

MEMO# 32544

June 22, 2020

LIBOR Update: Draft Letter on Treasury Request for Comment on SOFR-Indexed Floating Rate Notes; Member Feedback Requested by June 30

[32544]

June 22, 2020 TO: Accounting/Treasurers Committee

LIBOR Transition Working Group

SEC Rules Committee

Security Valuation Operations Committee RE: LIBOR Update: Draft Letter on Treasury

Request for Comment on SOFR-Indexed Floating Rate Notes; Member Feedback Requested by June 30

In anticipation of LIBOR discontinuation in 2021, the US Treasury Department published a request for comment regarding its potential issuance of SOFR-indexed floating rate notes.^[1] The request for comment includes questions about the operational readiness of likely investors to purchase such floating rate notes.

Attached for your review is a draft of ICI's comment letter. **Please provide any comments on the attached draft to me at bridget.farrell@ici.org by end of day, Tuesday, June 30.** ICI will file its letter with the Treasury Department on Monday, July 6.

The draft letter explains that regulated funds, as potential investors in SOFR-indexed floating rate notes, are taking steps to transition from LIBOR to alternative rates, such as SOFR. In doing so, funds will be dependent on issuers and vendors also to transition to alternative rates. We recommend that the Treasury Department monitor how issuers and vendors are progressing along the best practices timeframes recommended by the Alternative Reference Rate Committee (ARRC).

We look forward to your feedback.

Bridget Farrell
Assistant General Counsel

[Attachment](#)

endnotes

[1] See Development and Potential Issuance of Treasury Floating Rate Notes Indexed to the Secured Overnight Financing Rate, 85 Fed. Reg. 31,282 (May 22, 2020), *available at* https://www.treasurydirect.gov/instit/statreg/auctreg/Treasury_RFI_SOFR_FRN3.pdf; See also ICI Memorandum No 32485, *available at* https://www.ici.org/my_ici/memorandum/memo32485.

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