



# IBOR TRANSFORMATION AUSTRALIAN WORKING GROUP

## Meeting of the IBOR Transformation WG

Thursday, 18 April 2019  
3:00pm

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

### Minutes

#### Attendees

Pieter Bierkens	Chair	Commonwealth Bank of Australia
Duncan Marshall	Member	Australia and New Zealand Banking Group Limited
John Henson	Member	National Australia Bank Limited
Stuart Crosbie	Member	Westpac Banking Corporation

#### Secretariat in attendance

David Love	Policy Executive	Australian Financial Markets Association Limited
Murray Regan	Support Executive	Australian Financial Markets Association Limited

#### Apologies

David Ziegler	Member	Macquarie Group Limited
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#### 1. Meeting Opening

- 1.1. Attendees and apologies noted
- 1.2. Review of previous minutes and action items
  - 1.2.1. Minutes accepted with correction noted
  - 1.2.2. RBA invite to discuss RBA market directions – Actioned scheduled for next May meeting subject to confirmation.
  - 1.2.3. Industry group meeting 1 May – Actioned meeting is arranged.

#### 2. Industry developments re SONIA

Follow on from last meeting discussion the WG discussed SONIA usage statistics – attached Minutes for SONIA advisory group February meeting statistics pack.  
Noted that 50% of some transactions are now SONIA based. Two years FRNs are at near 90% and swaps 50%

With reference to local conditions and usage of AONIA there is a need to examine the implications of SONIA being published T+1.

### **3. RBA related**

#### **3.1. OSSG sub-group involvement**

Committee discussed RBA suggestion to identify any subject matter experts from the private sector who could become involved in the work OSSG sub-groups. The OSSG is running a second sub-group on accounting, tax and regulatory issues arising from the LIBOR transition.

Group considered what are the major issues and agreed Accounting concerns are of primary importance. Tax will follow of the outcomes on accounting noting that Australia has TOFA (Taxation of financial Arrangements) which aligns accounting profits with tax profits which mitigates some concerns.

Contractual cash flows of hedged items and hedging instruments that are based on an existing interest rate benchmark will likely change when the existing interest rate benchmark is replaced with an alternative interest rate. Until decisions are made with respect to what the alternative interest rate is and when that replacement will occur, uncertainties will exist regarding the timing and the amount of future cash flows of the hedged items and the hedging instruments.

Committee members noted that there is very active discussion about this by IASB. Australia has member on IASB Board and Australian partner from EY on working group on this matter. Flow through to AASB will need to be monitored.

#### **3.2. Planned RBA Panel event on IBOR with Andrew Bailey - 13 May noted**

### **4. ASF 16 April event takeaways**

Meeting discussed ASF panel event. Key take away was need for buy-side engagement - Industry Super and fund manager mandates and demand for forward rates. Group discussed forward looking term rate development obstacles.

### **5. Preparation for next meeting discussion with Ellis Connolly.**

#### **5.1. Chair will prepare some suggested topics and questions**

### **6. 2019 Meeting Schedule**

- Thursday 16 May at 2:00pm TBC

### **7. Close of meeting**

The meeting closed at 4:10 pm.