

(Tentative translation by the Secretariat)

Study Group on Risk-Free Reference Rates

Minutes for the May 27, 2016 Meeting

4:30 – 5:30 PM

(Meeting Room in the Bank of Japan)

1. Members approved the minutes of the March 14, 2016 meeting. They also approved the publication of the minutes on the Bank of Japan's web site.
2. At the opening of the meeting, the new Chair was elected with the resignation of the ex-Chair.
3. The Secretariat provided an update on recent developments of international discussions about risk-free reference rates.
4. The Secretariat provided the result of the public consultation, which began on March 31 and ended on April 28, on the identification and use of a Japanese yen risk-free rate. Through the public consultation, comments that were received in writing mostly supported the public consultation paper and there was no strong objection expressed in an outreach meeting to which market participants were invited. However, some market participants expressed opinions that additional time would be necessary to further assess the developments in the Japanese money market because only several months had passed since the introduction of the negative interest rate policy by the Bank of Japan. One market participant indicated the concern that the introduction of the risk-free rate might cause liquidity in interest rate swap markets to be fragmented into interest rate swap referencing an interest rate benchmark with bank credit risk and the risk-free rate.
5. Based on the comments received through the public consultation and the progress of discussions on risk-free rates in other currencies, the Chair proposed that the Study Group aim to identify the Japanese yen risk-free rate by the end of this year, further discuss the importance of keeping consistency of the Japanese yen risk-free rate with risk-free rates of other currencies, and conduct a preliminary study on developing the GC repo benchmark which could be used as the Japanese yen risk-free rate. Members agreed with the proposal after discussion on the approach to the preliminary study of the GC repo benchmark and the future schedule.
6. The Chair proposed that the Study Group publish a feedback statement which summarized the future agenda based on the result of the public consultation, and members agreed. The feedback statement will be published on the Bank of Japan's web site by the end of June.
7. The Chair announced that Morgan Stanley MUFG Securities requested to be a member of the Study Group. The Chair proposed to welcome the firm into the Study Group, and members agreed.

Study Group on Risk-Free Reference Rates

Attendance for the May 27, 2016 Meeting

(Attendees)

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	Kei Kobayashi
	Deutsche Bank	Ikuma Nagata
	Nomura Securities	Akifumi Sakurai
	Barclays Securities	Daisuke Murayama
	Barclays Securities	Kosuke Morihara
	Mizuho Bank	Yoshito Kasamatsu
	Mizuho Bank	Hideki Kubo
	Mizuho Securities	Hiromichi Kassai
	Sumitomo Mitsui Banking Corporation	Naoki Ihara
	Sumitomo Mitsui Banking Corporation	Hiroshige Katsurada
	Sumitomo Mitsui Banking Corporation	Tadaaki Shima
	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	Hideo Kitano
	ISDA	Tomoko Morita
	Japanese Bankers Association	Hiroataka Koyama
	Japanese Bankers Association	Tetsuya Hasegawa

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

Kiichi Ueotani

Bank of Japan

Kenji Fujita

Bank of Japan

Yoshiaki Azuma

Bank of Japan

Shigeru Shimizu