Appendix 5-a: Issues Subject to Public Comments

Number	Relevant chapter, etc.	Section	Subsection	Page	Question	Type of institution[1]				
						Bank	Securities company	Institutional investor	Non-financial corporate	Others
1	2.(2)(iv)	Options for alternative benchmarks	Specific requirements	12	This question is about the requirements for O/N RFR Compounding (Fixing in Advance) (Option (1)). Regarding the proposed requirements assuming publication such as that the Calculation Date is the same day as the Reset Date, please provide any other points that should be considered or any other views.	◎	◎	◎	○	○
2	2.(2)(iv)	Options for alternative benchmarks	Specific requirements	12	This question is about the requirements for O/N RFR Compounding (Fixing in Arrears) (Option (2)). Lock out methodology, Delay methodology, and Reset days prior methodology are proposed as the requirements for Option (2). Please provide your preferred methodology from the three methodologies or any other methodologies.	◎	◎	◎	◎	○

[1] "◎" indicates that the question is considered highly relevant to the business of the type of institution in general. Please use it as a reference in providing responses. Note that the column is not intended to limit the number of questions that need answering.

3	2.(2)(iv)	Options for alternative benchmarks	Specific requirements	12	This question is about the requirements for O/N RFR Compounding (Fixing in Arrears) (Option (2)). Regarding the proposed requirements assuming publication such as that two business days and five business days are required from the Calculation Date to the Payment Date, please <u>describe whether you agree or disagree</u>. Also, please <u>provide any other points that should be considered or any other views</u>.	◎	◎	◎	◎	○
4	2.(2)(iv)	Options for alternative benchmarks	Specific requirements	14	This question is about the requirements for Term Reference Rates (Swap) (Option (3)). Regarding the gradual approach to calculate and publish the prototype rate in Phase 1, and then calculate and publish the production rate referred to by actual contracts in Phase 2, please <u>describe whether you agree or disagree and explain why</u>. Also, please <u>provide any other views</u> including the transition timing from Phase 1 to Phase 2.	○	○	○	○	○
5	2.(2)(iv)	Options for alternative benchmarks	Specific requirements	14	This question is about the requirements for Term Reference Rates (Swap) (Option (3)). Regarding the specific requirements including those described in Appendix 2-c, please <u>provide your views</u>. Also, please <u>provide any other points that should be considered</u> about the specific requirements described in Appendix	○	○	○	○	○

					2-c.					
6	2.(3)(ii)	Fallbacks	Direction of approaches for loans	23	This question is about the fallback trigger events for loans (Issue 1). Regarding the trigger events for loans, the Committee indicates that introducing permanent cessation triggers is recommended, while other triggers could be introduced as necessary. Please describe whether you agree or disagree and explain why. If you disagree, please describe any alternatives as specifically as possible.	○	○	○	○	○
7	2.(3)(ii)	Fallbacks	Direction of approaches for loans	24	This question is about the fallback replacement rate of loans (Issue 2). Basically, a combination of O/N RFR Compounding (Fixing in Arrears) (Option (2)), Term Reference Rates (Swap) (Option (3)), Term Reference Rates (Futures) (Option (4)), or TIBOR (Option (5)) and the Historical Mean/Median Approach gained support as replacement rates for loans. Please describe which of these are preferable and explain why. If you think any other combinations are preferable or have any other views, please explain.	○	○	○	○	○

8	2.(3)(ii)	Fallbacks	Direction of approaches for loans	24	This question is about the fallback procedures for loans (Issue 3). The Committee sees that both determining replacement rates at the time of introducing a fallback provision (Hardwired Approach) and triggering (Amendment Approach) are possible as a fallback procedure for loans. Please explain which is preferable and why.	◎	◎	○	◎	○
9	2.(3)(ii)	Fallbacks	Direction of approaches for loans	24	If you responded to Question 8 that the Amendment Approach is preferable, please describe whether you support the so-called negative consent procedure, which could be used for replacement rate determination at the time of triggering, and explain why. If you do not, please describe any alternatives as specifically as possible.	◎	◎	○	◎	○
10	2.(3)(iii)	Fallbacks	Direction of approaches for bonds	27	This question is about the fallback trigger events (Issue 1) and replacement rates (Issue 2) for bonds. The Committee indicates that the contents of trigger events and replacement rates with those of fallback provisions for ISDA derivatives could be aligned. Please describe whether you agree or disagree and explain why. If you disagree, please describe any alternatives as specifically as possible.	○	○	○	○	○

