



TOKYO SWAP RATE

**OUTCOME STATEMENT AND TOKYO SWAP RATE (FOR SWAPS
REFERENCING TIBOR®) CESSATION NOTICE**

Release date: 31 October 2022
Document Classification: PUBLIC



Contents

1. Introduction	3
2. Executive summary	3
3. Summary of feedback	4
Tokyo Swap Rate (for swaps referencing TIBOR®) cessation	4
D-TIBOR® version of Tokyo Swap Rate	4
Delayed publication policy for Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback	4
4. Outcomes	5
Tokyo Swap Rate (for swaps referencing TIBOR®) cessation	5
D-TIBOR® version of Tokyo Swap Rate	5
Delayed publication policy for Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback	5
Appendix	6

Copyright © 2022 Refinitiv. This communication is for information purposes only, is not to be construed as advice or counsel and is subject to change. Refinitiv Limited and its affiliates ("Refinitiv") has made reasonable efforts to ensure that the information contained in this communication is correct at the time of printing, but shall not be liable for any decisions made in reliance on it. Refinitiv makes no warranties or representations of any kind regarding the accuracy, timeliness, or completeness of any information contained within this communication. This communication does not constitute investment advice, nor is it intended to constitute an invitation or inducement to engage in any investment activity. This communication does not constitute an offer to sell or the solicitation of an offer to purchase any security, investment product or service in any jurisdiction. This communication contains information proprietary to Refinitiv and may not be reproduced, transmitted, distributed in whole or part, or be used to create any derivative works, without the express written permission of Refinitiv, which permission may be withheld in Refinitiv's sole discretion. No action should be taken or omitted to be taken in reliance upon Information in this communication and Refinitiv does not accept any liability for the results of any action taken or omitted to be taken on the basis of the Information in this communication. The information in this communication is not offered as advice on any particular matter and must not be treated as a substitute for specific advice. In particular, information in this communication does not constitute legal, tax, regulatory, professional, financial or investment advice. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances. Refinitiv and the Refinitiv logo are registered trademarks of Refinitiv.

TIBOR is a registered trademark of the Federation of Bankers Associations of Japan, registration number 4115624.

1. Introduction

Refinitiv is a leading calculator and administrator of benchmarks and indices.

The Tokyo Swap Rate is a Japanese Yen (JPY) interest rate swap (IRS) benchmark family comprising benchmark rates with tenors from 1 - 40 years. Currently three versions of the Tokyo Swap Rate are published:

- Tokyo Swap Rate (for swaps referencing TIBOR®)
- Tokyo Swap Rate (for swaps referencing TONA)
- Tokyo Swap Rate Fallback

Refinitiv is the publisher of the Tokyo Swap Rate (for swaps referencing TIBOR®). As publisher, Refinitiv is responsible for collecting input data, determining and publishing the rate, and for all aspects of governance, oversight and integrity of the rate. Refinitiv Benchmark Services (UK) Limited ("RBSL") is the administrator of the Tokyo Swap Rate (for swaps referencing TONA) benchmark and the Tokyo Swap Rate Fallback benchmark. As administrator, RBSL is responsible for collecting input data, determining and publishing the benchmarks, and for all aspects of governance, oversight, compliance and integrity of the benchmarks. RBSL is authorised and regulated in the UK by the Financial Conduct Authority ("FCA"), FCA Reference Number 610678.

The Tokyo Swap Rate (for swaps referencing TIBOR®) measures the fixed leg of a vanilla IRS where the floating leg is Euroyen TIBOR® (commonly known as Z-TIBOR®). Z-TIBOR® is calculated and published by JBATA (Japanese Bankers Association TIBOR Administration) and reflects the prevailing short term interest rates on the Japan offshore market. JBATA also publishes 'Japanese Yen TIBOR' (D-TIBOR), which reflects the prevailing rates on the unsecured call market¹. In March 2021, JBATA announced the expected timeline for discontinuing Z-TIBOR® which if implemented would be at the end of December 2024². There are currently no plans for cessation of D-TIBOR®. Tokyo Swap Rate (for swaps referencing TIBOR®) is available in 11 tenors from 1-10 years and is published at 15:30 Tokyo time, on each business day in Japan.

