

March 6, 2024

JBA TIBOR Administration

JBATA statement on future cessation of Euroyen TIBOR

- This statement announces that the publication of all tenors (i.e. 1-week, 1-month, 3-month, 6-month, and 12-month) of Euroyen TIBOR will permanently cease immediately after the end of December 2024.¹
- In advance of the publication of this statement, we have considered the permanent cessation of Euroyen TIBOR, and as of today, have completed all the procedures specified in Article 51 of the JBA TIBOR Operational Rules.² The following are the main initiatives implemented.
 - ✓ As results of the *Public Consultation on permanent cessation of Euroyen TIBOR and related issues*³ (“Public Consultation”) published in August 2023, we have confirmed that all the respondents supported for “to implement the permanent cessation of Euroyen TIBOR” and “to set its timing at the end of December 2024.”⁴
 - ✓ We conducted surveys on the exposures of certain products and transactions referencing Euroyen TIBOR and on the status of introduction of fallback provision (as of September 30, 2023). As results, we have concluded that the potential impact on financial and economic stability of the permanent cessation of Euroyen TIBOR at the end of December 2024 would be limited (see Appendix).
- Given this statement and the reference banks’ business day, the final publication of Euroyen TIBOR will be Monday, December 30, 2024. From the following day, Euroyen TIBOR will no longer be published through information providers and our website.⁵

¹ Note that all tenors (i.e. 1-week, 1-month, 3-month, 6-month, 12-month) of Japanese Yen TIBOR will continue to be published.

² See pages 12 to 18 of the document accessible from the following URL.

https://www.jbatibor.or.jp/english/Public_Consultation_on_permanent_cessation_of_Euroyen_TIBOR.pdf

³ See the URL referred to in footnote 2.

⁴ https://www.jbatibor.or.jp/english/Results_of_Public_Consultation_on_permanent_cessation_of_Euroyen_TIBOR.pdf

⁵ As of the publication of this statement, there is no successor administrator that will continue to provide Euroyen TIBOR. Further, we do not have any plans to publish such as “synthetic Euroyen TIBOR” after the cessation of Euroyen TIBOR.

- This statement is intended to constitute a “Permanent Cessation Trigger.”⁶ Please also refer to the statement on permanent cessation of Euroyen TIBOR published by the International Swaps and Derivatives Association (“ISDA”).
- Euroyen TIBOR users are required to take actions for transition away from contracts referencing Euroyen TIBOR and make necessary changes, such as modification of their operations and systems, in a planned manner in light of this statement and other related statements/announcements issued by regulatory supervisors and agencies as well as the following related developments.
 - ✓ In March 2023, we published the *Results of Public Consultation on fallback issues for JBA TIBOR*⁷ and presented its position on the benchmark replacement (fallback rates and spread adjustments) for Euroyen TIBOR.
 - ✓ In December 2023, the Financial Services Agency (JFSA) has suggested that market participants cease entering into new contracts for products referencing Euroyen TIBOR by the end of June 2024 at the latest.^{8,9}
 - ✓ The practical issues¹⁰ related to the permanent cessation of Euroyen TIBOR have been being discussed and developed by related stakeholders.
- We will continue coordinating with related stakeholders including regulatory supervisors and agencies to ensure the smooth transition away from Euroyen TIBOR and the orderly cessation of Euroyen TIBOR at the end of December 2024.

⁶ See page 17 of the document accessible from the following URL.

(<https://www.jbatibor.or.jp/english/Public%20Consultation%20on%20fallback%20issues%20for%20JBA%20TIBOR.pdf>)

⁷ https://www.jbatibor.or.jp/english/Results_of_Public_Consultation_on_fallback_issues.pdf

⁸ <https://www.fsa.go.jp/en/news/2023/20231222/20231222.html>

⁹ JFSA also adds that: “It does not preclude derivatives transactions such as those intended for risk management of existing positions. In addition, it does not preclude financial institutions from executing those transactions for customers which would result in increasing Euroyen TIBOR exposure, and does not require financial institutions to confirm their customers’ purposes of trade before and after selling financial instruments or executing transactions.”

