

(Tentative translation by the Secretariat)

## **Study Group on Risk-Free Reference Rates**

### **Minutes for the March 14, 2016 Meeting**

**4:30 – 5:30 PM**

**(Meeting Room in the Bank of Japan)**

1. Members approved the minutes of the February 8, 2016 meeting. They also approved to publish the minutes on the Bank of Japan's web site.
2. The Secretariat provided an update on recent developments of international discussions about risk-free reference rates.
3. Working Group on Market Structure Analysis (WG1) presented the results of the survey to members. The survey was conducted with a view to estimating transaction volumes of Japanese yen interest rate swaps (JPY IRS) for which the use of a risk-free rate would be suitable. According to the survey, it was estimated that 30-40% of JPY IRS does not necessarily need to reference LIBOR or TIBOR, and therefore is potentially suitable for referencing a risk-free rate.
4. Working Group on Market Infrastructure Development (WG2) provided a proposal on the revisions of market conventions that would improve convenience of OIS transactions referencing Tokyo Overnight Average Rate (TONAR), the primary candidate of the risk-free rate. The proposal included a change of payment frequency, payment calendar, and day count fraction. It also proposed that basis swaps with other benchmarks, which currently use a combination of two swaps (fixed vs. floating), would be consolidated into one swap (floating vs. floating).
5. Members discussed the draft of the public consultation paper presented by the Secretariat. Some members expressed the need to analyze the effect of the Bank of Japan's negative interest rate policy on the transaction volume and market structure of the underlying market of TONAR. Members agreed to conduct further investigation on the robustness of TONAR, taking into account the comments received through public consultation.
6. The consultation paper was scheduled to be published by the end of March, 2016 and the deadline for comments was set on the April 28. As an outreach on the contents of the consultation paper, it was also decided to make a presentation at the meeting of the Study Group for Activation of Short-Term Money Markets, and to hold an explanatory meeting for market participants who are not members of the Study Group.
7. The Chair proposed and members agreed that, at the next meeting scheduled in mid-May, members would discuss the result of the public consultation.

## Study Group on Risk-Free Reference Rates

### Attendance for the March 14, 2016 Meeting

#### (Attendees)

Chair	Mizuho Bank	Junichi Kimura
Vice Chair	Nomura Securities	Shigeru Hashimoto
	SMBC Nikko Securities	Kazuhiro Ojima
	SMBC Nikko Securities	Tsukasa Nakao
	Goldman Sachs	Kengo Taguchi
	Daiwa Securities	Kazunao Obinata
	Daiwa Securities	Takuya Kikuchi
	Deutsche Bank	Ikuma Nagata
	Nomura Securities	Shuhei Nakagawara
	Nomura Securities	Akifumi Sakurai
	Barclays Securities	Daisuke Murayama
	Barclays Securities	Kosuke Morihara
	Mizuho Bank	Yoshito Kasamatsu
	Mizuho Bank	Ryosuke Komori
	Mizuho Securities	Hiromichi Kassai
	Sumitomo Mitsui Banking Corporation	Naoki Ihara
	Sumitomo Mitsui Banking Corporation	Tadaaki Shima
	Bank of Tokyo-Mitsubishi UFJ	Daisuke Kataoka
	Bank of Tokyo-Mitsubishi UFJ	Nobukazu Negi
	Mitsubishi UFJ Morgan Stanley Securities	Takehiro Seki
	UBS AG	Yusuke Ikawa
	UBS AG	Hirotsugu Inoue
	ISDA	Yasunobu Arima
	ISDA	Tomoko Morita
	Japanese Bankers Association	Hiroataka Koyama
	Japanese Bankers Association	Kazuhiro Nagata

Japan Securities Dealers Association

Hajime Takeda

Japan Securities Dealers Association

Yuya Nakase

Japan Securities Dealers Association

Masato Maruno

**(Observers)**

Financial Services Agency

Masashi Mita

Bank of Japan

Kenji Fujita

Bank of Japan

Yoshiaki Azuma

Bank of Japan

Shigeru Shimizu