



AMERICAN FINANCIAL EXCHANGE

## **Written Statement by Federal Reserve Chairman Jerome Powell Regarding the Suitability of AMERIBOR as a Replacement to LIBOR**

CHICAGO — June 2, 2020 — Federal Reserve Board Chairman Jerome H. Powell has provided a statement regarding the suitability of AMERIBOR as a replacement to LIBOR. The written statement dated May 28, 2020 was in response to a “question for the record” from Sen. Tom Cotton (R-AR) following Chairman Powell’s testimony to the US Senate’s Committee on Banking, Housing and Urban Affairs held on February 12, 2020.

Senator Cotton asked if the Fed supports alternative benchmark interest rates besides the Secured Overnight Financing Rate – such as AMERIBOR - for the replacement of Libor.

Chairman Powell wrote that “the Federal Reserve convened and supports the work of the Alternative Reference Rates Committee (ARRC) and views SOFR as a robust alternative that will help many market participants in the transition away from LIBOR. However, we have been clear that the ARRC’s recommendations and the use of SOFR are voluntary and that market participants should seek to transition away from LIBOR in the manner that is most appropriate given their specific circumstances.”

Chairman Powell went on to state for the record: “Ameribor is a reference rate created by the American Financial Exchange based on a cohesive and well-defined market that meets the International Organization of Securities Commission’s (IOSCO) principles for financial benchmarks. While [Ameribor] is a fully appropriate rate for the banks that fund themselves through the American Financial Exchange (AFX) or for other similar institutions for whom Ameribor may reflect their cost of funding, it may not be a natural fit for many market participants.”

The AFX facilitates the determination of AMERIBOR, a transaction-based interest rate benchmark for banks via its electronic trading platform. Since the start of the AFX and the AMERIBOR benchmark, more than \$970 billion in value has been transacted and continues to rise.

“Chairman Powell’s response to Sen. Cotton’s question reinforces the importance of choice in the use of benchmarks and is key to the development of SOFR and AMERIBOR. Both are complementary to each other and offer robust alternatives as the market transition away from LIBOR. Chairman Powell’s response and other recent statements from Fed officials and the Alternative Reference Rate Committee provide greater impetus to AMERIBOR as it becomes a

viable replacement for LIBOR,” said Dr. Richard L. Sandor, Chairman and CEO of the American Financial Exchange.

For more information about AFX or AMERIBOR, visit [www.ameribor.net](http://www.ameribor.net).

Contact: Laura LaBarbera, AFX (312) 554-4904.

###

*The American Financial Exchange (AFX) is self-regulated exchange founded in 2015. With 190 members across 50 U.S. states, AFX seeks to offer a suite of innovative products to improve transparency and efficiency in the current interbank loans marketplace. AFX also facilitates the determination of a market-based interest rate benchmark called the American Interbank Offered Rate (AMERIBOR®). AMERIBOR® is an interest rate benchmark that reflects the actual unsecured borrowing costs of more than 1,200 American banks and financial institutions. In addition, AFX’s AMERIBOR is in alignment with all nineteen Principles set forth by the International Organization of Securities Commission (IOSCO) for Financial Benchmarks.*