

(Tentative translation by the Secretariat)

**Study Group on Risk-Free Reference Rates
Minutes for the December 21, 2015 Meeting**

4:30 – 5:30 PM

(Meeting Room in the Bank of Japan)

1. Members approved the minutes of the November 17, 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 presented the outcome of an outreach to the members of the Study Group for Activation of Short-Term Money Markets. The feedback from the outreach was generally positive towards following key takeaways from the past discussions of the Study Group.
 - 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.
4. Members discussed technical issues which attracted members' attention as seen in the questionnaire, which they had answered before the meeting. It was reported that the technical issues in pricing when using the OIS rate as a reference rate for derivative transactions -- raised by some members in the previous meeting -- could be resolved. It was also reported that issues relating to accounting should be carefully considered when hedging transactions linked to LIBOR and TIBOR with derivatives referencing risk-free reference rates.
5. As a next step, the Chair proposed and members agreed to form the following two working groups.
 - i. Working Group on Market Structure Analysis (WG1)

WG1 is to analyze the structure of derivative markets in Japan with a view to facilitating the discussion about the scope of the use of risk-free reference rates.
 - ii. Working Group on Market Infrastructure Development (WG2)

WG2 is to develop measures to improve the OIS market in Japan for the purpose of promoting the use of risk-free reference rates in derivative markets.
6. The Chair announced that the next meeting would be held in early-February. The Chair proposed that at the next meeting, WG1 and WG2 would present the interim results of their analysis and members would discuss the outline of the public consultation paper, and members agreed.

Study Group on Risk-Free Reference Rates

Attendance for the December 21, 2015 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	Manabu Tauchi
	Goldman Sachs	Kengo Taguchi
	Daiwa Securities	Kazunao Obinata
	Daiwa Securities	Takuya Kikuchi
	Deutsche Bank	Kei Kobayashi
	Deutsche Bank	Ikuma Nagata
	Nomura Securities	Hayato Ishida
	Nomura Securities	Akifumi Sakurai
	Barclays Securities	Daisuke Murayama
	Barclays Securities	Kosuke Morihara
	Mizuho Bank	Yoshito Kasamatsu
	Mizuho Bank	Ryosuke Komori
	Mizuho Securities	Hirofumi 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	Takehiro Seki
	ISDA	Yasunobu Arima
	ISDA	Koji Sakurai
	ISDA	Tomoko Morita
	Japanese Bankers Association	Hirofumi Koyama
	Japanese Bankers Association	Kazuhiro Nagata

Japan Securities Dealers Association

Hajime Takeda

Japan Securities Dealers Association

Masato Maruno

(Observers)

Financial Services Agency

Tomoaki Hayashi

Financial Services Agency

Masaya Hatoma

Financial Services Agency

Mitsune Shirasawa

Financial Services Agency

Hiroki Fukushima

Bank of Japan

Kenji Fujita

Bank of Japan

Yoshiaki Azuma

Bank of Japan

Shigeru Shimizu