

July 26, 2021

The Cross-Industry Committee on
Japanese Yen Interest Rate Benchmarks

Transition of Quoting Conventions in the JPY interest rate swaps market ("TONA First")

The Sub-Group for the Development of Term Reference Rates has reached a consensus on "TONA First," an initiative to recommend liquidity providers -- including cases in which trading takes place via interdealer brokers -- to change the quoting conventions from Japanese yen (JPY) LIBOR to TONA in the JPY interest rate swaps market as follows. It is encouraging market participants to proceed with necessary preparations in accordance with the consensus below.¹

1. Quoting conventions* of the following JPY interest rate swaps (linear products), carried out in the interbank market via voice brokers, shall be ceased altogether immediately after the close of the market on July 30, 2021.

* Including trade execution. The same shall apply hereinafter.

- *JPY LIBOR Outright Swaps (JPY LIBOR vs. fixed rate)*
- *JPY LIBOR Interest Rate Swap Curve Trades*
- *JPY LIBOR Interest Rate Swap Butterfly Trades*
- *JPY LIBOR vs. TIBOR Basis Swaps*
- *JPY LIBOR Asset Swaps (JPY LIBOR Interest Rate Swaps vs. yields on Cash JGBs)*

2. The initiative laid out in 1. is designed for dealer-to-dealer transactions in the interbank market via voice brokers. Other transactions (including dealer-to-client transactions) are not expected to follow the initiative.
3. Each voice broker publishing the quoting conventions of the transactions listed in 1. is expected to make appropriate preparations as soon as practicable, taking into account the impact on end users including those arising from the cessation of the brokers' screen.
4. Discussions will continue to be held with regard to the cessation date of quoting conventions of JPY LIBOR swaps (non-linear products) in the interbank market via voice brokers with reference to the initiatives for JPY LIBOR swaps (linear products).

¹ This statement is intended to present the specific matters of the "Preparations for the discontinuation of LIBOR in the JPY interest rate swaps market" (published on March 26, 2021), which indicated that new quoting conventions for the JPY interest rate swaps market based on TONA, instead of LIBOR, should be adopted by no later than the end of July 2021.