Key Results of the Survey on the Use of LIBOR

March 24, 2023

Financial Services Agency and Bank of Japan

Summary of the cessation of LIBOR publication

- With regard to London Interbank Offered Rate (LIBOR) based on the methodology referencing rates provided by panel banks (panel-based LIBOR), the publication of panel-based USD LIBOR for certain tenors will be ceased at end-June 2023.
  - ✓ Panel-based LIBOR for other currencies and tenors ceased publication at end-December 2021.
- As for synthetic LIBOR calculated using market data, the publication of synthetic JPY LIBOR was ceased at end-December 2022 and that of synthetic GBP LIBOR will be ceased from end-March 2023 onward. The publication of synthetic USD LIBOR after the cessation of panel-based USD LIBOR has been discussed.

<table>
<tr><th rowspan="2">Currency</th><th rowspan="2">Tenors</th><th rowspan="2">Last date of publication of panel-based LIBOR</th><th colspan="2">Synthetic LIBOR</th></tr>
<tr><th>First date of publication</th><th>Last date of publication</th></tr>
<tr><td rowspan="2">JPY</td><td>Overnight, 1-week, 2-month, and 12-month</td><td rowspan="8">December 31, 2021</td><td colspan="2">No publication</td></tr>
<tr><td>1-, 3-, and 6-month</td><td>January 4, 2022</td><td>December 31, 2022</td></tr>
<tr><td rowspan="3">GBP</td><td>Overnight, 1-week, 2-month, and 12-month</td><td colspan="2">No publication</td></tr>
<tr><td>1-, and 6-month</td><td>January 4, 2022</td><td>March 31, 2023</td></tr>
<tr><td>3-month</td><td>January 4, 2022</td><td>March 31, 2024</td></tr>
<tr><td>CHF</td><td rowspan="2">Overnight, 1-week, 1-, 2-, 3-, 6-, and 12-month</td><td colspan="2" rowspan="3">No publication</td></tr>
<tr><td>EUR</td></tr>
<tr><td rowspan="3">USD</td><td>1-week and 2-month</td></tr>
<tr><td>Overnight and 12-month</td><td rowspan="2">June 30, 2023</td><td colspan="2">No publication (tentative)[1]</td></tr>
<tr><td>1-, 3-, and 6-month</td><td>July 3, 2023 (tentative)[1]</td><td>September 30, 2024 (tentative)[1]</td></tr>
</table>

Note: 1. The Financial Conduct Authority (FCA) has conducted a public consultation on requesting the ICE Benchmark Administration (IBA) -- the administrator of LIBOR -- to continue calculating and publishing synthetic USD LIBOR until end-September 2024, based on the UK Benchmarks Regulation (UK BMR). (The results of the public consultation will be published in late Q1/early Q2 of 2023.) For details, see https://www.fca.org.uk/publications/consultation-papers/cp22-21-synthetic-us-dollar-libor.

Summary of survey

Survey reference date	End-December 2022
Surveyed financial institutions	This survey covers 279 financial institutions: 9 major banks (Mizuho Bank, MUFG Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, Mitsubishi UFJ Trust and Banking Corporation, Mizuho Trust and Banking Company, Sumitomo Mitsui Trust Bank, SBI Shinsei Bank, and Aozora Bank), 100 regional banks, 40 other banks (8 trust banks that are excluded from the major banks, 13 other Japanese banks, 16 foreign bank branches, Shinkin Central Bank, Norinchukin Bank, and Japan Post Bank), 33 securities companies (19 major Japanese securities companies and 14 foreign securities companies), and 97 insurance companies (42 life insurance companies and 55 non-life insurance companies).
Main survey items	• The volume of contracts referencing USD LIBOR for which the publication will be ceased at end-June 2023 • The volume of contracts that use or may use synthetic JPY/GBP LIBOR

Summary of survey results

Transition away from USD LIBOR for which the publication will be ceased at end-June 2023

- With regard to contracts referencing USD LIBOR that will mature beyond end-June 2023, almost 60 percent of financial institutions either have no existing contract or have completed an active transition to alternative reference rates/incorporated fallback provisions. Also, financial institutions with legacy contracts responded that they did not have major obstacles to transition arrangements at this point.