¹⁰ See page 33 of the document referred to in footnote 2 and page 38 of the document referred to in footnote 6.

Key Results of the Survey on Euroyen TIBOR Exposures (as of September 30, 2023)

March 6, 2024



Survey reference date	<p>End of September 2023</p>
Surveyed financial institutions	<p>This survey covers 149 financial institutions: 9 major banks (Mizuho Bank, MUFG Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, SBI Shinsei Bank, Aozora Bank, Mitsubishi UFJ Trust and Banking Corporation, Mizuho Trust & Banking, and Sumitomo Mitsui Trust Bank), 100 regional banks, and 40 other banks (8 trust banks that are excluded from the major banks, 13 other Japanese banks, 16 foreign bank branches, Japan Post Bank, Norinchukin Bank, and Shinkin Central Bank).</p>
Main survey Items	<ul style="list-style-type: none"> ▪ The amounts outstanding (or notional amounts) and number of contracts of Loans and Non-ISDA Derivatives that reference Euroyen TIBOR. Of which, the amounts outstanding (or notional amounts) and the number of contracts that will mature beyond the end of December 2024 Of which, the amounts outstanding (or notional amounts) and the number of contracts with fallback provisions ▪ Plan for the transition away from Euroyen TIBOR and timing to implement the plan for Loans and Non-ISDA Derivatives referencing Euroyen TIBOR that will mature beyond the end of December 2024 ▪ Euroyen TIBOR contracts (including contracts other than Loans and Non-ISDA Derivatives) for which it may be difficult to complete the introduction of fallback provisions, active transition or other method by the end of December 2024.

* Notes on this survey are listed in page 8. Please refer to them as necessary.

1. Overview of the Euroyen TIBOR survey results

- In order to figure out the potential impact on financial and economic stability of the permanent cessation of Euroyen TIBOR, (*1) JBA TIBOR Administration (“JBATA”) conducted a survey on the exposures of certain products and transactions as outlined in the previous page.
- The survey results compared to the previous survey (as of December 31, 2021*2), are summarized as follows.
 - ✓ As for Loans, while the exposures remain mostly unchanged from the previous survey, nearly 40% of the number of contracts maturing beyond the end of December 2024 have already introduced fallback provisions [Figure 1]. Of the financial institutions (FIs) (45 FIs) that had not completed the transition away from Euroyen TIBOR, 18FIs (nearly 90% and 80% in terms of the amounts outstanding and the number of contracts, respectively) have established the plan and its timing for the transition away from Euroyen TIBOR [Figure 4].
 - ✓ As for Non-ISDA Derivatives, the exposures are limited, and the number of contracts has decreased significantly from the previous survey [Figure 5]. Further, of the financial institutions (6 FIs) that had not completed the transition away from Euroyen TIBOR, 5FIs (99% in terms of the notional amounts/number of contracts) have established the plan and its timing for the transition away from Euroyen TIBOR [Figure 8].
- Some surveyed FIs provided comments regarding issues/concerns related to the transition away from Euroyen TIBOR. However, we did not receive any comments pointing out that there are contracts, including contracts other than Loans and Non-ISDA Derivatives, for which it is obviously difficult to transition away from Euroyen TIBOR [Figure 9].
- Through the above analyses and considerations, **we have concluded that the potential impact on financial and economic stability of the permanent cessation of Euroyen TIBOR at the end of December 2024 would be limited**, given that (i) FIs had made progress or established the plan to prepare for the permanent cessation of Euroyen TIBOR at the end of December 2024, and (ii) there are no contracts for which it is obviously difficult to transition away from Euroyen TIBOR.

*1 Please refer to Appendix 3 (Analysis of the impact of Euroyen TIBOR cessation) of the [Public Consultation on permanent cessation of Euroyen TIBOR and related issues](#).

