

Legal Update

US ARRC Publishes Updated Best Practices Guidance, Provides Some Detail for Certain Milestones, But Retains YE 2021 Deadline

Today, May 27, 2020, the US Alternative Reference Rates Committee (ARRC) published updated best practices guidance, including a [summary factsheet](#), [complete best practices guidance](#) and a [graphical timeline](#).

While the updates cover more market participants and include some additional details for certain interim milestones (including various end dates for specified products by which LIBOR usage should cease), the guidance retains the previous YE 2021 deadline, despite the current COVID-19 pandemic and related disruption.

The following table shows the recommended target end dates:

PRODUCT	HARDWIRED FALLBACKS INCORPORATED BY	TECH / OPS VENDOR READINESS	TARGET FOR CESSATION OF NEW USE OF USD LIBOR	ANTICIPATED FALLBACK RATES TO BE CHOSEN BY
Floating Rate Notes	6/30/2020	6/30/2020	12/31/2020	6 months prior to reset after LIBOR's end
Business Loans	9/30/2020	9/30/2020	6/30/2021	6 months prior to reset after LIBOR's end
Consumer Loans	Mortgages: 6/30/2020 Student Loans: 9/30/2020	Mortgages: 9/30/2020	Mortgages: 9/30/2020*	In accordance with relevant consumer regulations
Securitizations	6/30/2020	12/31/2020	CLOs: 9/30/2021 Other: 6/30/2021	6 months prior to reset after LIBOR's end
Derivatives	Not later than 4 months after the Amendments to ISDA 2006 Definitions are published	Dealers to take steps to provide liquid SOFR derivatives markets to clients	6/30/2021	

* September 30, 2020 date for consumer loans refers to new applications for closed-end residential mortgages using USD LIBOR and maturing after 2021.

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