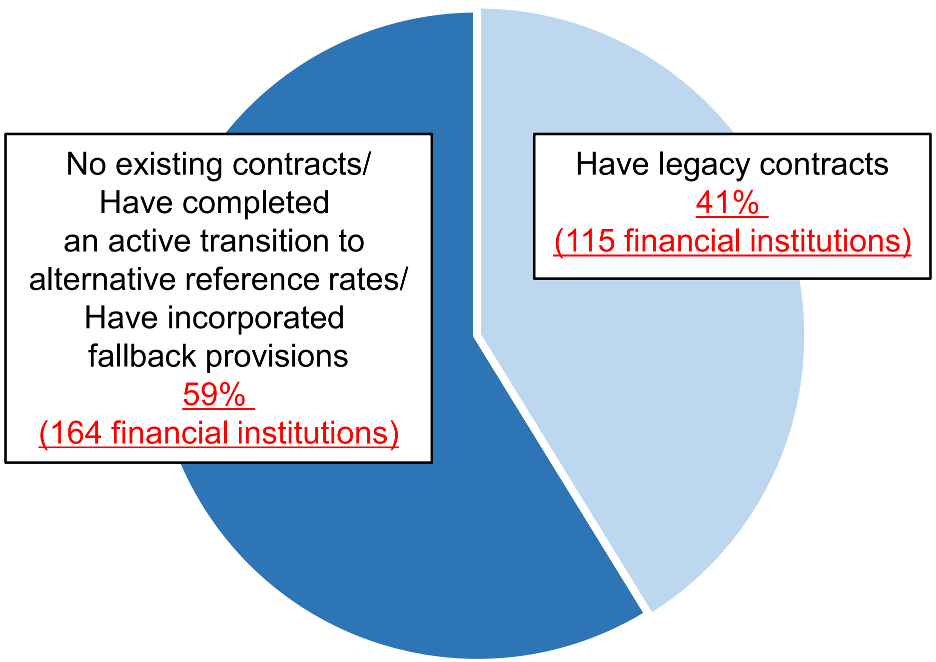
Transition away from synthetic JPY/GBP LIBOR

- There remain a small number of contracts referencing synthetic JPY LIBOR. Yet, transition arrangements are almost completed for all of these contracts. For example, relevant parties have reached agreement on transition plans after the last publication date.
- There remain a small number of contracts referencing synthetic GBP LIBOR. Yet, the completion of transition arrangements is projected as coordination among relevant parties is expected to be completed by the first fixing date after the last publication date.

Transition away from USD LIBOR for which the publication will be ceased at end-June 2023

- With regard to the transition of contracts referencing USD LIBOR as of end-December 2022, almost 60 percent of financial institutions either have no existing contracts[1] or have completed an active transition to alternative reference rates/incorporated fallback provisions.[2]
- Financial institutions with legacy contracts (115 institutions) are aware of some issues regarding the transition that need to be considered, but there are no major obstacles to transition arrangements at this point.

Status of LIBOR transition arrangement as of end-December 2022



Issues regarding the transition

Assets (loans)

- (Mainly in Europe and the United States,) the transition depends on the status of negotiations among other banks and clients in projects for which these banks act as agents.

Assets (bonds/securitized products) and liabilities

- Regarding investment products, since other companies such as asset management companies are primarily responsible for negotiations, financial institutions cannot proceed with the transition at their own discretion.
- Although redemption before the cessation of the USD LIBOR is assumed, there is uncertainty as to whether the redemption will actually take place.
- There are many relevant parties such as investors, and it is difficult to coordinate their interests.

