

Comparison Table of Policy on Material Changes in the Definition or Calculation Method and Permanent Cessation of JBA TIBOR

Revised version	Current version
<p>Policy on Material Changes in the Definition or Calculation Method and <u>Permanent Cessation</u> of JBA TIBOR</p>	<p>Policy on Material Changes in the Definition or Calculation Method and <u>Continuous Suspension</u> of the JBA TIBOR Publication</p>
<p>1. Objective</p> <p>The objective of the “Policy on Material Changes in the Definition or Calculation Method and <u>Permanent Cessation</u> of JBA TIBOR” (“Policy”) is to set out policy to be taken for a material change in the definition or calculation method of JBA TIBOR under Article 49 of the JBA TIBOR Operational Rules (“Rules”) and <u>permanent cessation</u> of JBA TIBOR under Article 51 of the Rules with a view to further enhancing the robustness of JBA TIBOR in response to the Final report on Principles for Financial Benchmarks issued by the International Organization of Securities Commissions (“IOSCO”).</p>	<p>1. Objective</p> <p>The objective of the “Policy on Material Changes in the Definition or Calculation Method and <u>Continuous Suspension</u> of the JBA TIBOR Publication” (“Policy”) is to set out policy to be taken for a material change in the definition or calculation method of the JBA TIBOR under Article 49 of the JBA TIBOR Operational Rules (“Rules”) and <u>continuous suspension</u> of the JBA TIBOR publication under Article 51 of the Rules¹ with a view to further enhancing the robustness of the JBA TIBOR in response to the Principles for Financial Benchmarks Final Report published by the International Organization of Securities Commissions (“IOSCO”).</p> <p>-----</p> <p>¹ “Continuous suspension of the JBA TIBOR publication” includes permanent suspension.</p>
<p>2. Definitions</p> <p>The definitions of the terms shall be those defined in the Rules except for those defined below:</p> <ul style="list-style-type: none"> ○ Alternative benchmark <p>A benchmark to be referenced in contracts referring Japanese Yen TIBOR or Euroyen TIBOR after there is a material change in the definition or calculation method or <u>permanent cessation</u> of JBA TIBOR. <u>Specifically, benchmarks that will be referenced after the permanent cessation of JBA TIBOR are fallback rates in fallback¹ arrangements.</u></p> <p>-----</p> <p>¹ <u>Fallback in the context of the Policy is an approach to agree between the contracting parties referencing JBA TIBOR in advance on the treatment after its permanent cessation.</u></p>	<p>2. Definitions</p> <p>The definitions of the terms shall be those defined in the JBA TIBOR Operational Rules except for those defined below:</p> <ul style="list-style-type: none"> ○ Alternative benchmark <p>A benchmark to be referenced in <u>existing</u> contracts referring Japanese Yen TIBOR or Euroyen TIBOR after there is a material change in the definition or calculation method of the JBA TIBOR or <u>continuous suspension</u> of the JBA TIBOR publication.</p>
<p>3. Dissemination to users, etc. concerning points to note in the use of JBA TIBOR</p> <p>General Incorporated Association JBA TIBOR Administration (“JBATA”) shall announce the following on its website to disseminate to users or other relevant parties in accordance with Article 27 of the Rules: there is a possibility that the definition and/or calculation methodology of JBA TIBOR will be reviewed or JBA TIBOR will be <u>permanently ceased</u> following a change in the Japan unsecured call market or the Japan Offshore Market.</p> <p>JBATA shall, through its website, recommend parties to contracts referencing JBA TIBOR to take advance measures² in the contracts in preparation for the case where there is a material change in the definition or calculation methodology and the <u>permanent cessation</u> of JBA TIBOR.</p> <p>-----</p> <p>² <u>Fallback provisions including (i)triggers and (ii)benchmark replacement (fallback rate plus spread adjustment) should be introduced into contracts referencing JBA TIBOR as advance measures. In considering these issues, “Results of Public Consultation on fallback issues for JBA TIBOR” should be used as one of references. https://www.jbatibor.or.jp/english/Results_of_Public_Consultation_on_fallback_issues.pdf</u></p>	<p>3. Dissemination to users, etc. concerning reminders regarding the use of the JBA TIBOR</p> <p>Ippan Shadan Hojin JBA TIBOR Administration (“JBATA”) shall announce the following on its website to disseminate to users or other relevant parties in accordance with Article 27 of the Rules: there is a possibility that the definition and/or calculation methodology of the JBA TIBOR will be reviewed or the JBA TIBOR publication will be <u>continuously suspended</u> following a change in the Japan unsecured call market or the Japan Offshore Market or other circumstance.</p> <p>JBATA shall, through its website, recommend parties to the contract to take measures, such as including the fallback provision in the contract in preparation for the case where there is a material change in the definition and/or calculation methodology of the JBA TIBOR, or there is <u>continuous suspension</u> of the JBA TIBOR publication.</p>

