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LSTA RFR Credit Agreements Are Here: LSTA publishes Daily SOFR (and Daily RFR) Concept Credit Agreements - McGuireWoods

On May 6, the LSTA published its long-awaited concept Daily SOFR and risk-free rate (**RFR**)-based multicurrency credit agreements (the **Concept RFR Documents**). The publication of these documents is a welcomed step in the transition from LIBOR These Concept RFR Documents illustrate various types of SOFR-based US Dollar credit facilities and RFR-based multicurrency credit facilities which use a daily, in arrears benchmark and have been prepared by the LSTA as educational tools for market participants. Four Concept RFR Documents have been published.

- A Daily Simple SOFR referenced credit agreement for a USD term loan facility. This credit agreement also includes alternative provisions for the use of a daily compounded SOFR interest rate where interest is calculated and applied daily to outstanding principal and accrued interest.
- A Daily Compounded SOFR referenced credit agreement for a term loan facility denominated in USD. Interest is calculated daily using the "compound the rate" approach where the interest is calculated using a compounding formula set out in the credit agreement.
- A multicurrency IBOR/RFR referenced credit agreement for a revolving loan facility (with optional drafting for a term loan facility) based on a simple interest calculation. This multicurrency credit agreement allows for borrowings denominated in USD, Euro, Japanese Yen, Sterling, Swiss Franc. It also provides an example for offering RFR-referenced loans for USD, Sterling and Swiss Franc denominated loans, but with EURIBOR-referenced loans for Euros and TIBOR-referenced loans for Yen.
- A multicurrency IBOR/RFR referenced credit agreement which provides for daily simple RFR referenced loans denominated in Sterling and Swiss Francs and USD LIBOR-referenced loans for Dollars, EURIBOR-referenced loans for Euros and TIBOR-referenced loans for Yen. It contains a mechanism for automatically transitioning to a spread-adjusted daily simple RFR (SOFR) or term RFR (SOFR) upon the occurrence of certain trigger events.

These four Concept RFR Documents are available to LSTA subscribers on the LSTA Library for the LIBOR Transition. Market participants are encouraged to familiarize themselves with the Concept RFR Documents.

Please contact any of the authors of this briefing or your regular McGuireWoods contact if you have questions about, or would like assistance with, the LIBOR transition.

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