



IBOR TRANSFORMATION AUSTRALIAN WORKING GROUP

Meeting of the IBOR Transformation WG

Monday, 2 September 2019
2pm

AFMA Boardroom 1
Level 25 Angel Place, 123 Pitt Street Sydney

Minutes

Attendees

Stewart Fenton	Member	Australia and New Zealand Banking Group Limited
Pieter Bierkens	Member	Commonwealth Bank of Australia
David Ziegler	Member	Macquarie Group Limited
John Henson	Member	National Australia Bank Limited
Greg Kaspar	Member	Westpac Banking Corporation

Invitees

Alex Orgaz-Barnier	Senior Manager, Market Infrastructure	ASIC
Jessica Gao	Senior Policy Adviser	ASIC

Secretariat in attendance

David Love	Policy Executive	AFMA
Murray Regan	Support Executive	AFMA

1. Meeting Opening

- 1.1. The meeting opened at 2:04 pm. Attendees were noted as above.
- 1.2. The previous minutes were accepted.

2. Discussion with ASIC

Meeting was focused on discussion with ASIC.

Key points:

- ASIC is coordinating official sector regulatory work on IBOR transition.
- Risks association with IBOR are assessed through the Council of Financial Regulators, between ASIC, APRA and RBA.
- Growing interest of the Commission in the issue.
- When questioned on whether ASIC might adopt an official steering committee approach like in the UK they responded by saying that the situation was markedly different in Australia.

- There was discussion around the CEO letters sent to financial institutions and the feedback they had received through this process:
 - Feedback indicates quite a range of industry understanding in the market.
 - Major banks have a good grasp of the issue.
- Group raised concerns about communication in the market and this gap in understanding and how ASIC views this in a conduct compliance context, particularly with regard to the onus and unrealistic expectation being placed on banks to solve this issue and the legal risk that flow from this situation.
- Group said that ASIC could play an important role by pushing official messaging to get the attention of fund managers and other market users that this was also a problem for them as well and that they had to be a part of the industry dialogue.
- IT systems are not yet ready.
- Work associated with ISDA repapering was considered.
- From a regulatory stand point accounting issues were raised with regard to IASB Hedging treatment announcement of 28/8/2019.
- ASIC are keen to keep the industry dialogue open with the Group.

3. ASF Consultation

Group noted report that the ASF issued a survey to solicit feedback from market participants on the benefits and risks of BBSW fallback considerations and alternate benchmarks. A background explanatory paper and questionnaire was distributed to ASF members and other key securitisation industry stakeholders in Australia and offshore. The documents will form the base of the consultation and will be used to aid the “in person” interview process. The information collected from the consultation will be collated and contribute to a formal report that the ASF will publish later in the year.

4. Matters noted

- 4.1.** ISDA consultation ; BBSW fall-backs
- 4.2.** Communication: engagement and AFMA website.

5. Close of Meeting

The meeting closed at 3:10 pm.