

Alternative Reference Rates Committee (ARRC) Minutes for the January 22, 2015 Meeting

1. ARRC members approved the minutes from the December 12, 2014 ARRC meeting.
2. Federal Reserve staff gave an update on two infrastructure items related to the ARRC. First, the Federal Reserve has set up a public ARRC website for posting the ARRC's Terms of Reference and the agenda and minutes from ARRC meetings. Second, a Secretariat has been selected to support the group.
3. Federal Reserve staff gave a presentation on the reforms to the LIBOR governance structure. Staff reviewed ICE Benchmark Administration's process for producing LIBOR in order to clarify the membership of, responsibilities of, and interactions between the various parties involved in the LIBOR production process. The ARRC Chair requested that Federal Reserve staff give an update on LIBOR at every meeting so that the ARRC and ongoing LIBOR reform processes did not become disconnected.
4. The ARRC New Rate Selection workstream provided an update on its methodology for comparing the attributes of potential alternative risk-free rates. The workstream members shared the results of the initial survey of ARRC members, who were asked to evaluate potential alternatives across a range of evaluation criteria. These evaluation criteria were identified based on previous work done for the Wheatley Review and the IOSCO guidelines, and were informed by conversations with other members of the ARRC. The evaluation criteria included items related to ease of implementation, benchmark quality, methodology quality, accountability and governance. The discussion focused on issues related to liquidity, robustness in face of changes to the regulatory environment, and potential links to the U.S. monetary policy framework.
5. ARRC members agreed to continue to use the survey approach and discussed ways to narrow the set of potential rates under consideration and to improve the criteria for the next iteration of the survey.
6. The Chair outlined the following steps for preparing for the next meeting and assigned responsible parties for each step:
 - a. For the ARRC member survey of potential alternative rates:
 - i. Narrow the rates in the survey to include a smaller range of potential alternative reference rates with a clear definition of each.
 - ii. Clarify the criteria definitions and add additional granularity where appropriate. In particular, differentiate between different types of users of the reference rates such as corporates versus derivatives traders.
 - iii. Conduct the survey of the ARRC members again using the enhanced framework.
 - iv. At the next meeting, discuss the most viable candidates for alternative reference rates.
 - b. The ARRC members should identify key issues and leads for other workstreams.
 - c. The ARCC Implementation workstream should work on identifying the key implementation issues and prepare a proposal to present at the next meeting for the ARRC's feedback.

Alternative Reference Rates Committee (ARRC) Attendance for the January 22, 2015 Meeting

* indicates participation by phone

ARRC Member Attendees:

Paul Scurfield	Bank of America
Matt Besgen	Barclays
Adrian Averre	BNP Paribas
Brian Leach	Citigroup
*Steve Compton	Citigroup
Heraclio Rojas	Citigroup
*Shane O’Cuinn	Credit Suisse
Rich Herman	Deutsche Bank
*Adrian Munday	Deutsche Bank
Scott Rofey	Goldman Sachs
*Gregory Pierce	HSBC
*Pieter van Vredenburg	HSBC
Sandie O’Connor	JP Morgan Chase
Terry Belton	JP Morgan Chase
Tom Wipf	Morgan Stanley
Joseph Lando	Nomura
*Steve Licini	Nomura
*Graham Broyd	RBS
David Wagner	RBS
Francois Barthelemy	Societe General
Sylvain Cartier	Societe General
Dan Park	UBS
Kevin Arnold	UBS
*Ben Bronner	Wells Fargo

Ex Officio Member Attendees:

*David Bowman	Federal Reserve Board
Chris Clubb	Federal Reserve Board
*Jerome Powell	Federal Reserve Board
John Schindler	Federal Reserve Board
Raymond Check	Federal Reserve Bank of New York
Kevin Stiroh	Federal Reserve Bank of New York
Will Riordan	Federal Reserve Bank of New York
Jacqueline Yen	Federal Reserve Bank of New York
Seth Carpenter	U.S. Treasury Department