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<p>4. Recommendation on reaching an agreement related to alternative benchmarks</p> <p>It is preferable that alternative benchmarks selected in preparation for a material change in the definition or calculation methodology and <u>permanent cessation</u> of JBA TIBOR aligns with the elements considered as significant by the contracting parties (consistency with related transactions and compatibility with current practices) by taking into account characteristics of individual transactions.</p> <p>Users of JBA TIBOR would be recommended to reach an agreement on the matters related to alternative benchmarks between contracting parties in advance.</p>	<p>4. Recommendation on reaching an agreement on matters related to alternative benchmarks</p> <p>It is preferable that alternative benchmarks selected in preparation for a material change in the definition and/or calculation methodology or <u>continuous suspension</u> of the JBA TIBOR aligns with the elements considered significant by the parties to the contract (consistency with related transactions and compatibility with current practices) by taking into account characteristics of individual transactions.</p> <p>Users of JBA TIBOR would be recommended to reach an agreement on the matters related to alternative benchmarks between the parties to the contract in advance.</p>
<p>5. Points to note in making material changes in the definition or calculation method of JBA TIBOR and <u>permanently ceasing</u> JBA TIBOR</p> <p>(1) Material changes in the definition or calculation method of JBA TIBOR</p> <p>(i) Discussions with stakeholders</p> <p>JBATA shall seek public comment with sufficient period and hold discussions with stakeholders, as appropriate in considering material changes in the definition or calculation method of JBA TIBOR in accordance with paragraph (4) of Article 49 of the Rules.</p> <p>In addition, this consideration and decision shall, to the utmost extent, reflect an objective of ensuring the soundness of JBA TIBOR determination continuously, considering the effect of such a change on the stability of the financial economy, the scope of contracts referencing JBA TIBOR, and the degree of the impact of such a change on the contract.</p> <p>(ii) Prior disclosure of the effective date and other related items</p> <p>When JBATA changes the definition or calculation method of JBA TIBOR, it shall disclose the following on its website at least three months prior to the effective date in accordance with paragraph (7) of Article 49 of the Rules.</p> <p>a. Details of the change</p> <p>b. Reason</p> <p>c. Effective date</p> <p>d. Feedback and comments submitted by stakeholders through public comments and the details of the discussions with the comment submitter(s) based on such comments (unless the comment submitter(s) request non-disclosure)</p> <p>(2) <u>Permanent cessation</u> of JBA TIBOR</p> <p>(i) Discussions with stakeholders</p> <p>JBATA shall seek public comment with sufficient period and hold discussions with market participants including the users and related authorities, as appropriate in considering <u>permanent cessation</u> of JBA TIBOR in accordance with Paragraphs (2) to (4) of Article 51 of the Rules.</p> <p>In addition, this consideration and decision shall, to the utmost extent, reflect an objective of ensuring the soundness of JBA TIBOR determination continuously, taking into account the effect of such <u>cessation</u>, etc. on the stability of the financial economy, the scope of contracts referencing JBA TIBOR, and the degree of the impact of such <u>cessation</u> on the contract.</p>	<p>5. Points to note in making a material change in the definition or calculation method of the JBA TIBOR or <u>continuously suspending</u> the JBA TIBOR publication</p> <p>(1) Material change in the definition or calculation methodology of the JBA TIBOR</p> <p>①Discussions with stakeholders</p> <p>JBATA shall seek public comment with sufficient period and hold discussions with stakeholders, as appropriate in considering a material change in the definition or calculation methodology of the JBA TIBOR in accordance with paragraph (4) of Article 49 of the Rules.</p> <p>In addition, this consideration and decision shall, to the utmost extent, reflect an objective of continuously ensuring the soundness of the JBA TIBOR determination, considering the effect of such change on the stability of the financial economy, the scope of contracts referring to the JBA TIBOR, and the degree of the impact of such change on the contract.</p> <p>②Previous disclosure of the effective date and other related items</p> <p>When JBATA changes the definition or calculation methodology of the JBA TIBOR, it shall disclose the following on its website at least three months prior to the effective date in accordance with paragraph (7) of Article 49 of the Rules.</p> <p>(a) Details of the change</p> <p>(b) Reason</p> <p>(c) Effective date</p> <p>(d) Feedback and comments submitted by stakeholders through public comment and the details of the discussions with the comment submitter(s) based on such comment (unless the comment submitter(s) request non-disclosure)</p> <p>(2) <u>Continuous suspension</u> of the JBA TIBOR publication</p> <p>①Discussions with stakeholders</p> <p>JBATA shall seek public comment with sufficient period and hold discussions with stakeholders and relevant authorities, as appropriate in considering <u>continuous suspension</u> of the JBA TIBOR publication in accordance with Paragraphs (2) to (4) of Article 51 of the Rules, This consideration and decision shall, to the utmost extent, reflect an objective of continuously ensuring the soundness of the JBA TIBOR determination, taking into account the effect of such <u>suspension</u>, etc. on the stability of the financial economy, the scope of contracts referring to the JBA TIBOR, and the degree of the impact of such <u>suspension</u> on the contract.</p>

