

Determination of the Calculating and Publishing Entity
of Prototype Rates for Term Reference Rates

1. Determination of the Calculating and Publishing Entities of Prototype Rates for Term Reference Rates

As announced in the "Solicitation of the Calculating and Publishing Entities of Prototype Rates for Term Reference Rates (Swap)"¹ (hereinafter the Solicitation Paper) released on October 29, 2019, the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks (hereinafter the Committee) solicited entities that will calculate and publish prototype rates based on Japanese yen (JPY) overnight index swap (OIS) (hereinafter the Term Reference Rates).²

As a result, the Committee received applications from a certain number of entities that have experience in calculating and publishing benchmarks. Applicants have been evaluated in accordance with the process described in Item 2. of the Solicitation Paper.

Specifically, the Task Force on Term Reference Rates³ (hereinafter the Task Force) received presentations by applicants on details described in Item 1. (2) of the Solicitation Paper (the point of the details is as described in 1.-8. below). Subsequently, applicants were evaluated while taking into account the opinions of such parties as data providers of JPY OIS and the supervisory authority of interest rate benchmarks in Japan.

1. Whether an applicant plans to construct personnel and operational system to calculate and publish the benchmark in an appropriate manner
2. Whether an applicant plans to establish a system structure to calculate and publish the benchmark in an appropriate manner

¹ https://www.boj.or.jp/en/announcements/release_2019/rel191029b.pdf

² The call for application was closed on December 31, 2019. Please refer to the following link:
https://www.boj.or.jp/en/announcements/release_2019/rel191206c.pdf

³ The Task Force was established on August 28, 2019 to provide the calculating and publishing entities of Term Reference Rates with practical support. For more information, please refer to the following links:
"Establishment of the 'Task Force on Term Reference Rates'" (released on July 30, 2019)
https://www.boj.or.jp/en/announcements/release_2019/rel190730b.pdf
"Establishment of the 'Task Force on Term Reference Rates' and Holding of the First Meeting" (released on August 28, 2019)
https://www.boj.or.jp/en/announcements/release_2019/rel190828a.pdf

(Tentative translation)

3. Whether an applicant has established a sustainable operational system as an administrator of the benchmark
4. Whether the reliability of an applicant is ensured as a receiver of data provided by OIS brokers
5. Whether an applicant complies with the principles and requirements indicated in the public consultation⁴
6. Whether an applicant is able to accommodate to the changes in the market environment
7. Whether an applicant has developed a policy for the publication of production rate which takes account of the widespread use of the new benchmark
8. Whether an applicant has plans to develop a management plan that enables to implement the above details

The Committee then discussed and evaluated each applicant after receiving an explanation for the reasoning behind the evaluation from the Task Force, with a view to ensure the transparency in the selection process.

As a result, the Committee reached a conclusion that Quick Corp. was suitable as a calculating and publishing entity of prototype rates for Term Reference Rates, as it met the principles and requirements indicated in the public consultation and was the most highly evaluated applicant in almost all of the evaluation points.

2. Plan for the Development of Term Reference Rates

Going forward, Quick Corp. will prepare for calculating and publishing prototype rates for Term Reference Rates with support provided by the Task Force. The commencing time of the publication will be released on the Bank of Japan's website as soon as it is ready.

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⁴ "Public Consultation on the Appropriate Choice and Usage of Japanese Yen Interest Rate Benchmarks"
Please refer to the following link:
https://www.boj.or.jp/en/paym/market/jpy_cmte/index.htm/