

November 8, 2018

Working Group on Currency Swaps

Terms of Reference

1. Objectives

Notwithstanding 2. (1) and 5. (1) of the Terms of Reference of the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks (the Committee), considering the transversal discussions on currencies taking place at the Cross-Currency Basis Swap Subgroup (CBSS) of the Alternative Reference Rates Committee in the United States, which was convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York, the Working Group on Currency Swaps (hereinafter the “Working Group”) shall be established under the Committee in order for the Committee to deliberate on the issues that are discussed in the CBSS and express its views in the CBSS meetings.

2. Issues to Be Deliberated

Regarding the issues that are discussed in the CBSS, the Working Group shall, drawing on the views of practitioners and experts, deliberate on the following:

- (1) arranging measures regarding the issues that are discussed in the CBSS;
- (2) reviewing challenges that might affect Japanese yen (JPY) interest rate benchmarks and measures to respond to such challenges; and
- (3) reviewing arrangements for existing currency swap transactions referencing interest rate benchmarks such as LIBOR in case of the discontinuation of the benchmarks.

3. Framework

Taking into account the organization of the CBSS, the Working Group shall be composed, in principal, of less than ten members that fulfill the following requirements:

(Tentative translation)

- (1) is a major actor in the U.S. dollar (USD)-JPY currency swap market;
- (2) is equipped with practical knowledge and expertise in USD-JPY currency swap transactions; and
- (3) is able to take part in the CBSS meetings and to contribute to its discussions.

4. Governance

(1) Frequency of the Meetings

The meetings of the Working Group shall occur with frequency that is necessary and sufficient for arranging measures regarding the issues that are discussed in the CBSS. The meetings of the Working Group shall take place in person, by written procedures or in any other form agreed by the members of the Working Group.

(2) Consolidation of Opinions from the Members of the Committee

The Working Group shall report to the chair and vice-chair of the Committee measures regarding the issues that are discussed in the CBSS. The chair and vice-chair of the Committee shall, if they deem deliberations by the members of the Committee to be necessary, present the discussed issues and potential measures in accordance with the suggestions of the Working Group, and consolidate opinions from the members of the Committee.

Nevertheless, the above clause shall not prevent the members of the Working Group from reporting to the chair and vice-chair of the Committee after expressing their views in the CBSS, in unavoidable circumstances in the discussions of the CBSS. In this case, the chair and vice-chair of the Committee shall, if deemed necessary, report the situation to the members of the Committee.

5. Other Issues

The members of the Working Group shall be subject to the Terms of Reference of the Committee with regard to confidentiality of non-public

(Tentative translation)

information, compliance with competition laws, and other issues.