

Alternative Reference Rates Committee (ARRC)

Minutes for the April 14, 2016 Meeting

- 1) The ARRC reviewed the minutes from the February 25, 2016, meeting. Several ARRC members provided comments on the minutes. Following the meeting ARRC members approved revised minutes circulated by the ARRC secretariat.
- 2) Federal Reserve staff provided a summary of discussions with individual ARRC member firms about the feasibility of the previously proposed approach for transitioning price alignment interest (PAI) on newly cleared trades and also eventually discounting from the effective federal funds rate (EFFR) to an alternative reference rate for new contracts¹.
 - a) Overall, ARRC members agreed that the framework laid out by the proposed approach (to be called the “paced transition plan”) was broadly feasible and felt it was appropriate to proceed with the paced transition plan instead of a “big bang” approach that would seek to convert PAI on existing contracts. As such, ARRC members agreed to continue pursuing the paced transition plan and present it in the ARRC’s forthcoming Interim Report.
- 3) The ARRC secretariat summarized comments received from ARRC members on the first draft of the Interim Report, which lays out the ARRC’s assessment of various alternative reference rate options, current thinking on potential transition strategies, and highlights topics where the ARRC is seeking feedback from other market participants. After discussing the summarized feedback, ARRC members agreed to produce a second draft of the Interim Report.
- 4) The ARRC also discussed various ways to disseminate the contents of the Interim Report once published and various outreach methods, such as the possibility of hosting one or more roundtables, in order to solicit feedback on the Report from the public, including other market participants not on the ARRC.
- 5) As requested by the ARRC Chair at the end of the February 25 meeting, Federal Reserve staff summarized feedback on ARRC member preferences for the transaction types that would be desirable to include in the construction of a repo-based reference rate. Federal Reserve staff emphasized that discussions by the ARRC did not signal any commitment by the Federal Reserve to include bilateral, or other forms of repo data in a reference rate, or any commitment to produce a repo reference rate.
 - a) Most ARRC members seemed in favor of including bilateral repo data, but recognized there were issues with obtaining reliable or complete data, so further research regarding the suitability would be required.
 - b) ARRC members also discussed the possibility of voluntarily providing bilateral repo data to the Federal Reserve in order to better understand the necessity of including bilateral repo data in any potential GC repo reference rate construction.
- 6) The Chair discussed next steps ARRC members should take before the May ARRC meeting, including the following:
 - a) Discuss whether further work on technical issues related to the paced transition plan is needed prior to the next meeting.
 - b) Provide feedback on the next draft of the Interim Report and indicate their interest in helping lead the planning for ARRC’s strategy related to collecting feedback on the Interim Report once it is published.

¹ Please see minutes from the [February 25, 2016](#) and [January 28, 2016](#) meetings for additional discussion on the proposed approach.

Alternative Reference Rates Committee (ARRC)
Attendance for the April 14, 2016 Meeting

ARRC Member Attendees

Bank of America	Paul Scurfield
Barclays	Joseph Abate
BNP	Sarvesh Mehta
Citigroup	Heraclio Rojas
CME	Agha Mirza
CME	Fred Sturm
Credit Suisse	Shane O'Cuinn*
Deutsche Bank	Andrew Pickett*
Deutsche Bank	Adam Eames*
Deutsche Bank	Karen Chopra (Gamarra)*
DTCC	Dan Thieke*
Goldman Sachs	Scott Rofey
HSBC	Pieter van Vredenburg
ISDA	Ann Battle
JP Morgan	Emilio Jimenez
JP Morgan	Sandra O'Connor
JP Morgan	Terry Belton
JP Morgan	Vickie Alvo*
JP Morgan	Alice Wang
LCH	Phillip Whitehurst*
Morgan Stanley	Thomas Wipf
Nomura	Joseph Lando
RBS	Mark Rose
Société Générale	Subadra Rajappa
UBS	Giuseppe Nuti
Wells Fargo	Ben Bonner

Ex Officio Member Attendees

Federal Reserve Board	Chris Clubb
Federal Reserve Board	David Bowman
Federal Reserve Board	Joshua Louria
Federal Reserve Bank of New York	Catherine Chen
Federal Reserve Bank of New York	Joshua Frost
Federal Reserve Bank of New York	Raymond Check
Federal Reserve Bank of New York	William Riordan
Morgan Lewis	Jon Roellke
Office of Financial Research	Matt McCormick
U.S. Treasury Department	Brian Smith*
U.S. Treasury Department	Daleep Singh*
U.S. Treasury Department	Jared Roscoe
U.S. Commodity Futures Trading Commission	Sayee Srinivasan

*indicates participation by phone