

Terms and Conditions for Calculation and Publication
of Tokyo Repo Rate (reference institutions average)

1. Purpose

These terms and conditions prescribe the principles for the Tokyo Repo Rate (reference institutions average) with a view to ensuring its appropriate formulation and publication.

2. Name of the repo benchmark rate

The repo benchmark rate that is specified in these terms and conditions shall be referred to as the Tokyo Repo Rate (reference institutions average) (hereafter referred to as the “Tokyo Repo Rate”).

3. Calculation

The Tokyo Repo Rate shall be calculated as the average of the rates that the reference institutions, prescribed in Section 5, consider to be prevalent market rates at a designated time and report as such. Its detailed specifications are as follows.

Relevant transactions	GC (General Collateral) repos, including transactions under repurchase agreements and securities lending with cash collateral
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Rates to be reported by reference institutions	<p>1) market rates that each reference institution considers to be prevalent market rates at a designated time;</p> <p>2) prevalent market rates are mid rates of offers and bids;</p> <p>3) rates of a 10 billion-yen transaction as a standard size for any maturities;</p> <p>4) rates of GC repos without substitution; and</p> <p>5) rates on a 365-day basis.</p>
Maturities	<p>overnight (T+0, T+1), 1 week, 2 weeks, 3 weeks, 1 month, 3 months, 6 months and 1 year</p> <p>➤ The rates of 1 week and longer maturities are on a T+2 settlement basis.</p>
Decimal place of rates	Rates are reported, averaged to three decimal places of percentage.
Designated time as of which rates are reported	Each reference institution shall report the prevalent market rates of all maturities as of 11:00 a.m.
Deadline for reporting	Each reference institution shall report the rates of all maturities by 11:45 a.m.
Calculation method	The Bank of Japan (hereafter referred to as “the Bank”) shall, for each maturity, eliminate the highest and lowest 15% of all the reported rates. The remaining rates shall be averaged and rounded to three decimal places.

If any of the reference institutions fails to report rates, the Tokyo Repo Rate shall be calculated and published as follows.

- 1) If more than half of the reference institutions fail to report rates, the Bank shall not calculate and publish the Tokyo Repo Rate. The individual rates reported by reference institutions shall also not be published.
- 2) If not more than half of the reference institutions fail to report rates, the Bank shall eliminate the same number of reported rates as usual from the highest and lowest and average the remaining rates.

4. Publication, Correction rule

Each business day at around 0:30 p.m., the Bank shall publish the Tokyo Repo Rate as well as the rates reported by each reference institution through the financial information providers designated by the Bank. After the publication through providers, the Bank shall also publish the Tokyo Repo Rate on its website.

The Tokyo Repo Rate shall not, in principle, be corrected once it is published. If, however, correction is necessary, the Bank shall publish the corrected rates through providers within one hour of the first publication.

5. Reference institutions

5.1 Number of reference institutions

The number of reference institutions is set to be around 20 (approximately from 15 to 25).

5.2 Eligibility criteria

Reference institutions must:

- 1) be active players in the Japanese repo market,
- 2) have good credit standing and reputation,
- 3) have good performance records in reporting rates (applicable when a current reference institution applies for a continuance of the status).

5.3 Obligations of reference institutions

Reference institutions shall comply with the following obligations:

- 1) Reference institutions shall accurately and punctually report rates.
- 2) In order to ensure appropriateness of reported rates and fairness of trading in the Japanese repo market, reference institutions shall avoid any conduct that impedes competition such as exchanging information and coordinating the levels of reporting rates among reference institutions in advance.
- 3) Reference institutions shall actively cooperate to ensure appropriate formulation and integrity of the Tokyo Repo Rate.

5.4 Selection of reference institutions

The Bank shall annually select reference institutions. If more than 20 institutions apply for reference institutions, the Bank shall make a selection based on the criteria prescribed in Section 5.2, with the aim of maximizing the coverage of market participants' various views on interest rates.

6. Meeting with reference institutions

In order to ensure appropriate formulation and to discuss improvements of the Tokyo Repo Rate, the Bank shall hold meetings with reference institutions and other relevant parties, when needed.

7. Outsourcing of operations

The Bank shall designate a third party to conduct a part of the operations of calculating and publishing the Tokyo Repo Rate on its behalf.