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<p>(ii) Prior disclosure of the effective date and other related items</p> <p>When JBATA <u>ceases</u> JBA TIBOR <u>permanently</u>, it shall disclose the following on its website at least six months prior to the effective date in accordance with Paragraph (5) of Article 51 of the Rules.</p> <p>a. Timing of the <u>cessation</u></p> <p>b. Reason</p> <p>c. Feedback and comments submitted by stakeholders through public comments and the details of the discussions with the comment submitter(s) based on such comments (unless the comment submitter(s) request non-disclosure)</p>	<p>②Previous disclosure of the effective date and other related items</p> <p>When JBATA <u>suspends</u> the JBA TIBOR publication, etc. <u>on a continuous basis</u>, it shall disclose the following on its website at least six months prior to the effective date in accordance with Paragraph (5) of Article 51 of the Rules.</p> <p>(a) Timing of the <u>suspension</u></p> <p>(b) Reason</p> <p>(c) Feedback and comments submitted by stakeholders through public comment and the details of the discussions with the comment submitter(s) based on such comment (unless the comment submitter(s) request non-disclosure)</p>
<p>(Supplement)</p> <p>1. Effective date</p> <p>The Policy is effective from March 19, 2020.</p> <p><u>2. Date of Revision and Enforcement</u></p> <p><u>The revisions dated March 15, 2023 shall come into effect on April 1, 2023. (based on the Results of Public Consultation on fallback issues for JBA TIBOR)</u></p>	<p>(Supplement)</p> <p>1. Effective date</p> <p>The Policy shall be effective from March 19, 2020.</p>

Non-substantive revisions are not highlighted in the Comparison Table.