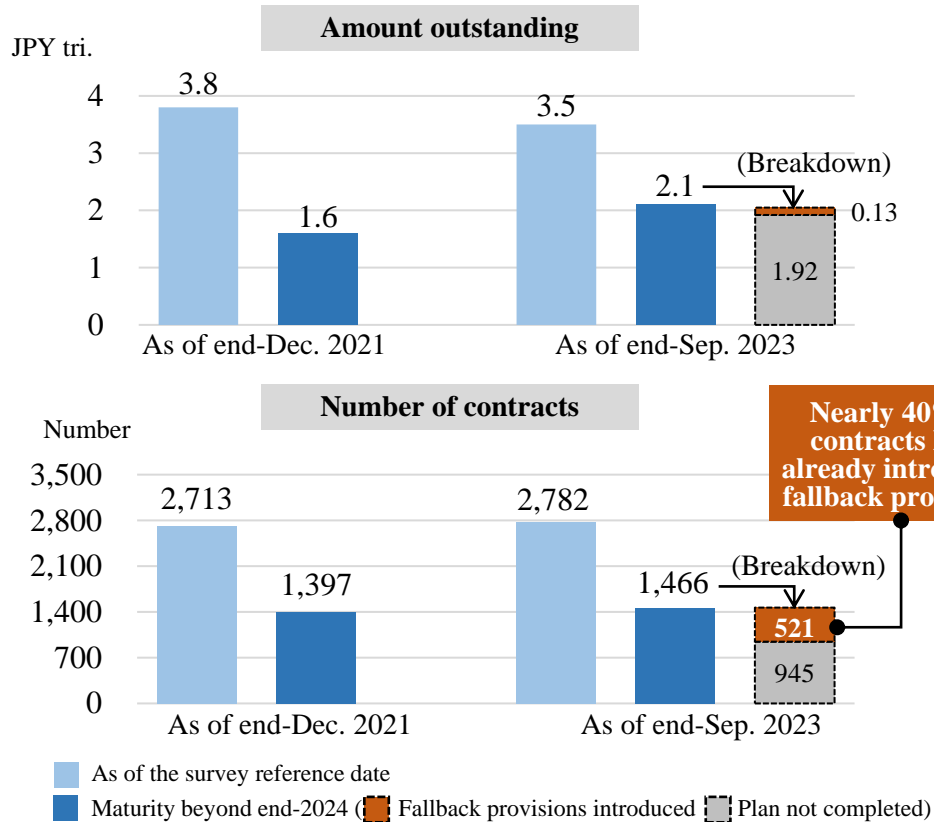
*2 [Key Results of the Survey on JBA TIBOR Exposures \(as of December 31, 2021\) - Euroyen TIBOR -](#)

2. Loans referencing Euroyen TIBOR

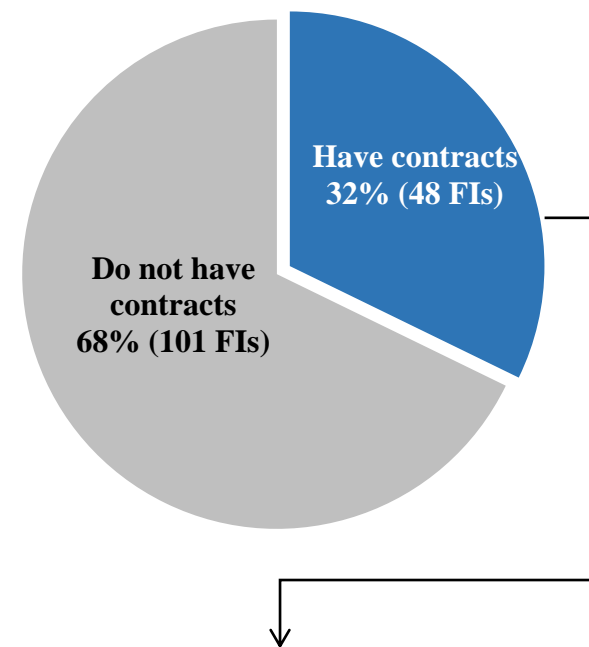
(1) Amounts outstanding and number of contracts

- The exposures for Loans are approximately 3.5 trillion yen/2,782 contracts (of which, approximately 2.1 trillion yen/1,466 contracts will mature beyond the end of December 2024), remaining mostly unchanged from the previous survey (as of December 31, 2021). However, **nearly 40% (521 contracts) of the number of contracts maturing beyond the end of December 2024 (1,466 contracts) have already introduced fallback provisions.**
- The number of FIs holding Loans that will mature beyond the end of December 2024 is limited: 48 FIs.

