Appendix 1

Comments from users on the 3rd Consultative Document: "Revision to the "JBA TIBOR Code of Conduct", etc. for Implementing the JBA Tokyo Inter Bank Offered Rate ("JBA TIBOR") Reforms"

- The table below summarizes comments submitted in response to the third consultative document: "Revision to the "JBA TIBOR Code of Conduct", etc. for Implementing the JBA Tokyo Inter Bank Offered Rate ("JBA TIBOR") Reforms" published on November 30, 2016 (the consultation period ended on December 29, 2016); and also provides our view on such comments.
- During the consultation period, we have received comments from a total of three companies/groups and would like to express our gratitude toward your cooperation.

Questions made in the third consultative document	Summary of comments	JBATA's view
(1) Rate calculation and determination process	○ The proposed rate calculation and determination process is expected to enhance the objectivity and transparency. Nonetheless, we request JBATA to take additional two approaches (as described below) also in consideration of the direction of LIBOR reforms as there are currently not much actual transactions. ① Develop a framework whereby the JBATA obtains actual transaction data used as an input in the calculation and determination process by means of information systems and centrally determine rates in order to enhance the objectivity of actual transaction data. ② Given the continued low-interest-rate environment, change the number of decimal places of reference banks' reference rates from down to the second decimal point to down to the third	➢ We have gone through IOSCO's reviews regarding compliance with IOSCO Principles for financial benchmarks. In the review result of August 2015, IOSCO recommended early implementation of JBATA TIBOR reforms based on the waterfall methodology proposed in the third consultation. We will implement, therefore, the JBATA TIBOR reforms in accordance with the schedule presented herein as per IOSCO's expectation. ➢ Since the requested additional approaches ① and ② have significant impacts on, among other things, market practice and information systems of related, it is necessary to discuss their feasibility from a practical perspective, etc. and to implement due processes with the aim to put such requests into practice. In this view, these requests will be treated

Questions made in the third consultative document	Summary of comments	JBATA's view
	decimal point.	as an issue for future consideration.
(2) Change to the timing of the JBA TIBOR publication	○ We request that the current timing of publication (i.e. by 12:00 p.m. of the day) will be maintained if possible, in consideration of effects on business processes at quarterly-end when financing activities, including those transactions referencing TIBOR, become intensive.	➢ Given the importance of maintaining reliability of JBA TIBOR by ensuring its accurate calculation and publication, we will change the timing of the JBA publication to "by 1:00 p.m. of the day." We will ask for your understanding while we recognize practical inconvenience caused by this change in the busy season.
	○ JBATA is requested to give a reasonable period of time so that exchanges and market participants can review and develop and modify rules and systems to reflect the change.	➢ We will provide more than a four-month period for the implementation of JBA TIBOR reforms. The timing of publication will be changed from the implementation date which is Monday, July 24, 2017.
(3) Discontinuation of 2 month tenor	(There was no comment on this subject.)	➢ As originally proposed, publication of 2 month tenor will be discontinued after the transition period ending on "the last business day of March 2019.
(4) Discontinuation of simultaneous publication of individual submissions	○ While we recognize the existence of users of individual submission rates and understand the necessity of the transition period, it is requested that the transition period ending on "the last business day of March 2019" will be shortened because if instant reference of individual submission rates is maintained, incentives for manipulation will remain.	➢ In consideration of the existence of users and other reasons, simultaneous publication of individual submissions will be discontinued after the transition period ending on "the last business day of March 2019" as originally proposed. ➢ Our understanding is that your concern about "incentives for manipulation" arises from the fact that individual submission rates are recognized as a benchmark used to measure creditworthiness. We have a framework in place to remove the

Questions made in the third consultative document	Summary of comments	JBATA's view
		possibility of such manipulation. Specifically, for example, definition of JBA TIBOR is "rates which reference banks deem as prevailing market rates assuming transactions between prime banks", and the reference rate calculation and determination process using actual transaction data integrated and clarified by this JBA TIBOR reform is subject to external audit.