Alternative Reference Rates Committee (ARRC)
Minutes for the January 28, 2016 Meeting

1. The ARRC approved minutes from the December 3, 2015 meeting.

2. Federal Reserve staff provided updates on the Report of Selected Money Market Rates (FR 2420) and the possible publication of a new reference rate for overnight transactions collateralized by Treasury securities.
   - The ARRC received an update on the Federal Reserve Bank of New York’s (FRBNY) plans to begin publishing the effective federal funds rate (EFFR) and a broader overnight bank funding rate (OBFR) based on FR 2420 data in March 2016. The update summarized information included in the Statement Regarding the Implementation of planned Changes to the Effective Federal Funds Rate and Publication of the Overnight Bank Funding Rate and other documents previously released on FRBNY’s public website.
   - Federal Reserve staff also called attention to the December 2015 Federal Open Market Committee minutes, which noted the possibility that the Federal Reserve, in cooperation with the Office of Financial Research, might publish a reference rate for overnight transactions collateralized by Treasury securities.
   - In light of these developments, the ARRC agreed to update their evaluation of alternative reference rate options.

3. Federal Reserve staff provided an update on the potential hedge accounting treatment for a new reference rate, based on discussions with Financial Accounting Standards Board staff.

4. Federal Reserve staff shared a summary of the aggregated responses from a survey of ARRC members on potential challenges to switching to a new reference rate in contracts referencing the EFFR, and on the number of counterparties that might be affected by such a switch. The ability of central clearing counterparties (CCPs) in the market for centrally-cleared interest rate derivatives to switch the reference rate from the EFFR to a new reference rate for calculating price alignment interest (PAI) and discount curve purposes was discussed. The ARRC felt additional clarifications on the survey results received and further research were needed to better assess the options available in its overall implementation planning.

5. The Chair suggested that, ahead of the next meeting, a new subgroup be formed to provide input into the drafting of the ARRC progress report. The progress report will discuss potential alternative reference rates and implementation options identified by ARRC, and highlight topics where the ARRC is seeking feedback from other market participants.
Alternative Reference Rates Committee (ARRC)  
Attendance for the January 28, 2016 Meeting

ARRC Member Attendees:
Bank of America          Paul Scurfield
Barclays                 Matt Besgen
Barclays                 Brian Rozen
BNP                      Adrian Averre
BNP                      Virginie Delaunay
Citigroup               Heraclio Rojas
Citigroup               Steve Compton*
CME                      Agha Mirza
CME                      Fred Sturm
Deutsche Bank            Andrew Pickett*
Deutsche Bank            Karen Gamarra*
DTCC                     Chris Nardo
Goldman Sachs            Scott Rofey
HSBC                     Pieter van Vredenburch
ISDA                     Ann Battle*
ISDA                     Katherine Darras
JP Morgan Chase          Sandie O’Connor
JP Morgan Chase          Emilio Jimenez*
JP Morgan Chase          Alice Wang
JP Morgan Chase          Vickie Alvo*
LCH                      Philip Whitehurst
Morgan Stanley           Tom Wipf
Morgan Stanley           Maria Douvas-Orme
Nomura                   Steve Licini
RBS                      David Wagner
RBS                      Mark Rose
Societe General          Sylvain Cartier
UBS                      Dan Park
UBS                      Giuseppe Nuti
UBS                      Christian Rasmussen*
Wells Fargo              Ben Bonner*

Ex Officio Member Attendees:
Federal Reserve Board    David Bowman
Federal Reserve Board    Chris Clubb
Federal Reserve Board    Josh Louria
Federal Reserve Bank of New York    Will Riordan
Federal Reserve Bank of New York    Jacqueline Yen
Federal Reserve Bank of New York    Catherine Chen
U.S. Treasury Department    Seth Carpenter
U.S. Treasury Department    Jared Roscoe
Office of Financial Research    Matthew McCormick

* indicates participation by phone