**[Figure 1] Exposures for Loans
(Amount outstanding/Number of contracts)***



[Figure 2] FIs holding Loans that will mature beyond the end of December 2024



Please refer to the following page for the transition plan and the timing of the transition from Euroyen TIBOR with respect to the 48 FIs that responded “Have contracts.”

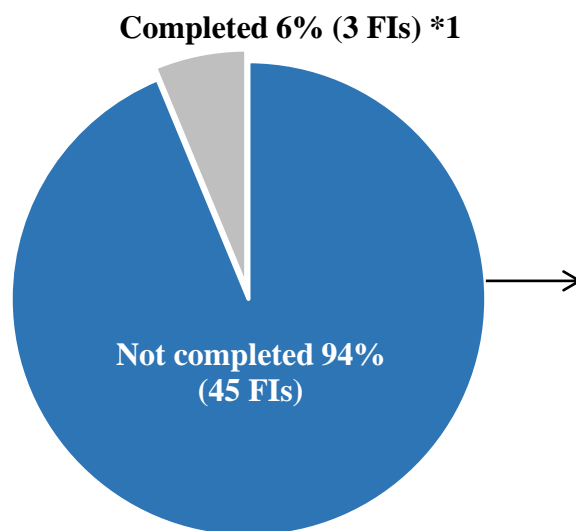
* The status of the introduction of fallback provisions was not examined in the previous survey (“As of end-Dec. 2021”).

2. Loans referencing Euroyen TIBOR

(2) Transition status/plan of FIs with contracts maturing beyond the end of December 2024

- Of 48 FIs holding Loans that will mature beyond the end of December 2024, 45 FIs responded “Not completed” as of the survey reference date.
- JBATA has confirmed that 18 FIs, holding nearly 90% of the amounts outstanding and nearly 80% of the number of contracts that will mature beyond the end of December 2024 and have not introduced fallback provisions, have established the plan for the transition away from Euroyen TIBOR and timing to implement their plan.

[Figure 3] Main transition status of 48 FIs with contracts maturing beyond the end of December 2024



*1 “Completed” represents the sum of FIs that have responded “Completely introduced fallback provisions” or other similar response.

[Figure 4] Transition plan of 45 FIs that responded “Not completed” *2
 < Upper: Amount outstanding (Unit: JPY tri.), Lower: Number of contracts (Unit: Number of contracts),
 “Number of FIs” is the breakdown of 45 FIs >

Plan \ Timing	Jan.-Mar. 2024	Apr.-Jun. 2024	Jul.-Sep. 2024	Oct.-Dec. 2024	To be determined
Implement active transition	Nearly 90% of the table's total *3				0.003
Introduce fallback provisions term	0.002	0.28	0.75	0.05	0.05
To be determined	0	0	0	0.02	0.20
Implement active transition	Nearly 80% of the table's total *4				7
Introduce fallback provisions term	40	35	451	28	66
To be determined	0	0	0	9	127
(Number of FIs)	1	1	11	9	23
Number of FIs in : 18 FIs					

*2 Summary of the responses regarding the main transition plan and timing to implement the main plan of those FIs that responded “Not completed”, combined with the status of their respective exposures (amount outstanding/number of contracts that will mature beyond the end of December 2024 and have not introduced fallback (“FB”) provisions)

*3 Of the table's total (approx. JPY1.92 tri.), approx. JPY1.65 tri. (86%)

