
Alternative Reference Rates Committee (ARRC) Meeting

Friday, December 12, 2014

4:00 – 5:00 pm

Location: JP Morgan Chase, 270 Park Avenue – 2nd floor, room 207

Chair: Brian Leach, Head of Franchise Risk and Strategy - Citigroup

Agenda

1. Citi/Leach as Chair: 14 yes, 1 no reply
2. Discussion of ARRC membership
 - Should other institutions be added?
3. Executive Sponsor (“ES”) and Subject Matter Expert (“SME”). Each institution has an ES and an SME but the general feeling is we may not have the breadth of SME’s necessary. The suggested skill sets include:
 - a. LIBOR submitter
 - b. Bank funding expert
 - c. Short end / repo / basis traders (including USD, EUR, GBP, and JPY markets)
 - d. Fed open market operations expert (including: RRP, term, and segregated account facilities)
 - e. Repo market structure expert (e.g., bilateral, tri-party, cleared)
 - f. Long-dated derivatives / options trader
 - g. Floating rate end-user financial products expert
 - h. Consultants: tax, accounting, legal

4. Work streams:

- a. Strengthen IBOR+
- b. Create 2nd index
 - i. New rate definition and production
 - 1. New rate selection (Including identifying best practices for contract robustness)
 - 2. Fixing Methodology: trade repository vs submission, based on observable transactions, term rate creation (cash vs derivatives)
 - 3. Suitability of benchmark – retail/wholesale/derivatives
 - 4. Development of deep, liquid market – including futures
 - 5. Fall back plan
 - ii. Transition Management:
 - 1. Transition type and timing (hard cutover/parallel), consideration of market footprint, basis market formation, product impact, official sector assistance
 - 2. Technology Implications – banks, counterparties, customers
 - 3. Model approval requirements
 - 4. Legal Analysis: Catalyst for Change, Contract Frustration
 - 5. Accounting/Hedging Treatment
 - 6. Metrics to measure progress
 - iii. Outreach to Market Participants:
 - 1. Corporates/Buy side
 - 2. Communication plan

5. Fed Involvement

- a. Secretarial
- b. Web presence
- c. Model approval
- d. Legal and accounting guidance
- e. Liaison with other regulators
- f. Cross boarder issues
- g. Guidance on choice of index
- h. Same level of support as TMPG “Treasury Market Practices Group” – support critical