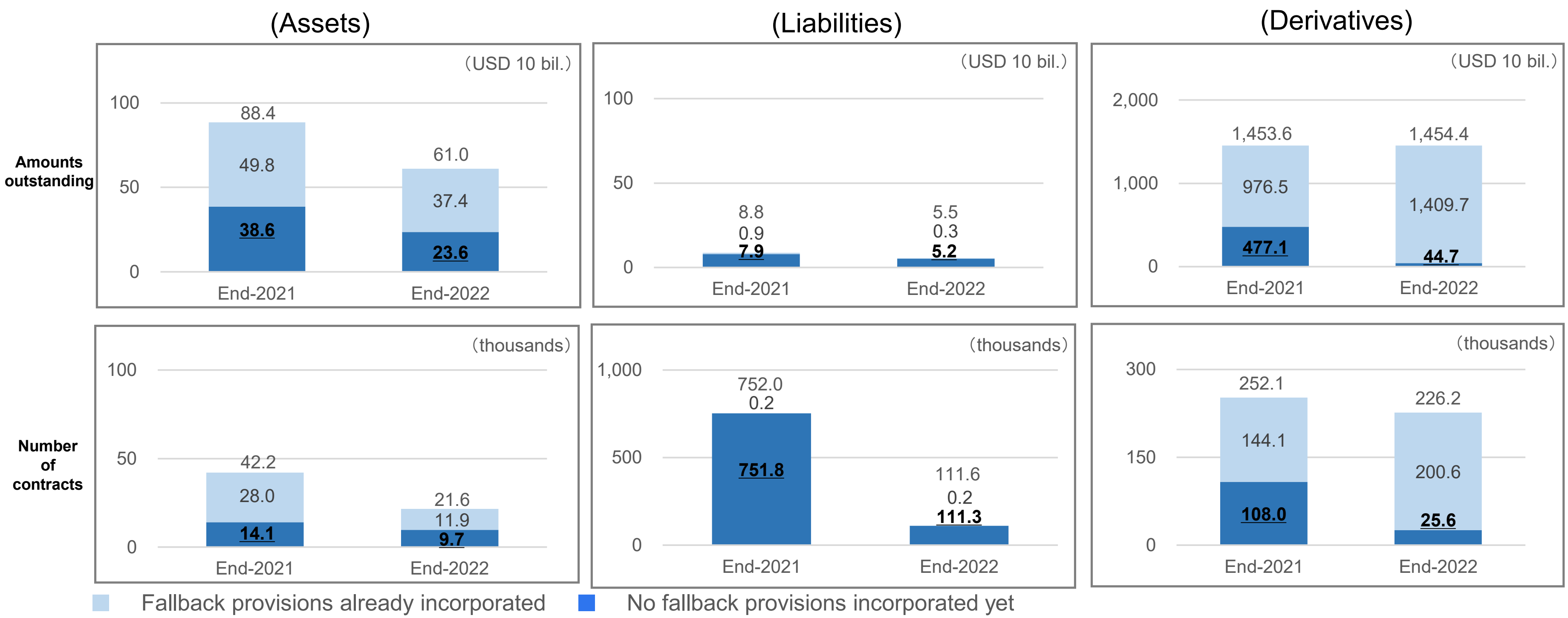
For some contracts that are expected to be difficult to transition, the application of the U.S. federal law[3] is being considered.

Notes:
1. Contracts maturing beyond end-June 2023 among those referencing USD LIBOR tenors (overnight, 1-, 3-, 6-, and 12-month), for which the publication will be ceased at end-June 2023.
2. The incorporation of fallback provisions is an approach where contracting parties reach an agreement in advance on the replacement rate for LIBOR used in situations such as after the publication of LIBOR is ceased.
3. In the United States, a federal law (the LIBOR Act) was enacted in March 2022, establishing a uniform process for changing interest rates from USD LIBOR in "tough legacy" contracts that are governed by U.S. law. For details, see https://www.federalregister.gov/documents/2023/01/26/2023-00213/regulations-implementing-the-adjustable-interest-rate-libor-act.

Volume of contracts referencing USD LIBOR (amounts outstanding and number of contracts)

- Of all contracts referencing USD LIBOR (contracts that reference tenors for which the publication will be ceased at end-June 2023) at end-December 2022 among surveyed financial institutions, the amounts outstanding and number of remaining contracts that mature beyond end-June 2023 were as follows: 0.6 trillion U.S. dollars and 21 thousand contracts for assets; 0.05 trillion dollars and 111 thousand contracts for liabilities; and 14.5 trillion dollars and 226 thousand contracts for derivatives.
- Of the above, the amounts outstanding and number of remaining contracts that did not incorporate fallback provisions were as follows: 0.2 trillion dollars and 9 thousand contracts for assets; 0.05 trillion dollars and 111 thousand contracts for liabilities; and 0.4 trillion dollars and 25 thousand contracts for derivatives. Although these numbers have declined compared to end-December 2021, there remain some contracts that need to be transitioned.

Amounts outstanding/number of contracts referencing USD LIBOR (overnight, 1-, 3-, 6-, and 12-month) and incorporation of fallback provisions