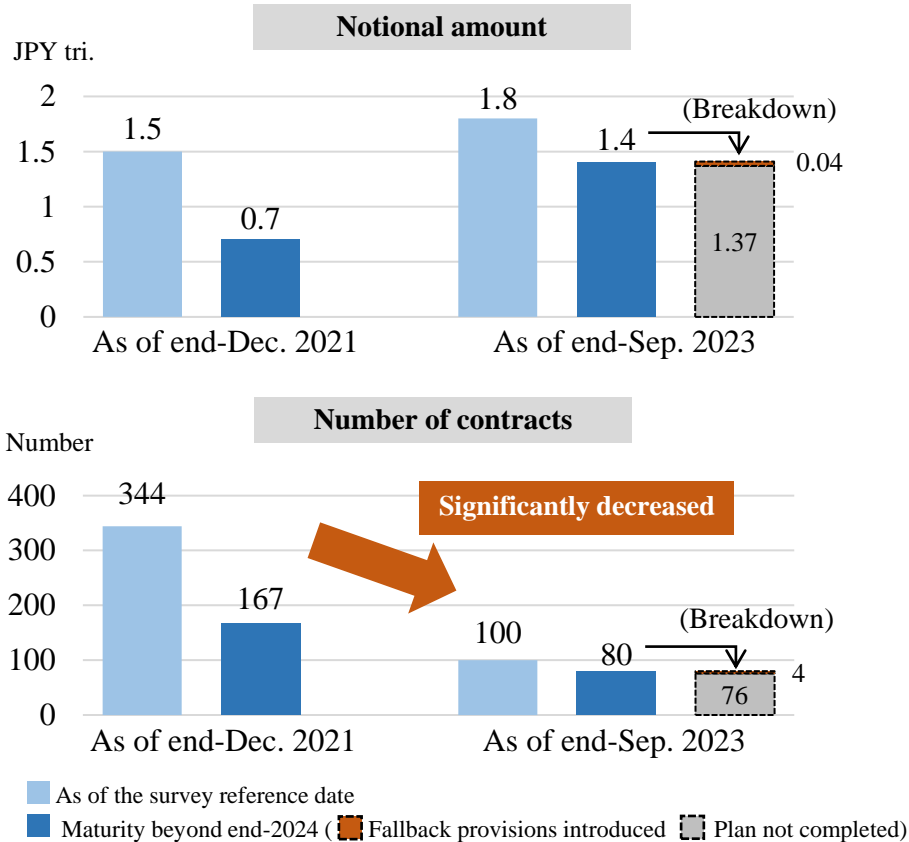
*4 Of the table's total (945 contracts), 736 contracts (78%)

3. Non-ISDA Derivatives referencing Euroyen TIBOR

(1) Notional amounts and number of contracts

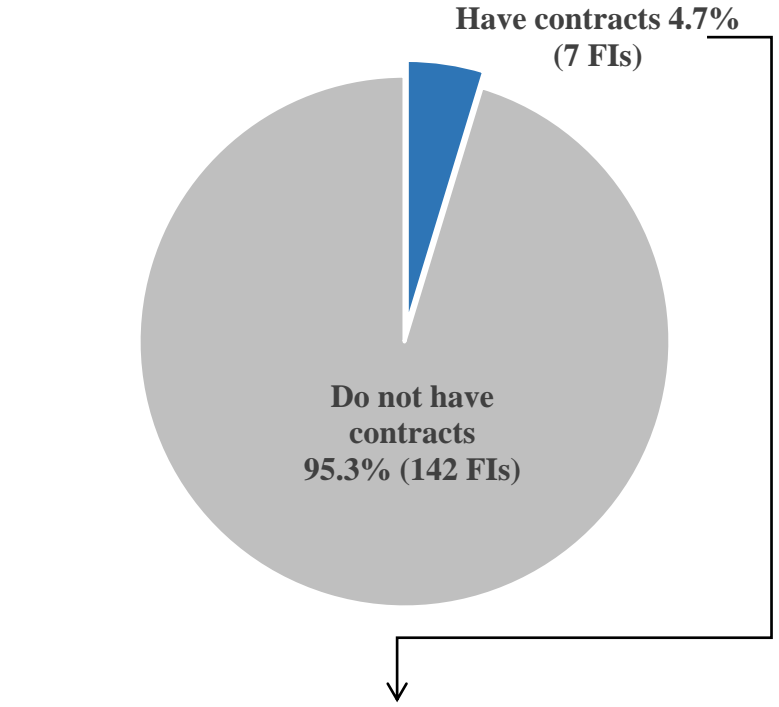
- The exposures for Non-ISDA Derivatives are limited to approximately 1.8 trillion yen/100 contracts (of which, approximately 1.4 trillion yen/80 contracts will mature beyond the end of December 2024). Compared with the previous survey (as of December 31, 2021), the number of contracts has decreased significantly (e.g. 344 → 100 contracts).
- The number of FIs holding Non-ISDA Derivatives that will mature beyond the end of December 2024 is relatively small: 7 FIs.


