

March 11, 2021
The Cross-Industry Committee on
Japanese Yen Interest Rate Benchmarks

**Response to the Letter regarding Transition Away from LIBOR,
Published Jointly by the FSA and BOJ**

On March 5, 2021, the Financial Conduct Authority (FCA) has announced that it will consult on the use of the proposed powers under the UK Financial Services Bill to require ICE Benchmark Administration (IBA) to publish the 1-month, 3-month and 6-month JPY LIBOR settings on a synthetic basis (hereinafter referred to as “synthetic LIBOR”) for one additional year after end-2021, changing the current calculation methodology for those JPY LIBOR settings based on panel bank submissions (hereinafter referred to as “panel-based LIBOR”).

In consideration of the above announcement, on March 8, 2021, the Financial Services Agency (FSA) and Bank of Japan (BOJ) have jointly released “Response to the announcement on the end date of LIBOR panel publication and the announcement on the intention to consult on the publication of synthetic yen LIBOR” (hereinafter referred to as the “joint letter by the FSA and BOJ”).¹

The Cross-Industry Committee on Japanese Interest Rate Benchmarks (hereinafter referred to as the “Committee”) would like to thank the FCA for the announcement on the intention to consult on the publication of synthetic yen LIBOR, in line with the comment letter² which was sent to the FCA by

¹ (FSA) <https://www.fsa.go.jp/en/policy/libor/syntheticlibor202102.pdf>
(BOJ) https://www.boj.or.jp/en/announcements/release_2021/data/rel210308a.pdf

² https://www.boj.or.jp/en/paym/market/jpy_cmte/cmt210203c.htm/

(Tentative translation)

the Committee on February 3, 2021.

In addition, the Committee welcomes and supports the publication of the joint letter by the FSA and BOJ. The FSA and BOJ have clarified their expectations on the transition away from panel-based LIBOR as well as on synthetic yen LIBOR in a timely manner. The Committee considers that this clarification will help the orderly transition away from LIBOR in Japan.

Given the views expressed in the joint letter by the FSA and BOJ, the Committee, in close cooperation with a wide range of market participants, intends to discuss the risks and uncertainties where inevitable delay in the achievement of milestones may occur in certain legacy contracts, even though the preparation toward the transition is picking up going forward. The Committee will continue to work toward the orderly transition away from LIBOR.

(End)