

(Tentative translation by the Secretariat)

**Study Group on Risk-Free Reference Rates**  
**Minutes for the November 17, 2015 Meeting**  
**4:30 – 5:30 PM**  
**(Meeting Room in the Bank of Japan)**

**Summary of the Proceedings**

1. Members approved the minutes of the October 20, 2015 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. The Secretariat introduced a draft outreach material, which was prepared to ask opinions from members of the Study Group for Activation of Short-Term Money Markets. Members held discussions based on this material.
4. The draft outreach material provided key takeaways from past discussions of the Study Group on risk-free reference rates as follows, to which no objections were raised from members.
  - i. The uncollateralized overnight call rate and GC repo rate are leading candidates.
  - ii. The uncollateralized overnight call rate involves, at the margin, less operational challenges in introducing and implementing as a risk-free reference rate than the GC repo rate.
5. Members discussed the following two points on the tentative outreach pack.
  - i. Whether the OIS rate can be used as a term risk-free reference rate corresponding to the uncollateralized call rate, when the latter is identified as a risk-free reference rate.
  - ii. The use of risk-free reference rates in derivatives evaluations.
6. The Chair announced that the next meeting would be held in late-December. The Chair proposed that at the next meeting, he would report the results of the outreach and members would discuss how to resolve challenges in identifying and implementing risk-free reference rates, and members agreed.

**Discussion on the Draft Outreach Material**

1. It could be difficult to identify the OIS rate as a risk-free reference rate and to use, among others, as floating rates in interest rate swap transactions since such swap transactions would entail "derivatives which refer to derivatives" and thus be difficult to price.
2. Technical challenges in pricing interest rate swaps could be resolved. It is desirable for our Study Group to discuss whether such interest rate swap market should be created and developed.
3. Financial institutions should determine the use of discount curves in derivatives evaluations by themselves. Therefore, it should be avoided that market participants feel the use of risk-free reference rates in discount curves as mandatory.

## Study Group on Risk-Free Reference Rates

### Attendance for the November 17, 2015 Meeting

#### (Attendees)

Chair	Mizuho Bank	Junichi Kimura
Vice Chair	Nomura Securities	Shigeru Hashimoto
	SMBC Nikko Securities	Kazuhiro Ojima
	SMBC Nikko Securities	Kazuhiro Matsushita
	Goldman Sachs	Kengo Taguchi
	Daiwa Securities	Kazunao Obinata
	Daiwa Securities	Yukio Shishitani
	Deutsche Bank	Kei Kobayashi
	Nomura Securities	Shuhei Nakagawara
	Nomura Securities	Shunichi Fukuda
	Barclays Securities	Daisuke Murayama
	Barclays Securities	Kosuke Morihara
	Mizuho Bank	Yoshito Kasamatsu
	Mizuho Bank	Ryosuke Komori
	Mizuho Securities	Hiromichi Kassai
	Sumitomo Mitsui Banking Corporation	Yoshihiro Yamada
	Sumitomo Mitsui Banking Corporation	Koji Yamamoto
	Bank of Tokyo-Mitsubishi UFJ	Daisuke Kataoka
	Mitsubishi UFJ Morgan Stanley Securities	Yasuto Aoki
	UBS AG	Hirotsugu Inoue
	UBS AG	Yasuo Ushijima
	ISDA	Yasunobu Arima
	ISDA	Koji Sakurai
	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

**(Observers)**

Financial Services Agency

Tomoaki Hayashi

Financial Services Agency

Masaya Hatoma

Financial Services Agency

Masashi Mita

Financial Services Agency

Hiroki Fukushima

Bank of Japan

Kenji Fujita

Bank of Japan

Yoshiaki Azuma

Bank of Japan

Shigeru Shimizu