[Figure 5] Exposures for Non-ISDA Derivatives (Notional amount/Number of contracts)



* The status of the introduction of fallback provisions was not examined in the previous survey ("As of end-Dec. 2021").

[Figure 6] FIs holding Non-ISDA Derivatives that will mature beyond the end of December 2024



 Please refer to the following page for the transition plan and the timing of the transition from Euroyen TIBOR with respect to the 7 FIs that responded "Have contracts."

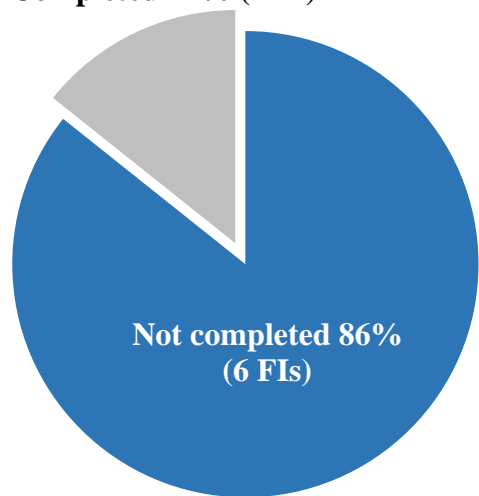
3. Non-ISDA Derivatives Referencing Euroyen TIBOR

(2) Transition status/plan of FIs with contracts maturing beyond the end of December 2024

- Of 7 FIs holding Non-ISDA Derivatives that will mature beyond the end of December 2024, 6 FIs responded “Not completed” as of the survey reference date.
- JBATA has confirmed that 5 FIs, holding almost 99% of the notional amounts/number of contracts that will mature beyond the end of December 2024 and have not introduced fallback provisions, have established the plan for the transition away from Euroyen TIBOR and the timing to implement their plan.

[Figure 7] Main transition status of 7 FIs with contracts maturing beyond the end of December 2024

Completed 14% (1 FI) *1



*1 “Completed” represents the FI that has responded “Completely introduced fallback provisions.”

[Figure 8] Transition plan of 6 FIs that responded “Not completed” *2

< Upper: Notional amount (Unit: JPY tri.), Lower: Number of contracts (Unit: Number of contracts), “Number of FIs” is the breakdown of 6 FIs >

Plan \ Timing	Jan.-Mar. 2024	Apr.-Jun. 2024	Jul.-Sep. 2024	Oct.-Dec. 2024	To be determined
Implement active transition	Almost 99% of the table’s total *3				0.00
Introduce fallback provisions	0	0.002	0.004	0	0
To be determined	0	0	0	0	0
<hr/>					
Implement active transition	Almost 99% of the table’s total *4				1
Introduce fallback provisions	0	1	4	0	0
To be determined	0	0	0	0	0
(Number of FIs)	0	1	2	2	1
Number of FIs in : 5 FIs					

