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Second Public Consultation in Preparation for Discontinuation of JPY LIBOR

Aiming at suspension of new loans and bond issues referencing JPY LIBOR by end June 2021

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Summary

- On August 7, 2020, the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks, with the Bank of Japan acting as secretariat, released the Second Public Consultation on the Appropriate Choice and Usage of Japanese Yen Interest Rate Benchmarks.
- The committee solicits opinions from a wide range of market participants in preparation for the possibility of discontinuation of LIBOR after the end of 2021.
- In this consultation, a concrete proposal for the treatment of "fallback", in which JPY LIBOR is changed to another interest rate when it is discontinued, was presented for loans and bonds that reference JPY LIBOR.
- In addition, transition plans were announced, which set out the timing of countermeasures for loans and bonds that reference JPY LIBOR.
- The plan aims to halt new transactions of JPY LIBOR in loans and bonds at the end of June 2021, and to significantly reduce outstanding transactions of JPY LIBOR in loans and bonds at the end of September 2021.

Attention

This report is a summary translation. The official document is only in Japanese.