

Alternative Reference Rates Committee (ARRC)

Minutes for the April 12, 2017 Meeting

- 1) The ARRC discussed the merits of including various market segments in an overnight Treasury repo rate. Of note, the ARRC agreed that the repo rate option should include bilateral repo trades cleared by FICC, and that this bilateral repo data exclude, to the extent feasible using simple and transparent filtering methods, “specials” repo transactions where the implied rate on the transaction is significantly below rates on general collateral repo transactions.
- 2) Federal Reserve staff provided an overview of potential methods to reduce the presence of “specials” transactions in bilateral repo data. The methods discussed had relatively small impacts on the calculated rates. Federal Reserve staff also noted that the three repo rates discussed in the recent [Liberty Street Economics blog post](#) would have broadly tracked widely-available indices of overnight Treasury repo rates over the past several years, had the proposed indices been produced historically. However, it was noted that, as with other markets, repo market dynamics have evolved considerably since the financial crisis, and historical relationships between repo market segments may not hold in the future.
- 3) A representative of the ARRC’s [Advisory Group](#) summarized the Group’s views regarding the ARRC’s rate selection. A significant majority of the Advisory Group supported the repo rate option due to their perception that a rate based on repo markets would be more robust than an unsecured funding rate and more indicative of an active funding market used by a wider set of market participants. However, a few Advisory Group members expressed a preference for the Overnight Bank Funding Rate, and some were indifferent between the two options or expressed a preference that LIBOR be fixed rather than any alternative be promoted. ARRC members noted that much work has been done to strengthen LIBOR, and that they remain focused on their mandate to deliver an alternative risk free rate that could be used in certain financial transactions, including many derivative transactions, which may be better suited to reference rates that are closer to risk-free. The ARRC noted that it would be beneficial to continue working with the Advisory Group on the details of the paced transition plan.
- 4) ARRC member firms reported on their preparations for making a rate selection. ARRC members agreed to continue preparations with the goal of making a rate selection at its meeting on June 22, 2017. Following the choice of rate, the ARRC would work to finalize its transition plans in consultation with the Advisory Group and other market participants and to publish a final report listing its recommendations later this year.
- 5) The ARRC discussed steps it should take before its meeting on June 22, 2017. Of note, the ARRC may hold a meeting via conference call and a meeting of senior leadership of ARRC member firms on June 16, 2017, to ensure that it is on track to make a rate selection. The ARRC also discussed holding a roundtable on June 28, 2017, at the Federal Reserve Bank of New York, after the rate selection with potential providers of financial infrastructure and technology systems needed to support the paced transition plan.

Attendance for the April 12, 2017 ARRC Meeting

ARRC Member Attendees

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| Bank of America | Paul Scurfield* |
| Barclays | Brian Rozen |
| Barclays | James Regan |
| BNP | David Moore |
| BNP | Sarvesh Mehta* |
| BNP | Simon Winn |
| Citigroup | Heraclio Rojas |
| CME | Agha Mirza |
| Credit Suisse | Shane O' Cuinn* |
| Credit Suisse | William Marshall |
| Deutsche Bank | Adam Eames |
| Deutsche Bank | Kayam Rajaram |
| DTCC | Dan Thieke* |
| Goldman Sachs | Scott Rofey |
| HSBC | Pieter van Vredenburg |
| ISDA | Anne Battle |
| JP Morgan | Alice Wang |
| JP Morgan | Emilio Jimenez* |
| JP Morgan | Thomas Hughes |
| JP Morgan | Sandra O' Connor |
| JP Morgan | Terry Belton |
| LCH | Phillip Whitehurst* |
| Morgan Lewis | Jon Roellke* |
| Morgan Stanley | Maria Douvas |
| Morgan Stanley | Thomas Wipf |
| Nomura | Jennifer Schiffman * |
| RBS | David Wagner |
| Société Générale | Subadra Rajappa |
| UBS | Giuseppe Nuti |
| Wells Fargo | Cronin McTigue |

ARRC Advisory Group Attendees

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| Fannie Mae | Kiran Kini |
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Ex Officio Member Attendees

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| Federal Reserve Bank of New York | Alyssa Cambron |
| Federal Reserve Bank of New York | Joshua Frost |
| Federal Reserve Bank of New York | Katie Bayeux |
| Federal Reserve Bank of New York | Raymond Check |
| Federal Reserve Bank of New York | William Riordan |
| Federal Reserve Board | Chris Clubb |
| Federal Reserve Board | David Bowman |
| Federal Reserve Board | Jerome Powell |
| Federal Reserve Board | Joshua Louria |
| Office of Financial Research | Matthew McCormick |
| U.S. Commodity Futures Trading Commission | Sayee Srinivasan |
| U.S. Treasury Department | Anya Boutov |
| U.S. Treasury Department | Brian Smith |