

# Commerce's LIBOR Transition Guide

## CUSTOMER QUICK REFERENCE GUIDE

### WHAT DOES THIS MEAN FOR ME?

- Any new loans must be indexed to an alternative reference rate (ARR)
- Any existing loans maturing after June 30, 2023 must include appropriate fallback language, or be converted to an ARR (e.g., SOFR, Prime)
- Any existing loans maturing before June 30, 2023, that are modified will subsequently be updated to include Commerce's Hardwired Fallback language

### TRANSITION OPTIONS AVAILABLE TO YOU

#### Existing Facilities



Proactively convert your existing rate index to an ARR (e.g., SOFR, Prime) in advance (contact your RM for available options)

#### New Facilities



All new facilities must be booked using an ARR (e.g., SOFR, Prime)

### MORE INFORMATION ON SOFR AND THE LIBOR TRANSITION

- Recommended by the ARRC and chosen by ISDA as the replacement in derivatives contracts, SOFR is the primary USD LIBOR replacement preferred by US banking regulators.
- Broad measure of the cost of borrowing cash overnight collateralized by Treasury securities (daily volume of nearly \$1 trillion).
- Historically lower than LIBOR due to its secured nature, requiring a spread adjustment to compensate.



To learn more about the transition away from LIBOR, please visit our website and check out our Frequently Asked Questions

This information is based on current available information and is subject to change. V8.19.21



US regulators mandated no new use of LIBOR rates after 2021



**How long will USD LIBOR be published?**

Until June 30, 2023, For most tenors of LIBOR

