

**MEMO# 32583**

July 6, 2020

# **LIBOR Update: ICI Submits Comment Letter on Treasury Request for Comment on SOFR-Indexed Floating Rate Notes**

[32583]

July 6, 2020 TO: ICI Members  
Accounting/Treasurers Committee  
LIBOR Transition Working Group  
SEC Rules Committee  
Security Valuation Operations Committee SUBJECTS: Compliance  
Fund Accounting & Financial Reporting  
Valuation RE: LIBOR Update: ICI Submits Comment Letter on Treasury Request for  
Comment on SOFR-Indexed Floating Rate Notes

On May 22, the US Treasury Department published a request for comment regarding the potential issuance of SOFR-indexed floating rate notes.[\[1\]](#) The request for comment included questions about the operational readiness of likely investors to purchase such floating rate notes.

ICI submitted a comment letter to the Treasury Department explaining 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. Our comment letter supports the Treasury Department issuing SOFR-indexed floating rate notes as we believe that doing so would have the potential to advance the pace of LIBOR transition throughout the market.

We recognize that, if it were to issue floating rate notes, the Treasury Department would have a leadership role in standardizing SOFR rate conventions for those products. Setting standard rate conventions would assist funds, vendors, and the market as a whole in LIBOR transition. We note that the Treasury Department would not be setting rate conventions in a vacuum, however, and recommend that it keep in mind the SOFR rate conventions already being used by issuers and Alternative Reference Rate Committee (ARRC) recommendations.

ICI's comment letter is attached.

Bridget Farrell

[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](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](https://www.ici.org/my_ici/memorandum/memo32485).

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