

(Tentative translation)

**Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks**  
**Minutes for the February 16, 2022 Meeting**  
**3:30—4:15 PM**  
**(Via conference call)**

I. Update on International Discussions on Interest Rate Benchmarks

The Secretariat informed the Committee of the latest discussions on interest rate benchmarks in major jurisdictions.

II. Progress of the LIBOR Transition in Japan

1. The Secretariat reported the following regarding the key results of "Questionnaire Survey on the Progress in the Transition away from JPY LIBOR" which had been conducted in January 2022. According to the survey, the transition had been completed for most of the contracts referencing JPY LIBOR owned by entities participating in the Committee by the end of December 2021. There were only a small number of contracts for which the transition had not been completed by the end of 2021 and the transition was expected to be completed by the day of the first revision of interest rates in each contract in 2022 onward.
2. The chair of the Sub-Group on Loans, the chair of the Sub-Group on Bonds, and the International Swaps and Derivatives Association (ISDA) reported on the progress of the transition in their respective markets (loans, bonds, and derivatives).
  - In the loan market, progress had been made in the transition since January 2022, and the transition of most contracts had been completed at this point. Since the remaining contracts were not pressed for time, the transition was considered to be fully completed by the day of the first revision of interest rates in each contract in 2022 onward. As a result, in the Japanese markets, there seemed to be no legacy contracts that could not feasibly be transitioned away from JPY LIBOR and for which synthetic yen LIBOR would be adopted. Good progress had been made toward dissolving the contracts referencing JPY LIBOR entirely. The sub-group thanked efforts made by all over the years.
  - In the bond market, there were very few contracts for which the transition had not been completed as of the end of December 2021. Since the transition of such contracts had been progressing since the beginning of 2022, it was expected to be completed by the day of the first revision of interest rates in each contract. There were no reports on problems about transitioning. In the overall Japanese markets, it was recognized that there were few cases

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where synthetic yen LIBOR would be adopted. The transition had been proceeding smoothly, as seen by new transactions using the TONA compounding and TIBOR instead of JPY LIBOR. Initially, there had been major concerns about holding bondholders' meetings and handling structured bonds. However, they were completed without any problems owing to the efforts of relevant parties. The sub-group was thankful for the fact that it was able to report that.

- In the derivatives market, the risk-free reference rate (RFR) ratio of interest rate swaps in Japanese yen had increased and the transition to TONA was proceeding smoothly, according to the statistics on clearing derivatives published by the ISDA (the ISDA-Clarus RFR Adoption Indicator). Transactions had been carried out without any problems since the beginning of the year. Going forward, it would be important for market participants to be prepared with practical aspects of operations such as those based on the use of fallback rates, as many transactions would have their first revision of interest rates in 2022 within 1 to 2 months and require those operations. The ISDA was in the process of developing rate calculations and convention guidance. The ISDA would like to ask market participants to also refer to the 2021 ISDA Interest Rate Derivatives Definitions. The ISDA was willing to continue providing support to the industry should any issues arise.

3. A bank member and a securities company member provided comments on developments in the LIBOR transition in Japan since the beginning of 2022 as follows.

- Since the beginning of the year, transitional measures had been implemented steadily, including revisions of interest rates for contracts with fallback provisions, and there had not been major confusion or problems. There was no doubt that the Committee's efforts had been the driving force behind the smooth transition in the Japanese markets, and the member was grateful for all of the entities that were involved in the Committee. Even after the Committee changed to a forum format, it would like to participate actively in sharing information and exchanging opinions on overseas developments such as those in the United States.
- The transition of contracts at the company was almost complete at the end of 2021, and for the rest of the contracts, the transition was completed at the beginning of 2022. IT system arrangements had been updated without delay, although they had required additional work even during the year-end and New Year holidays. Such an update of arrangements was partly attributable to the bulk conversion from JPY LIBOR to TONA (OIS) in December 2021, which had allowed those involved to "rehearse" in advance. The activities of the Committee had also played a major role in building a market consensus. Accordingly, the cessation of the JPY LIBOR publication had had little effect on transactions since the beginning of 2022. TONA had been chosen as the main alternative interest rate benchmark in most cases, and

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TIBOR and TORF had also been chosen for loans and bonds. Future preferences would depend on liquidity and customer needs.

4. Based on these comments, the chair summarized that the remaining transition had been confirmed to be steadily progressing since the beginning of 2022 and that there were not new issues arising with regard to transactions using alternative interest rate benchmarks. He then expressed his appreciation for efforts of the relevant parties.

