

September 28, 2021  
The Cross-Industry Committee on  
Japanese yen Interest Rate Benchmarks

### **Cessation of the initiation of new interest rate swaps referencing JPY LIBOR**

The Sub-Group for the Development of Term Reference Rates has reached a consensus on points including the cessation of the initiation of new interest rate swaps referencing JPY LIBOR as follows. It is encouraging market participants to proceed with necessary preparations in accordance with the consensus below.<sup>1</sup>

1. Initiation of new interest rate swaps referencing JPY LIBOR and maturing after the end of 2021 shall be ceased by the end of September 2021, as previously stated in "Preparations for the discontinuation of LIBOR in the JPY interest rate swaps market."
- Interest rate swaps referencing JPY LIBOR include non-linear products in addition to linear products (including products which are excluded from the scope of the cessation of quoting conventions ["TONA First"] such as JPY LIBOR vs. TONA basis swaps).
  - Transactions intended for risk management of existing positions are excluded from the scope of new interest rate swaps referencing JPY LIBOR of which the initiation shall be ceased. In addition, financial institutions are not precluded from executing transactions that would result in increasing LIBOR exposure for their customers and not required to confirm their customers' purposes of trade.
  - It is encouraging market participants to proceed with the transition of interest rate swaps referencing JPY LIBOR as soon as practicable, including transactions of which the initiation is not included in the scope of the cessation above.

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<sup>1</sup> This statement is intended to present the specific matters of "Preparations for the discontinuation of LIBOR in the JPY interest rate swaps market" (published on March 26, 2021), which indicated that initiation of new interest rate swaps referencing JPY LIBOR and maturing after the end of 2021 should be ceased by no later than the end of September 2021.

(Tentative translation)

2. Quoting conventions\* of the interest rate swaps (non-linear products) referencing JPY LIBOR, carried out in the interbank market via voice brokers, shall be ceased altogether immediately after the close of the market on September 30, 2021 ("TONA First").

\* Including trade execution.

- Non-linear products include physical-settled swaptions, caps, and floors.
- Each voice broker publishing the quoting conventions of the interest rate swaps (non-linear products) referencing JPY LIBOR is expected to make appropriate preparations as soon as practicable, taking into account the impact on end users including those arising from the cessation of the brokers' screen.