In December 2021 Refinitiv issued a [consultation paper](#) and [outcome statement](#) in relation to a reduction in the minimum number of contributors and to simplify the fallback procedure for Tokyo Swap Rate (for swaps referencing TIBOR®). In January 2022 Refinitiv issued a [second consultation paper](#) and [outcome statement](#) in relation to implementing a new fallback procedure methodology for this rate, which is composed of Tokyo Swap Rate (for swaps referencing TONA) plus a spread adjustment. Tokyo Swap Rate (for swaps referencing TIBOR®) is currently calculated using the new fallback procedure methodology.

On 10 August 2022 Refinitiv issued a [consultation paper](#) to collect feedback on:

- The proposed timeline and approach for cessation of Tokyo Swap Rate (for swaps referencing TIBOR®)
- Viable data sources for the possible introduction of a D-TIBOR® version of Tokyo Swap Rate
- Whether a Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback should be published following provision of a "no fix"

A summary of the key points received, and the decisions taken by Refinitiv are in Sections 2 and 3 respectively. Refinitiv is grateful for the responses received to the public consultation.

2. Executive summary

Calculation and publication of all tenors of Tokyo Swap Rate (for swaps referencing TIBOR®) will permanently cease immediately following the final publication at 15:30 (Tokyo time) on Friday 31 March 2023. Users of Tokyo Swap Rate (for swaps referencing TIBOR®) should take into account this cessation notice and ensure their contractual and other arrangements linked to the benchmark contain appropriate and robust fallback plans or other arrangements to address the cessation.

Refinitiv will not create a D-TIBOR® version of Tokyo Swap Rate prior to cessation of Tokyo Swap Rate (for swaps referencing TIBOR®) but will continue to monitor input data availability.

RBSL, in conjunction with the oversight committee, will review the delayed publication policy for Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback.

¹ See <https://www.ibatibor.or.jp/english/about/> for further details about TIBOR

² See <https://www.ibatibor.or.jp/english/refom/> for further details

3. Summary of feedback

Refinitiv received a small number of responses to the 10 August 2022 consultation paper. We believe this may be because the topic of Tokyo Swap Rate (for swaps referencing TIBOR®) cessation was previously covered in the January 2022 consultation paper and the proposals that Refinitiv put forward in the August 2022 consultation paper were consistent with feedback from the January 2022 consultation paper.

Tokyo Swap Rate (for swaps referencing TIBOR®) cessation

Q1: Does cessation of Tokyo Swap Rate (for swaps referencing TIBOR®) immediately following publication on 31 March 2023 provide sufficient time for you to implement suitable fallbacks or other arrangements in your contracts? If not, please provide a detailed explanation why not and how much additional time is required.

The majority of respondents to the January 2022 consultation paper proposed cessation between Q3 2022 and Q1 2023. Two of the respondents to the current August 2022 consultation paper requested delaying cessation of Tokyo Swap Rate (for swaps referencing TIBOR®) by a further 6 to 12 months. This additional time was requested to amend fallback language in contracts as well as update policies and systems.

Given the changing global interest rate environment Refinitiv is concerned that the Tokyo Swap Rate (for swaps referencing TIBOR®) methodology, which is based on Tokyo Swap Rate (for swaps referencing TONA) and a static spread adjustment may not remain representative over such a long period of time.

Refinitiv followed up with the firms that requested an extension to the cessation date. These firms agreed to cessation of Tokyo Swap Rate (for swaps referencing TIBOR®) on 31st March 2023.

Q2: Following cessation, Tokyo Swap Rate (for swaps referencing TIBOR®) RICs and pages would display the final published rates for a period of 3-months. Following this the rates would be removed. Does displaying the final rates on the RICs and pages following cessation cause any issues? If so, please explain why. Does removing the rates 3 months after cessation cause any issues? If so, please explain why.

No respondents had any concerns with the proposed publication of the final rates on the Tokyo Swap Rate (for swaps referencing TONA) RICs and pages for a period of 3-months after the cessation date. In addition, removing the rates 3-month after cessation did not raise any concerns.

D-TIBOR® version of Tokyo Swap Rate

Q3: Are there any other existing data sources that Refinitiv should consider as possible inputs into a D-TIBOR® version of Tokyo Swap Rate?

Q4: Do you expect any new data sources to become available in the future (or substantial improvements in liquidity of existing data sources) that could be possible inputs into a D-TIBOR® version of Tokyo Swap Rate?

