

(Tentative translation by the Secretariat)

Study Group on Risk-Free Reference Rates
Minutes for the October 28, 2016 Meeting
4:30 – 5:30 PM
(Meeting Room in the Bank of Japan)

1. Members approved the minutes of the September 23, 2016 meeting. They also approved the publication of 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. ISDA explained that in response to FSB's request, new working groups will be formed to address the issues regarding robustness in derivatives contracts referencing LIBOR, EURIBOR or TIBOR. ISDA invited members to join the JPY benchmark working group.
3. The working group about a preliminary study on developing the GC repo benchmark as the JPY risk-free rate delivered the final report on potential repo rates. Of the candidates discussed at the previous meeting, the working group proposed two: a rate calculated based on the reference institutions' submissions integrated with another candidate rate calculated by money market brokers, and a rate calculated by central counterparties (CCPs). The working group concluded that these two candidates should be concretized taking account of developments in the new GC repos under the subsequent collateral allocation method, which will be introduced in 2018. In addition, the working group noted that it would be worthwhile to create a new GC repo benchmark based on actual transactions in order to enhance market transparency, regardless of whether or not it could be identified as the JPY risk-free rate.
4. As a result of such discussions, the Study Group concluded that the GC repo benchmarks are not pertinent for the JPY risk-free rate at present whilst building a new GC repo benchmark based on actual transactions would be significant.
5. The Bank of Japan updated members with recent developments in the uncollateralized overnight call market. Through discussions, members concurred that market depth underlying the rate and variety of participants have been maintained even after the introduction of the negative interest rate.
6. The Chair proposed that the Study Group instruct the Secretariat to draft a report to identify the uncollateralized overnight call rate as the JPY risk-free rate, and members agreed.
7. The Chair announced that, at the next meeting scheduled in late November to early December, members would discuss the draft report on identifying the uncollateralized overnight call rate as the JPY risk-free rate.

Study Group on Risk-Free Reference Rates

Attendance for the October 28, 2016 Meeting

(Attendees)

Chair	Sumitomo Mitsui Banking Corporation	Hiroshige Katsurada
Vice Chair	Nomura Securities	Shigeru Hashimoto
	SMBC Nikko Securities	Kazuhiro Ojima
	SMBC Nikko Securities	Tsukasa Nakao
	Goldman Sachs	Kengo Taguchi
	Daiwa Securities	Kazunao Obinata
	Deutsche Securities	Masafumi Kono
	Deutsche Bank	Megumi Hirano
	Barclays Securities	Daisuke Asai
	Mizuho Bank	Hideki Kubo
	Mizuho Securities	Hiromichi Kassai
	Sumitomo Mitsui Banking Corporation	Naoki Ihara
	Sumitomo Mitsui Banking Corporation	Tadaaki Shima
	Bank of Tokyo-Mitsubishi UFJ	Nobukazu Negi
	Mitsubishi UFJ Morgan Stanley Securities	Takehiro Seki
	MorganStanley MUFG	Takehiko Igarashi
	UBS AG	Hirotsugu Inoue
	ISDA	Tomoko Morita
	ISDA	Yasunobu Arima
	ISDA	Hideo Kitano
	Japanese Bankers Association	Hiroataka Koyama
	Japanese Bankers Association	Tetsuya Hasegawa
	Japan Securities Dealers Association	Masato Maruno
	Japan Securities Dealers Association	Yuya Nakase
	Japan Securities Dealers Association	Hajime Takeda

(Observers)

Japan Securities Clearing Corporation

Atsushi Yano

Japan Securities Clearing Corporation

Takao Sasaki

Financial Services Agency

Yoshie Kanetaka

Financial Services Agency

Keisuke Niwa

Financial Services Agency

Fumi Miyauchi

Financial Services Agency

Koichi Miyaji

Bank of Japan

Kota Iijima

Bank of Japan

Shigeru Shimizu