

Policy on Material Changes in the Definition or Calculation Method and Continuous Suspension of the JBA TIBOR Publication

(March 19, 2020)

1. Objective

The objective of the “Policy on Material Changes in the Definition or Calculation Method and Continuous Suspension 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 continuous suspension 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”).

2. Definitions

The definitions of the terms shall be those defined in the JBA TIBOR Operational Rules except for those defined below:

○ Alternative benchmark

A benchmark to be referenced in existing 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 continuous suspension of the JBA TIBOR publication.

3. Dissemination to users, etc. concerning reminders regarding the use of the JBA TIBOR

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 continuously suspended following a change in the Japan unsecured call market or the Japan Offshore Market or other circumstance.

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 continuous suspension of the JBA TIBOR publication.

¹ “Continuous suspension of the JBA TIBOR publication” includes permanent suspension.

4. Recommendation on reaching an agreement on matters related to alternative benchmarks

It is preferable that alternative benchmarks selected in preparation for a material change in the definition and/or calculation methodology or continuous suspension 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.

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.

5. Points to note in making a material change in the definition or calculation method of the JBA TIBOR or continuously suspending the JBA TIBOR publication

(1) Material change in the definition or calculation methodology of the JBA TIBOR

① Discussions with stakeholders

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. 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.

② Previous disclosure of the effective date and other related items

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.

(a) Details of the change

(b) Reason

(c) Effective date

(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)

(2) Continuous suspension of the JBA TIBOR publication

① Discussions with stakeholders

JBATA shall seek public comment with sufficient period and hold discussions with stakeholders and relevant authorities, as appropriate in considering continuous suspension 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 suspension, 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 suspension on the contract.

② Previous disclosure of the effective date and other related items

When JBATA suspends the JBA TIBOR publication, etc. on a continuous basis, 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.

(a) Timing of the suspension

(b) Reason

(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)

6. Revisions

Revisions to the Policy shall be discussed by the JBA TIBOR Administration Committee and determined by the Board of Directors, by taking into account factors including a change in environment surrounding the underlying market of the JBA TIBOR and discussions aiming for the financial benchmark reform at a global level.

Revisions to the Policy shall be reported to the JBA TIBOR Oversight Committee before the determination at the Board of Directors.

(Supplement)

1. Effective date

The Policy shall be effective from March 19, 2020.