

[II] Report from the Task Force on Term Reference Rates

- QUICK Corp. has been making progress as laid out in the "Schedule for publication of production rates for term reference rates"¹ and already started to exchange views with the supervisory authority regarding practical issues.
- Since the fifteenth meeting held on July 16, the following progress has been made.

I. Preparation for the development of governance structures

- QUICK Corp. has begun to establish internal governance structures, including the formulation of operational rules, and structures to govern brokers.
- QUICK Corp. has also been proceeding with necessary preparations, such as by exchanging views with the supervisory authority, so that the operational rules with regard to publishing Term Reference Rates would be approved, which are one of the requirements for Term Reference Rates to be designated as Special Financial Benchmark and for QUICK Corp. to be designated as Specified Financial Benchmark Administrator.
- In addition to the preparations above, QUICK Corp. will make further efforts to develop robust governance structures in cooperation with relevant parties, for example, by establishing an external audit committee and exchanging views with brokers to develop a code of conduct for submitters.

II. Improvement in the calculation methodology and its transparency

- QUICK Corp. has examined the rules for reducing the use of indicative quotes quantitatively. As a result, it decided to change the calculation methodology by around the end of November 2020. Indicative quotes will not be used after the change in the calculation methodology if the data on the first to fifth priorities are observed
- In case that the data on the first to fifth priorities are not observed, QUICK Corp. will continue to use indicative quotes at least in Phase 1 to calculate and publish the prototype rates. However, additional deliberation concerning indicative quotes will be conducted in Phase 2 to calculate and publish the production rates, while taking account of the liquidity in the JPY OIS market.

¹ See Appendix 2-b (page 25) in the second consultation paper.

(Tentative translation)

- While QUICK Corp. seeks to publish the production rates by around the middle of 2021 at the latest, the Task Force on Term Reference Rates will continue to provide with practical support on the initiatives of QUICK Corp. so that the publication date for the production rates would be moved up as much as possible.