11	2.(3)(iii)	Fallbacks	Direction of approaches for bonds	27	This question is about the fallback procedures for bonds (Issue 3). It was widely supported in the Committee to decide on replacement rates at the time of introducing a fallback provision (Hardwired Approach) given the heavy administrative burdens that the issuers and other entities will assume in obtaining consent from investors to amend contracts. Please describe whether you agree or disagree and explain why. If you disagree, please describe any alternatives as specifically as possible.	○	○	○	○	○
12	2.(3)(iii)	Fallbacks	Direction of approaches for bonds	27	As for bonds, the Companies Act provides that Bondholder's Meetings should be held to amend the contract. If you issue or invest in bonds which may require the meetings and you are deliberating on ways other than holding them such as early redemption by issuers, please provide the ways.	○	○	○	○	○
13	3.(1)(i)	Different use of interest rate benchmarks in the multiple-rate approach	Loans	31	Regarding the alternative benchmark for loans, the permanent use of Term Reference Rates (Swap) (Option (3)) or Term Reference Rates (Futures) (Option (4)) in the future gained widest support in the Committee, followed by the permanent use of TIBOR (Option (5)). Please describe whether you agree or disagree and explain why. If you have any other preference,	◎	◎	○	◎	○

					please describe your preferred option as an alternative benchmark to be permanently used for loans and explain why.					
14	3.(1)(i)	Different use of interest rate benchmarks in the multiple-rate approach	Loans	31	If you responded to Question 13 that the permanent use of Term Reference Rates (Swap) (Option (3)) or Term Reference Rates (Futures) (Option (4)) in the future is preferable, please describe which of the alternative benchmarks is preferable for tentative use until the development of those Term Reference Rates and explain why. If you have any other views, please explain.	◎	◎	○	◎	○
15	3.(1)(ii)	Different use of interest rate benchmarks in the multiple-rate approach	Bonds	32	Regarding the alternative benchmark for bonds, the permanent use of Term Reference Rates (Swap) (Option (3)) or Term Reference Rates (Futures) (Option (4)) in the future, as well as the permanent use of O/N RFR Compounding (Fixing in Arrears) (Option (2)) gained support in the Committee. Meanwhile, some wished to use TIBOR (Option (5)) permanently. Please describe which is preferable and explain why. If you have any other views, please explain.	◎	◎	◎	◎	○
16	3.(1)(ii)	Different use of interest rate benchmarks	Bonds	32	If you responded to Question 15 that the permanent use of Term Reference Rates (Swap) (Option (3)) or Term Reference Rates (Futures) (Option (4)) in the future is preferable	◎	◎	◎	◎	○

		in the multiple-rate approach			for bonds, please describe which of the alternative benchmarks is preferable for tentative use until the development of those Term Reference Rates and explain why. Please explain the reason in as much detail as possible, which may include not only theoretical aspects, for example, of the features of interest rate benchmarks, but also practical aspects such as system investment costs.					
17	3.(1)	Different use of interest rate benchmarks in the multiple-rate approach	—	31 32	If you responded to Question 14 and/or Question 16 that the tentative use of O/N RFR Compounding (Fixing in Arrears) (Option (2)) is appropriate, please describe whether it is feasible in terms of administration and/or systems. If the answer differs depending on the product, please explain by product.	◎	◎	◎	◎	○
18	—	—	—	—	Please provide any other issues[2] that may need to be deliberated[3] other than the ones in the public consultation document. To encourage each company to make practical preparations smoothly, this question aims to identify issues including those that are not necessarily mentioned in the public consultation document	○	○	○	○	○

[2] Examples of issues identified in the Sub-Group on Bonds include the treatment of structured bonds, capital securities, and securitizations. Consideration of the treatment of these is expected to be led chiefly by industry groups going forward.

[3] This consultation assumes that interest rate benchmarks will be used in ways suited to the characteristics of financial instruments and financial transactions (multiple-rate approach). Based on the issues subject to public comments described above, please provide your views on the multiple-rate approach, if any. In doing so, please also provide your preference regarding the five options, taking account of your company's business, among other factors.

					and provide feedback. Depending on the views collected in the public consultation, the industry groups and others may lead the discussion to address the issues.					