

ARRC Releases Updated LIBOR Fallback Language for USD Syndicated Loans

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Quick Overview

- The ARRC released an updated version of its recommended LIBOR fallback language for USD LIBOR syndicated loans on June 30, 2020.
- Among other updates, the updated fallback language recommends a “Hardwired Approach” to effect LIBOR replacement and removes the previous alternative recommendation for an “Amendment Approach.” The proposed waterfall of alternative reference rates has also been updated to include Daily Simple SOFR as the second alternative (after term SOFR).
- Market participants should note that the updated fallback language represents a proposed template, but the ARRC anticipates that institutions will use their own judgement in making adjustments or modifications to the proposed terms when updating their own agreements.
- As foreshadowed in the ARRC's document, market participants will want to independently evaluate the factors discussed in the ARRC's recommendations, taking into consideration their own operational preferences, treasury financing practices, and market trends.

Read the full article [here](#).