

[II] Proposed Actions for the Publication of Term Reference Rates (Swap)

1. Background

In both the Sub-Group on Loans and the Sub-Group on Bonds under the Committee, there was a majority opinion that it would be desirable to use “Option (3) Term Reference Rates (Swap)” as an alternative benchmark. Although this will be confirmed with more entities in the public consultation¹, the next phase is to commence actions for the publication of “Option (3)” as a market-wide initiative.

In this respect, as described in “4. (1) (ii) Toward calculation and publication of Option (3)” in the public consultation, it is necessary to solicit publishing entities of “Option (3)” which are envisaged as the future administrators of the rate.

Upon soliciting these entities, it could be considered necessary to establish a framework for providing the publishing entity with practical support regarding the requirements for “Option (3)” and data validation based on the deliberations in the Committee so that the entity could smoothly proceed with efforts for the calculation and publication of “Option (3).”

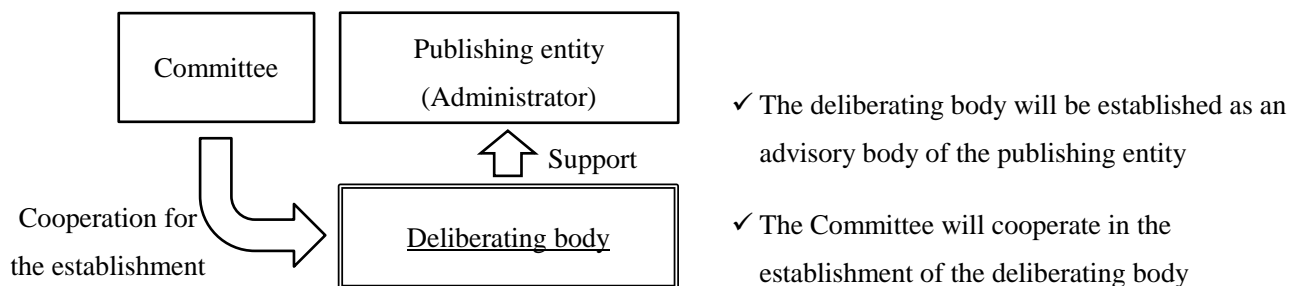
2. Framework for practical deliberation

In order to publish “Option (3)” (prototype rate) soon after the publication of deliverables based on the public consultation, as described in the public consultation, and provide the publishing entity with practical support, as described above, it could be considered necessary to establish a small-group deliberating body with emphasis on quick deliberation and decision making.

For example, the below framework could be considered for the deliberating body.

¹ It is scheduled to be published by the end of June 2019.

(Figure) Framework around the deliberating body



Given that it will provide practical support with a view to publishing production rates of “Option (3),” the deliberating body could be drawn from companies/institutions with relevant knowledge, major brokers of JPY OIS, the main members of the Sub-Group for the Development of Term Reference Rates who have deliberated specific requirements for “Option (3),” etc.

3. Future Actions

The selection process in a situation where more than one company/institution respond to the solicitation of the publishing entities of “Option (3)” will be explained to the Committee members in advance in consideration of the situation overseas, the requirements for “Option (3),” and opinions from the brokers which will become data providers.

Moreover, proposal on the specific members of the deliberating body will be put forward to the Committee.

When the deliberating body makes progress with specific efforts, this will be reported to the Committee if deemed necessary. Also, it is assumed that the Committee will provide support such as in the soliciting of opinions from the members and observers of the Committee if deemed necessary depending on the reported matters.