There was support for using broker data as an input into a D-TIBOR® version of Tokyo Swap Rate. However, it was recognised that the market isn't currently liquid enough to create a benchmark. No other sources of data were proposed as an alternative input into a D-TIBOR® version of Tokyo Swap Rate.

One respondent highlighted the cessation of Z-TIBOR could drive increased D-TIBOR IRS activity in the broker market, which may make it suitable as an input into a benchmark.

Delayed publication policy for Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback

Q5: Following publication of a "no fix", if sufficient data becomes available to publish a benchmark value should the "no fix" be retained or should the benchmark value be published?

Q6: If “no fix” is superseded by a benchmark value, should there be a time limit on when this can happen? If so, what time restrictions would you prefer?

Respondents were supportive of replacing “no fix” with a benchmark value only if the benchmark value was available promptly. Respondents believed the benchmark value should be published no later than between 30 minutes after announcing the “no fix” and prior to 23:59 JST on the publication date.

4. Outcomes

Tokyo Swap Rate (for swaps referencing TIBOR®) cessation

Calculation and publication of all tenors of Tokyo Swap Rate (for swaps referencing TIBOR®), including those listed in the Appendix, will permanently cease immediately following the final publication at 15:30 (Tokyo time) on Friday 31 March 2023. This announcement constitutes an “Index Cessation Event” pursuant to the 2021 ISDA Interest Rate Derivatives Definitions and the 2006 Definitions Benchmarks Annex to the ISDA Benchmarks Supplement in respect of the Tokyo Swap Rate (for swaps referencing TIBOR®) as the “Settlement Rate”.

Following the final publication, the page <27143> will display the final published rates and the notice “Tokyo Swap Rate (for swaps referencing TIBOR®) has now ceased. Users may want to consider using an alternative rate.” The other RICs will display the final published rates without the notice. Three months after Tokyo Swap Rate (for swaps referencing TIBOR®) cessation the RICs and pages shown in the Appendix will be removed from Refinitiv products. Refinitiv will not publish a fallback for Tokyo Swap Rate (for swaps referencing TIBOR®) after 31 March 2023. This information about this cessation is also available via a Data Notification ([DN204998](#)).

The cessation of Tokyo Swap Rate (for swaps referencing TIBOR®) will have no impact on other versions of Tokyo Swap Rate. RBSL will continue to publish Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback.

D-TIBOR® version of Tokyo Swap Rate

As stated in the August 2022 consultation paper, Refinitiv will not create a D-TIBOR® version of Tokyo Swap Rate prior to cessation of Tokyo Swap Rate (for swaps referencing TIBOR®). Refinitiv will continue to monitor liquidity and data availability in the D-TIBOR® IRS market and depending on demand for a D-TIBOR® version of Tokyo Swap Rate may review the decision to create a D-TIBOR® version of Tokyo Swap Rate in the future.

Delayed publication policy for Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback

In light of feedback collected in this consultation RBSL, in conjunction with the oversight committee, will review the delayed publication policy for Tokyo Swap Rate (for swaps referencing TONA) and Tokyo Swap Rate Fallback and may recommend to the RBSL board a change to the methodology document. Pending RBSL board approval Refinitiv will update the [methodology](#) document to reflect any agreed changes.

Appendix

List of RICs and pages that will cease immediately following publication on 31 March 2023

Tenor	Tokyo Swap Rate (for swaps referencing TIBOR®)
All	JPYTSRT= 27143
1-Year	JPYTSRT1Y=
18-Months	JPYTSRT18M=
2-Years	JPYTSRT2Y=
3-Years	JPYTSRT3Y=
4-Years	JPYTSRT4Y=
5-Years	JPYTSRT5Y=
6-Years	JPYTSRT6Y=
7-Years	JPYTSRT7Y=
8-Years	JPYTSRT8Y=
9-Years	JPYTSRT9Y=
10-Years	JPYTSRT10Y=

Visit refinitiv.com

Refinitiv, an LSEG (London Stock Exchange Group) business, is one of the world's largest providers of financial markets data and infrastructure. With \$6.25 billion in revenue, over 40,000 customers and 400,000 end users across 190 countries, Refinitiv is powering participants across the global financial marketplace. We provide information, insights, and technology that enable customers to execute critical investing, trading and risk decisions with confidence. By combining a unique open platform with best-in-class data and expertise, we connect people to choice and opportunity – driving performance, innovation and growth for our customers and partners.

An LSEG Business

