

## Revision of “Code of Conduct”

Present Version	Revised Version (effective on October 6, 2014)
<p>(1) Submission of Rates Based on the Definition</p> <p>① Subject to the definition set out in Section 1, reference banks shall submit reference rates to JBATA on a daily basis for all maturities to be published.</p> <p>② In order to submit the rates subject to the definition, reference banks shall set standards for the types and scope of transactions, qualitative information and other reference information used in determining reference rates.</p> <p>③ In setting standards under the previous item ②, the types and scope of transactions and other information which are of higher priority over other inputs into the calculation of a reference rate, may include:</p> <ul style="list-style-type: none"> <li>• reference banks’ own concluded arm-length interbank unsecured funding transactions;</li> <li>• firm(executable) bids and offers in interbank unsecured market;</li> <li>• interbank unsecured funding transactions, which are observable by reference banks, e.g. Unsecured call, Euroyen transactions, interbank NCD, etc.;</li> <li>• related transactions in money markets other than those deemed to be within the above category, which are observable by reference banks, e.g. Short-term Japan government bond transactions, bond repo/Gensaki transactions, CP transactions, OIS transaction, etc.; and</li> <li>• qualitative information including indicative price.</li> </ul> <p>It should be noted that <u>each reference bank shall have discretion in determining which of the above is most appropriate and takes precedence as an input into the calculation of reference rates</u> subject to the definition of JBA TIBOR.</p>	<p>(1) Submission of Rates Based on the Definition</p> <p>① Subject to the definition set out in Section 1, reference banks shall submit reference rates to JBATA on a daily basis for all maturities to be published.</p> <p>② In order to submit the rates subject to the definition, reference banks shall set standards for the types and scope of transactions, qualitative information and other reference information used in determining reference rates.</p> <p>③ In setting standards under the previous item ②, the types and scope of transactions and other information which are of higher priority over other inputs into the calculation of a reference rate, may include:</p> <ul style="list-style-type: none"> <li>• reference banks’ own concluded arm-length interbank unsecured funding transactions;</li> <li>• firm(executable) bids and offers in interbank unsecured market;</li> <li>• interbank unsecured funding transactions, which are observable by reference banks, e.g. Unsecured call, Euroyen transactions, interbank NCD, etc.;</li> <li>• related transactions in money markets other than those deemed to be within the above category, which are observable by reference banks, e.g. Short-term Japan government bond transactions, bond repo/Gensaki transactions, CP transactions, OIS transaction, etc.; and</li> <li>• qualitative information including indicative price.</li> </ul> <p>It should be noted that <u>each reference bank shall take into account transactions between prime banks on the Japan unsecured call market (Euroyen transactions in the Japan Offshore Market in case of Euroyen TIBOR) as a minimum requirement and take precedence as an input into the calculation of</u></p>

If a reference bank considers that transactions and the other information set out above are not enough to calculate reference rates in accordance with the JBA TIBOR definition, the reference bank shall use “expert judgment” by a Person Responsible for Rate Submission and Staff Performing Rate Submission Tasks as described in (2) below, in order to determine the reference rates.

(8) Establishment of Reporting Process to JBATA in the Event of Incidents

- ① If reference banks recognize violations of the Code of Conduct or other similar incidents in connection with the rate submissions to JBATA, they shall report such incidents to JBATA immediately.
- ② Reference banks shall put in place processes to enable immediate reporting to their compliance and audit functions and management in the event of recognizing violations of the Code of Conduct or other similar incidents. These processes shall include whistle-blowing processes within the reference banks.

reference rates subject to the definition of JBA TIBOR if the transactions are observable. And the higher priority should be given to considered standard-size transactions observed.

If a reference bank considers that the observable transactions are not enough to calculate reference rates in accordance with the JBA TIBOR definition under the situation including but not limited to the followings, the reference bank shall use “expert judgment” by a Person Responsible for Rate Submission and Staff Performing Rate Submission Tasks as described in (2) below, in order to determine the reference rates.

- Transactions between prime banks on the Japan unsecured call market (Euroyen transactions in the Japan Offshore Market in case of Euroyen TIBOR) are not constantly observable.
- No data is observable around 11:00 a.m.
- Considered standard-size transactions are not observable.

(8) Establishment of Reporting Process to JBATA in the Event of Incidents

- ① If reference banks recognize violations of the Code of Conduct or other similar incidents in connection with the rate submissions to JBATA, they shall report such incidents to JBATA immediately.
- ② Reference banks shall put in place processes to enable immediate reporting to their compliance and audit functions and management in the event of recognizing violations of the Code of Conduct or other similar incidents. These processes shall include whistle-blowing processes within the reference banks. Reference banks should provide proper protection for whistle-blowers not to be treated in an unfair manner when they establish their internal whistle-blowing frameworks.