### III. Initiatives to Be Taken by the Committee

1. The chair commented that many members and observers had agreed with the Committee's proposal for reorganization discussed at its 30th meeting. The chair also mentioned that he would like to discuss details such as the name and the terms of reference after the reorganization based on the discussion on the agenda item II.
2. The chair then suggested that the name be "Cross-Industry Forum on Interest Rate Benchmarks." After that, the secretariat explained the terms of reference, and discussions were held among the participants.
3. In response, the following comments were made by a buy-side member, a securities company member, and a non-financial corporate member.
  - The procedures for the transition from JPY LIBOR had come to an end, and the member would like to support the reorganization to the forum format. The transition in the Japanese markets was no longer in the phase of consideration, and in the future, attention was likely to turn to the transition from USD LIBOR and developments in interest benchmark reforms in and out of Japan. There was no objection to the name of the new Forum and the terms of reference.
  - The member agreed with the reorganization of the Committee to the "Cross-Industry Forum on Interest Rate Benchmarks." The Committee provided non-financial corporates, in addition to financial institutions, with opportunities to gather and grasp the latest developments in the market as a whole, and published information globally on the transition from JPY LIBOR. It was therefore considered meaningful for all market participants that the Forum would continue to provide with opportunities to exchange opinions.
  - The Committee's discussions had led to the smooth transition from JPY LIBOR to alternative interest rate benchmarks. The member would like to thank those who had been involved. It was grateful that the way the Committee was managed would be reviewed and that the Forum would provide opportunities to exchange opinions as the "Cross-Industry Forum on Interest Rate Benchmarks," and it agreed with the proposal. It expected continued cooperation with

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regard to sharing information on overseas developments and issues in Japanese accounting system.

4. In response, the chair made a proposal as follows which was then approved by the members.

- The Committee would be reorganized into the new Forum.
- Details of the Forum would be finalized based on the discussions in the meeting and additional comments if there were any and published as soon as they were ready.

#### IV. AOB

1. The vice-chair made several announcements about the Committee's commitment to external communication and its future policy.
2. Prior to the closing, the Director-General of the Bank of Japan's Financial Markets Department thanked the efforts made by the Committee thus far and requested cooperation in the new Forum. He also explained that the Bank of Japan would continue to provide support.

## Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks

### Attendance for the February 16, 2022 Meeting

#### (Members)

Chair	MUFG Bank	GODA Kenichiro
Vice Chair	Nomura Securities	NONOMURA Shigeru
	Mizuho Bank	KOBAYAKAWA Motomu
	Sumitomo Mitsui Banking Corporation	ORIHARA Takashi
	Bank of Yokohama	ARAI Tomoki
	The Tochigi Bank	ONO Kazuhiro
	Deutsche Bank	MORITA Shigeki
	Daiwa Securities	INADA Yuichiro
	Goldman Sachs	TAGUCHI Kengo
	Morgan Stanley MUFG Securities	EZUKA Takeshi
	Japan Post Bank	ICHIKAWA Tatsuo
	The Norinchukin Bank	HARADA Noriyuki
	Shinkin Central Bank	TANAKA Hiroyuki
	The Dai-ichi Life Insurance Company	KAI Akifumi
	Tokio Marine Holdings	KATO Hiromitsu
	Daiwa Asset Management	TAKAO Norihisa
	Mitsui&Co.	GOTO Takashi
	Mitsui Fudosan	KANEKO Yutaka
	East Japan Railway Company	ISHIMARU Mikito
	Mitsubishi HC Capital	TOMINAGA Osamu
	Nippon Telegraph and Telephone Corporation	MOMOSE Shinya

#### (Observers)

JBA TIBOR Administration	KOYAMA Hirotaka
International Swaps and Derivatives Association	MORITA Tomoko
Financial Law Board	TOTSUKA Takaharu (Attorney-at-Law)

Tokyo Financial Exchange	NONAKA Atsushi
Japan Securities Clearing Corporation	KANEKO Takahiko
Japanese Bankers Association	TAKAHASHI Tetsuo
Japan Securities Dealers Association	NISHIMURA Yoshiko
Financial Services Agency	TSUJIMURA Tomoya
Bank of Japan	SHIMIZU Yoshimitsu
Bank of Japan	CHIBA Makoto
Bank of Japan	YOSHIMURA Haruka

The chairs of the sub-groups and the coordinator of the working group attended the meeting.

Chair of the Sub-Group on Loans	Mizuho Bank	SHIBATA Noriyuki
Chair of the Sub-Group on Bonds	Nomura Securities	HASHIMOTO Shigeru
Chair of the Sub-Group for the Development of Term Reference Rates	Citigroup Global Markets Japan	WATANABE Atsuya
Chair of the Sub-Group for the Development of Term Reference Rates	MUFG Bank	TSUCHIDA Masaya
Coordinator of the Working Group on Currency Swaps	Sumitomo Mitsui Banking Corporation	ISHIKAWA Satoshi