

Maintaining the Network of Practitioners on Interest Rate Benchmarks [Draft]

- The Cross-Industry Forum on Interest Rate Benchmarks was established in March 2022 as a venue for market participants and interest rate benchmarks users to exchange opinions on the choice and usage of Japanese yen interest rate benchmarks, with the aim of facilitating smooth transactions referencing Japanese yen interest rate benchmarks in the Japanese markets. Its activities to date have confirmed that alternative interest rate benchmarks for Japanese yen LIBOR are used smoothly in general and that the transition from U.S. dollar LIBOR has mostly been completed. In this regard, the Forum has largely achieved its original objectives.
- Meanwhile, there has been an international awareness that the use and choice of new reference rates could influence financial stability even after the cessation of U.S. dollar LIBOR at the end of June 2023, highlighting the importance of understanding the usage of interest rate benchmarks.
- In light of the above, one option is to maintain the links among practitioners established through the LIBOR transition in the form of a loose network to continue sharing information on the use of interest rate benchmarks and to have international discussions should they become necessary again, even if the Forum's activities are concluded. Specifically, we suggest that the network be set up in the following manner:
 - ✓ The network will aim to maintain the connections among the Forum's members, observers, and other interested parties. Given the burden on participants, regular meetings are not expected to be held (no chair nor vice-chair, no working group).
 - ✓ The activities of the network will include information sharing via email from the Bank of Japan, which will serve as its secretariat. The emails will cover discussions on the use of interest rate benchmarks at international organizations and in other jurisdictions and efforts to improve the robustness of interest rate benchmarks in Japan.
 - ✓ The secretariat might conduct a survey on the use of interest rate benchmarks in the Japanese markets and share the results with participants, as appropriate.
 - ✓ After inquiring the Forum's members, observers, and other interested parties about their willingness to participate in the network by the end of this year, the network will be organized next year.
 - The secretariat will consider new participation in the network upon request from practitioners of interest rate benchmarks. The list of network participants is expected to be made public.