*2 Summary of the responses regarding the main transition plan and timing to implement the main plan of those FIs that responded “Not Completed”, combined with the status of their respective exposures (the notional amount/number of contracts that will mature beyond the end of December 2024 and have not introduced fallback (“FB”) provisions)

*3 Of the table’s total (approx. JPY1.37 tri.), approx. JPY1.37 tri. (99%)

*4 Of the table’s total (76 contracts), 75 contracts (99%)

4. Survey results on issues/concerns related to the transition away from Euroyen TIBOR by end of December 2024

- Some surveyed FIs provided comments regarding issues/concerns related to the transition away from Euroyen TIBOR.
- However, we did not receive any comments pointing out that there are contracts, including contracts other than Loans and Non-ISDA Derivatives, for which it is obviously difficult to transition away from Euroyen TIBOR.

[Figure 9] Issues/concerns regarding the introduction of fallback provisions, active transition or other method

Survey items	Main responses
<p>Issues/concerns with respect to <u>Loans/Non-ISDA Derivatives</u></p>	<ul style="list-style-type: none"> ✓ In the syndicated loans led by other banks, we need to take actions in consideration of the transition plan of agent bank and other participating banks. ✓ In the cross-border loans, we need to confirm the regulations of jurisdictions to which our counterparties are subject. ✓ In some contracts linked to derivative transactions, we need to take into account the transition plan of derivative counterparties. ✓ Unlike LIBOR, there are few contracts referencing Euroyen TIBOR, therefore, we are concerned about the low customers' awareness.
<p>Issues/concerns with respect to <u>contracts other than Loans/Non-ISDA Derivatives</u></p>	<ul style="list-style-type: none"> ✓ As the number of centrally cleared derivatives transactions that are governed by the ISDA Master Agreement is large, we need to prepare for system migration in line with the information available from central counterparties (Japan Securities Clearing Corporation). We need the disclosure of information from the Japan Securities Clearing Corporation with regard to specific methods of active transition as soon as possible.

[Notes regarding General matters]

- (Note 1) JBATA is not responsible for any damages or losses resulting directly or indirectly from this document.
- (Note 2) The amounts outstanding (or notional amounts) presented in this document are rounded off. Therefore, their sum may not equal the total amounts.

[Notes regarding Survey items]

- (Note 1) “Loans” includes commitment line agreements.
- (Note 2) “Non-ISDA Derivatives” means OTC derivative transactions other than OTC derivative transactions which are governed by the ISDA Master Agreement or in which counterparties are CCPs.
- (Note 3) “Amounts outstanding” shall be replaced by “notional amounts” in the context of Non-ISDA Derivatives.
- (Note 4) The sum of “notional amounts” and “number of contracts” of Non-ISDA Derivatives are not adjusted for double counting on the recipient and payer sides.
- (Note 5) “Fallback provisions” include the hardwired approach and amendment approach.
- (Note 6) The figures of the previous survey (as of December 31, 2021) described in this document are the sum of the amounts outstanding (or notional amounts)/number of contracts held by major banks, regional banks, and other banks in the previous survey results. JBATA reflects the corrections of figures received from FIs since the publication of the previous survey results (May 2022.).

[Reference] Overall survey results on Euroyen TIBOR

		All surveyed FIs							
		Major banks		Regional banks		Other banks			
		Amount outstanding (JPY tri.)	Number of contracts	Amount outstanding (JPY tri.)	Number of contracts	Amount outstanding (JPY tri.)	Number of contracts	Amount outstanding (JPY tri.)	Number of contracts
Loans		3.5	2,782	2.2	1,073	1.2	1,628	0.1	81
	Of which, maturities beyond end-2024	2.1	1,466	1.0	347	0.9	1,065	0.06	54
	Of which, fallback provisions are introduced	0.13	521	0.09	42	0.03	465	0.008	14
Non-ISDA Derivatives		1.8	100	1.8	90	0.006	6	0.004	4
	Of which, maturities beyond end-2024	1.4	80	1.4	71	0.004	5	0.004	4
	Of which, fallback provisions are introduced	0.004	4	0	0	0	0	0.004	4