Mr. Clark Hutchison III
Director
Division of Clearing and Risk
U.S. Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, DC 20581

Ms. Meghan Tente
Acting Director
Division of Market Oversight
U.S. Commodity Futures Trading Commission
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Ms. Amanda Olear
Acting Director
Market Participants Division
U.S. Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, DC 20581

December 2, 2021

RE: REQUEST FOR EXTENSION AND RELATED MODIFICATIONS TO NO-ACTION RELIEF FROM THE APPLICATION OF CERTAIN SWAP REGULATORY REQUIREMENTS TO FACILITATE AN ORDERLY TRANSITION FROM INTER-BANK OFFERED RATES TO ALTERNATIVE RISK-FREE RATES

Dear Ms. Tente, Mr. Hutchison, and Ms. Olear,

The Alternative Reference Rates Committee (**ARRC**) and its member firms are submitting this letter to request modifications to no-action relief issued by the Division of Clearing and Risk (**DCR**), the Division of Market Oversight (**DMO**) and the Market Participants Division (**MPD**) of the U.S. Commodity Futures Trading Commission (**CFTC** or **Commission**) from certain requirements under the Commodity Exchange Act (**CEA**) and CFTC regulations for certain swaps that are amended as part of the industry effort to transition to reference risk-free rates (**RFRs**) in connection with the upcoming discontinuation of the London Interbank Offered Rate (**LIBOR**) and other inter-bank offered rates (together with LIBOR, **IBORs**). In particular, the ARRC is requesting an extension of CFTC Letter 20-24 (the **DMO Letter**) and CFTC Letter 20-25 (the **DCR Letter**) and certain related modifications to the DCR Letter and CFTC Letter 20-23 (the

MPD Letter and together with the DMO and DCR Letters, the **IBOR Relief Letters**), as discussed further below.

As described in the IBOR Relief Letters, the U.K. Financial Conduct Authority (the **FCA**), which regulates ICE Benchmark Administration Limited (**IBA**), the administrator of LIBOR, announced in July 2017 that it sought commitments from LIBOR panel banks to continue to contribute to LIBOR through the end of 2021, but that the FCA would not use its powers to compel or persuade contributions beyond such date. Therefore, it was expected that market participants would transition their swaps referencing LIBOR to RFRs by the end of 2021. As a result, the DCR Letter and the DMO Letter included an expiration date of December 31, 2021. The MPD Letter did not include an expiration date. In addition, in discussing relief provided in connection with the end-user exception from mandatory clearing and un-cleared swap margin requirements, the DCR Letter and the MPD Letter stated that eligible end users and their counterparties "should use their best efforts to work toward amending the reference rate provisions in both Covered IRS documentation and the related commercial arrangement documentation so that the rates referenced therein match again by December 31, 2021."

Since the IBOR Relief Letters have been issued, the FCA has announced that while non-U.S. dollar LIBOR settings and the one-week and two-month U.S. dollar LIBOR settings will cease to be provided or will no longer be representative of the underlying market as of December 31, 2021, all other U.S. dollar LIBOR settings will continue to be published on the basis of panel bank submissions until June 30, 2023 (the **2023 USD LIBOR Settings**).[1]

Given this extension, the ARRC expects that some market participants may transition their swaps referencing such rates after December 31, 2021 but before June 30, 2023. The ARRC therefore respectfully requests that the relief provided in the DCR Letter and the DMO Letter be extended to June 30, 2023 for swaps otherwise covered by such letters to the extent that they reference one of the 2023 USD LIBOR Settings. Similarly, the ARRC respectfully requests that the discussion of the end-user exception in the DCR Letter and the MPD Letter be updated to provide that eligible end users should use their best efforts to work toward amending the reference rate provisions in both Covered IRS (as defined in such letters) documentation and the related commercial arrangement documentation so that the rates referenced therein match again by June 30, 2023 to the extent that the Covered IRS references one of the 2023 USD LIBOR Settings[2].

[1] See "FCA announcement on future cessation and loss of representativeness of the LIBOR benchmarks" (Mar. 5, 2021), available at https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf.

[2] The ARRC notes that in the floating rate term loan market borrowers frequently hedge their interest rate risk with an interest rate derivative. Although by June 30, 2023, most of those derivatives will have been modified through adoption by the parties of the ISDA Protocol or via bilateral negotiation, the associated term loans may well remain unmodified until December 31, 2023 since continued quotation of 1-, 3-, and 6-month LIBOR rates until June 30, 2023 would have the effect of extending those loans until as late as year-end 2023. An extended mismatch could well occur since the term loans fall into what the

The ARRC appreciates the Commission and staff's continued engagement on IBOR transition matters and looks forward continuing our dialogue as the need for additional regulatory clarity and guidance arises.

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Thank you for your consideration of our request. Please feel free to contact Priya Bindra (212-537-2119 or priya.bindra@morganstanley.com), Simon Winn (917-472-4305 or simon.winn@us.bnpparibas.com) or Gabriel D. Rosenberg (212-450-4537 or gabriel.rosenberg@davispolk.com) should you have any questions or concerns.

Tom Wipf
Chair
ARRC

CC:

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ARRC has referred to as tough legacy transactions, where amending them almost always requires the affirmative consent of all the lenders; parties may therefore be continuing their best efforts to remedy the mismatch until December 31, 2023.