

September 25, 2019

## Task Force on Term Reference Rates

### Terms of Reference

#### 1. Objectives

With the aim of providing support to the potential calculating and publishing entities of term structures based on Japanese yen (JPY) overnight index swap (OIS) referencing TONA identified as the risk-free reference rate (referred to as “Term Reference Rates” hereinafter) so that they could smoothly proceed with efforts for the calculation and publication of those rates and the development of organizational frameworks, the Task Force on Term Reference Rates (referred to as “Task Force” hereinafter) shall deliberate on practical matters and other necessary measures based on the work of the “Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks” (referred to as “Committee” hereinafter).

#### 2. Issues to Be Deliberated

The Task Force shall, drawing on the views of practitioners or experts, deliberate on the following:

- (1) issues on the selection criteria for the calculating and publishing entities of Term Reference Rates;
- (2) issues on data requirements for Term Reference Rates;
- (3) issues on the development of organizational frameworks for calculating and publishing prototype rates for Term Reference Rates;
- (4) issues on the development of organizational frameworks for calculating and publishing production rates for Term Reference Rates; and
- (5) other necessary issues.

#### 3. Framework and Governance

- (1) In order to quickly deliberate on necessary issues, the members of the Task

(Tentative translation)

Force are composed of a small number of entities including the co-chairs of the Sub-Group for the Development of Term Reference Rates, brokers of JPY OIS, a non-financial corporate (interest rate benchmark user), an institution with knowledge about derivatives, an organization with knowledge about law and compliance, the Financial Services Agency, and the Bank of Japan.

- (2) The Task Force may, if deemed necessary in light of its objectives, invite entities that wish to be the calculating and publishing entities of Term Reference Rates and other relevant parties to the Task Force, by agreement among the members of the Task Force.
- (3) The Task Force secretariat shall be staffed by the BOJ (Market Infrastructure Division, Financial Markets Department). The Task Force secretariat shall undertake administrative issues of the Task Force, such as the preparation of meeting agendas and their distribution to the members, and provision of meeting rooms.
- (4) The meetings of the Task Force shall occur with frequency that is necessary and sufficient for deliberating on the calculation and publication of Term Reference Rates. The meetings of the Task Force shall take place in person, by written procedures or in any other form agreed by the members of the Task Force.
- (5) The decision making of the Task Force shall be carried out on a consensus basis.

#### **4. Report and Disclosure**

The Task Force meetings shall be closed to the public in principle; however, this shall not apply to the following cases.

- (1) When the Task Force, as necessary, reports the outcome of the deliberations of the Task Force to the Committee and its subgroups. On the issues where a consensus cannot be achieved, the Task Force shall also report minority views to the Committee.
- (2) When the Task Force deems it necessary to release the status of deliberations in light of its objectives.

(Tentative translation)

## **5. Confidentiality**

The members and other participants of the Task Force shall be prohibited to disclose any non-public information obtained through the deliberations of the Task Force. The information obtained through the deliberations of the Task Force shall be used solely to achieve the objectives of the Task Force and not for anti-competitive purposes or for the benefits of their own or third parties. The same shall continue to apply after the resignation of members and other participants of the Task Force.

## **6. Compliance with Competition Laws**

The members and other participants of the Task Force shall fully comply with all applicable competition laws in Japan and overseas, including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of April 14, 1947).

## **7. Other Issues**

The members shall decide any other issues not specified in this Terms of Reference that are necessary to conduct the Task Force, by agreement among the members of the Task Force.