

## **Alternative Reference Rates Committee (ARRC)**

### **Minutes for the December 12, 2014 Organizational Meeting**

1. Brian Leach (Citigroup) announced that he had been elected by the members to chair the Alternative Reference Rates Committee with 14 members in favor and 1 member abstaining.
2. The group discussed whether they should invite any other institutions to join the ARRC at this time. After some discussion of the pros and cons, the members agreed to postpone any decision until they had further clarity on the alternative rates that they might propose as meeting best practice since that decision could influence the degree to which other institutions might be able to make substantive contributions to the group's work.
3. The chair clarified the breadth of skills needed from ARRC members. His suggested skill set included:
  - a. LIBOR submitters
  - b. Experts in bank funding
  - c. Experts in short-maturity rate trading (including repo and basis trading and trading in euro, sterling, and yen markets as well as US dollar markets)
  - d. Experts in Federal Reserve open market operations
  - e. Experts in repo market structure
  - f. Experts in derivatives trading
  - g. Experts in floating rate end-user financial products
  - h. Experts in tax, accounting, legal issues
4. Members discussed the roles of the Federal Reserve in the ARRC. In addition to making it clear that the Federal Reserve is sponsoring the ARRC and would serve as an *ex officio* member, the Federal Reserve staff offered to act as the Secretariat for the ARRC.
5. The group agreed to initial ARRC member leadership of two of workstreams:
  - 1) New Rate Selection
  - 2) Fixing Methodology

Some members suggested that some of the other workstreams should wait until after more work was done regarding the alternate rates thought by the group to be consistent with best practice. In that regard, it was agreed that the next meeting would be devoted to rate selection, with each bank bringing its own view and analysis as to the various rates.

There was an extended discussion of whether the group's analysis should also consider improvements to US dollar LIBOR because the two initiatives would be seen as closely linked and it would be desirable to provide continuity between any solutions for LIBOR and the alternative rate(s). It was observed that the ARRC had been charged specifically with identifying appropriate risk-free rates as alternatives to LIBOR, and that the LIBOR administrator was already engaged in a separate effort to evaluate and implement further improvements to that benchmark. It was agreed that the ARRC would be kept informed of the progress and direction of that effort so they could take it into consideration in their work on alternative rates.

6. There was a consensus that the full group should meet roughly 9 times next year. The Federal Reserve staff will determine and distribute a proposed meeting schedule for the ARRC.

**Alternative Reference Rates Committee (ARRC)**  
**Attendance for the December 12, 2014 Organizational Meeting**

\* indicates participation by phone

ARRC Member Attendees:

Paul Scurfield	Bank of America
Ian Montgomery	Barclays
*Brian Rozen	Barclays
Bob Hawley	BNP Paribas
Brian Leach	Citigroup
Heraclio Rojas	Citigroup
Guy Kearsley	Credit Suisse
*Adrian Munday	Deutsche Bank
Rich Herman	Deutsche Bank
Ashok Varadhan	Goldman Sachs
Scott Rofey	Goldman Sachs
Christophe Rivoire	HSBC
Gregory Pierce	HSBC
Matt Zames	JP Morgan Chase
Sandie O'Connor	JP Morgan Chase
Terry Belton	JP Morgan Chase
Tom Wipf	Morgan Stanley
Steve Licini	Nomura
Graham Broyd	RBS
David Wagner	RBS
Francois Barthelemy	Societe General
*Jeff Rosen	Societe General
Dan Park	UBS
*Kevin Arnold	UBS
Ben Bonner	Wells Fargo

Ex Officio Member Attendees:

David Bowman	Federal Reserve Board
Raymond Check	Federal Reserve Bank of New York
Chris Clubb	Federal Reserve Board
*John Schindler	Federal Reserve Board