Fallbacks, please visit Refinitiv's [website](#).

### **About the ARRC**

The ARRC is a group of private-market participants convened by the Federal Reserve Board and Federal Reserve Bank of New York in cooperation with the Commodity Futures Trading Commission, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Association of Insurance Commissioners, the New York Department of Financial Services, the Office of Financial Research, the Office of the Comptroller of the Currency, the U.S. Department of Housing and Urban Development, the U.S. Securities and Exchange Commission, and the U.S. Treasury Department. It was initially convened in 2014 to identify risk-free alternative reference rates for USD LIBOR, identify best practices for contract robustness, and create an implementation plan with metrics of success and a timeline to support an orderly adoption. The ARRC accomplished its first set of objectives and identified SOFR as the rate that it recommends for use in certain new USD derivatives and other financial contracts. It also published its [Paced Transition Plan](#), with specific steps

## ALTERNATIVE REFERENCE RATES COMMITTEE

and timelines designed to support the voluntary adoption of SOFR. The ARRC was reconstituted in 2018 with an expanded membership to help to ensure the successful implementation of the Paced Transition Plan, address the increased risk that LIBOR may not exist beyond 2021, and serve as a forum to coordinate and track planning across cash and derivatives products and market participants currently using USD LIBOR.

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

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