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ARRC Publishes Transition Resource Guides for Adjustable Rate Mortgages and Private Student Loans

Guides Supplement Broader Transition Execution Plans to Facilitate Efforts to Move Away from LIBOR

The Alternative Reference Rates Committee (ARRC) today released the [LIBOR ARM Transition Resource Guide](#) and the [Legacy LIBOR-Based Private Student Loan Transition Resource Guide](#). These guides aim to support the transition away from LIBOR to alternative reference rates like the Secured Overnight Financing Rate (SOFR), the ARRC's preferred alternative to U.S. dollar (USD) LIBOR.

Both guides focus on LIBOR-based contracts that will exist after LIBOR is no longer guaranteed after the end of 2021. Specifically, the [LIBOR ARM Transition Resource Guide](#) focuses on LIBOR-based adjustable rate mortgages, including home equity products. The [Legacy LIBOR-Based Private Student Loan Transition Resource Guide](#) focuses on LIBOR-based variable rate private student loans.

"The ARRC is committed to supplying everyone who has LIBOR exposures with tools to transition before the end of 2021," said Tom Wipf, ARRC Chairman and Vice Chairman of Institutional Securities at Morgan Stanley. "These resource guides are yet another example of our efforts to help institutions fortify their products and support consumers' transition to SOFR."

The ARRC's Consumer Products Working Group developed both of these guides. Together, they reflect the ARRC's efforts to develop voluntary recommendations, tools, and resources intended to serve all stakeholders throughout the transition process, with consideration for the downstream effects on the consumer. They both include key milestones and suggested readiness timeframes, details about the roles and responsibilities of stakeholders impacted by these products, as well as associated guidance and tools.

The ARRC may periodically update these guides as new information becomes available.

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 represents best practice for use in certain new USD derivatives and other financial contracts. It also published its [Paced Transition Plan](#), with specific steps and timelines designed to encourage adoption of SOFR. The ARRC was

ALTERNATIVE REFERENCE RATES COMMITTEE

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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