

Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks
Minutes for the October 24, 2018 Meeting
4:00 – 5:00 PM
(Meeting Room in the Bank of Japan)

1. The Secretariat informed the Committee the latest developments regarding interest rate benchmarks in major jurisdictions.

2. The chairs of the Sub-Group on Loan, Sub-Group on Bonds and Sub-Group for the Development of Term Reference Rates reported what has been discussed so far in their respective sub-groups and the members exchanged views on the reports.

The chairs of the Sub-Group on Loan and Sub-Group on Bonds reported the needs and evaluations of the reference rate options pertaining to their area of focus. The co-chairs of the Sub-Group for the Development of Term Reference Rates reported the progress of discussion regarding risk-free term reference rates, based on the needs arising from the other sub-groups.

In response to these reports, the chair unveiled the possible direction of way forward toward the development of term reference rates aimed to be used mainly for cash products, including an image of the time axis.

One member commented that since the activation of the relevant market is vital for the development of term reference rates based on OIS or futures rates, speedy discussion with related counterparties shall be conducted to achieve market activation. Also, the Tokyo Financial Exchange, an observer, stated its intention to re-start trading of Over-Night Call Rate Futures in 2020, as well as its plan to create a working group with market participants to consider the issue.

3. The chair outlined how the Committee should commit to the Cross-Currency Basis Swap Group (CBSS) of the Alternative Reference Rates Committee in the United States from now on.

The need was raised and shared by the members and observers to form as the Committee a group of a small number of mostly interbank members well-versed in currency swap transactions to take part in the CBSS discussion, given that the CBSS has now been reviewing the standard market practice of interbank swap transactions. It was explained that the new deliberating framework will be consulted with the Committee in the next meeting (including by written resolution).

4. The Financial Services Agency, an observer, introduced an outline of the portion of the Strategic Directions and Priorities 2018-2019 concerning Japanese Yen (JPY) interest rate benchmarks, which was published on September 26, 2018.

5. The JBA TIBOR Administration, an observer, introduced an outline of public consultation on the approach for integrating JPY TIBOR and Euroyen TIBOR, which was initiated on October 2, 2018.

6. The vice-chair explained how the Committee has interacted with deliberating bodies overseas on interest rate benchmarks as well as its intention to further exchange views with them on a regular basis.

(Tentative translation)

7. The vice-chair outlined the Committee's future external communication plan, including the Committee's intention to contribute articles to influential newspapers and journals.

One member commented that in the United States, because of the lack of understanding by end-users and the low volume of OIS and futures transactions referencing SOFR, a sense of crisis has emerged over the discussion of interest rate benchmarks, and thus emphasized the importance of active information sharing and dialogue along with a concrete picture of the transition plan, in order to encourage individual corporates to understand the current situation of the discussion of JPY interest rate benchmarks and to act upon it.

Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks

Attendance for the October 24, 2018 Meeting

(Members)

Chair	MUFG Bank	Taro Matsuura
Vice Chair	Nomura Securities	Shigeru Nonomura
	Mizuho Bank	Ken Watanabe
	Sumitomo Mitsui Banking Corporation	Hiroshige Katsurada
	Bank of Yokohama	Hiroshi Nishijima
	Bank of Nagoya	Kenji Suzuki
	Deutsche Bank	Shigeki Morita
	Daiwa Securities	Yuichiro Inada
	Goldman Sachs	Kengo Taguchi
	Morgan Stanley MUFG Securities	Jun Sawada
	Japan Post Bank	Katsuichiro Uchiyama
	The Norinchukin Bank	Shirou Nagata
	Shinkin Central Bank	Kenji Tanaka
	The Dai-ichi Life Insurance Company	Kazuyuki Shigemoto
	Tokio Marine & Nichido Fire Insurance	Shinya Nikkawa
	Daiwa Asset Management	Tsutomu Komiya
	Marubeni Corporation	Yasuhiko Ogura
	Mitsui Fudosan	Retsu Togashi
	East Japan Railway Company	Hiroyuki Akaike
	Mitsubishi UFJ Lease & Finance	Osamu Tominaga
	Nippon Telegraph and Telephone Corporation	Takashi Hiroi

(Observers)

JBA TIBOR Administration	Mitsuru Endo
International Swaps and Derivatives Association	Tomoko Morita

Financial Law Board	Takaharu Totsuka (Attorney-at-Law)
Tokyo Financial Exchange	Ryosuke Seo
Japan Securities Clearing Corporation	Takahiko Kaneko
Japanese Bankers Association	Hiroataka Koyama
Japan Securities Dealers Association	Junichi Taguchi
Financial Services Agency	Akiyasu Takayama
Bank of Japan	Hiroki Ootake
Bank of Japan	Hiroyuki Shiozawa

The chairs of the sub-groups attended and reported at the meeting.

Chair of the Sub-Group on Loans	Mizuho Bank	Noriyuki Shibata
Chair of the Sub-Group on Bonds	Nomura Securities	Shigeru Hashimoto
Chair of the Sub-Group for the Development of Term Reference Rates	MUFG Bank	Yutaka Amagi
Chair of the Sub-Group for the Development of Term Reference Rates	Citigroup Global Markets Japan	Atsuya Watanabe