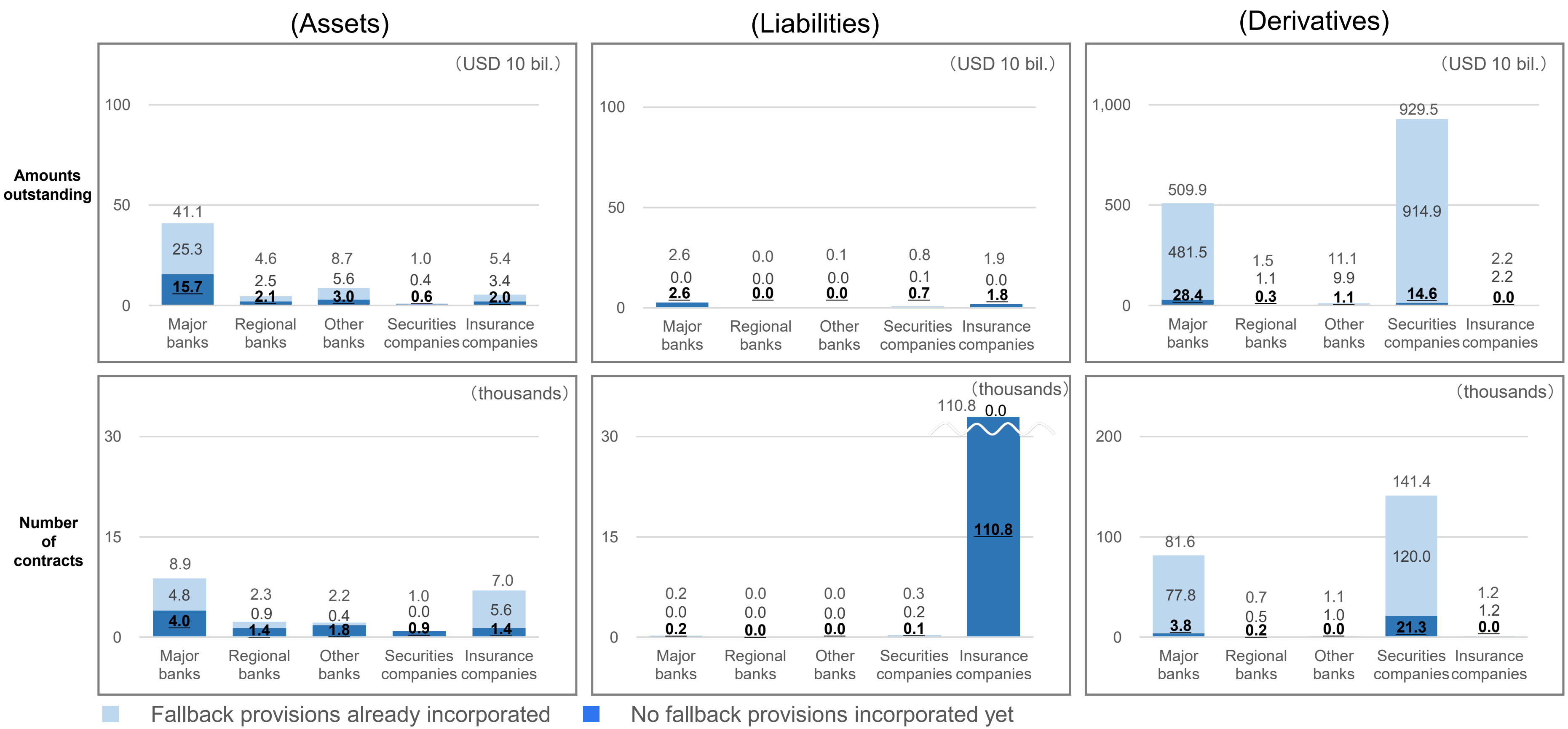


Notes:
1. The figures in the charts are for contracts maturing beyond end-June 2023 among those referencing USD LIBOR tenors (overnight, 1-, 3-, 6-, and 12-month) for which the publication will be ceased at end-June 2023.
2. For liabilities, insurance products account for the majority of contracts. The number of contracts at end-2022 has decreased significantly from end-2021 due to the progress in obtaining approval from the Financial Services Agency for products that require approval, etc., which account for the majority of insurance products.
3. The figures for the amount outstanding of assets as of end-2021 have been updated from the figures presented in the "Summary of Results of the Third Survey on the Use of LIBOR" due to a review of the response figures by surveyed financial institutions.

Volume of contracts referencing USD LIBOR (by business type for assets, liabilities, and derivatives)

- Regarding the assets, major banks accounted for the majority of the amount outstanding, while major banks and insurance companies accounted for most of the number of contracts.
- Regarding the liabilities, major banks and insurance companies accounted for the majority of the amount outstanding, while insurance companies accounted for most of the number of contracts.
- Regarding the derivatives, securities companies and major banks accounted for large shares, both in terms of the amount outstanding and the number of contracts.

Amounts outstanding/number of contracts referencing USD LIBOR (overnight, 1-, 3-, 6-, and 12-month) and incorporation of fallback provisions

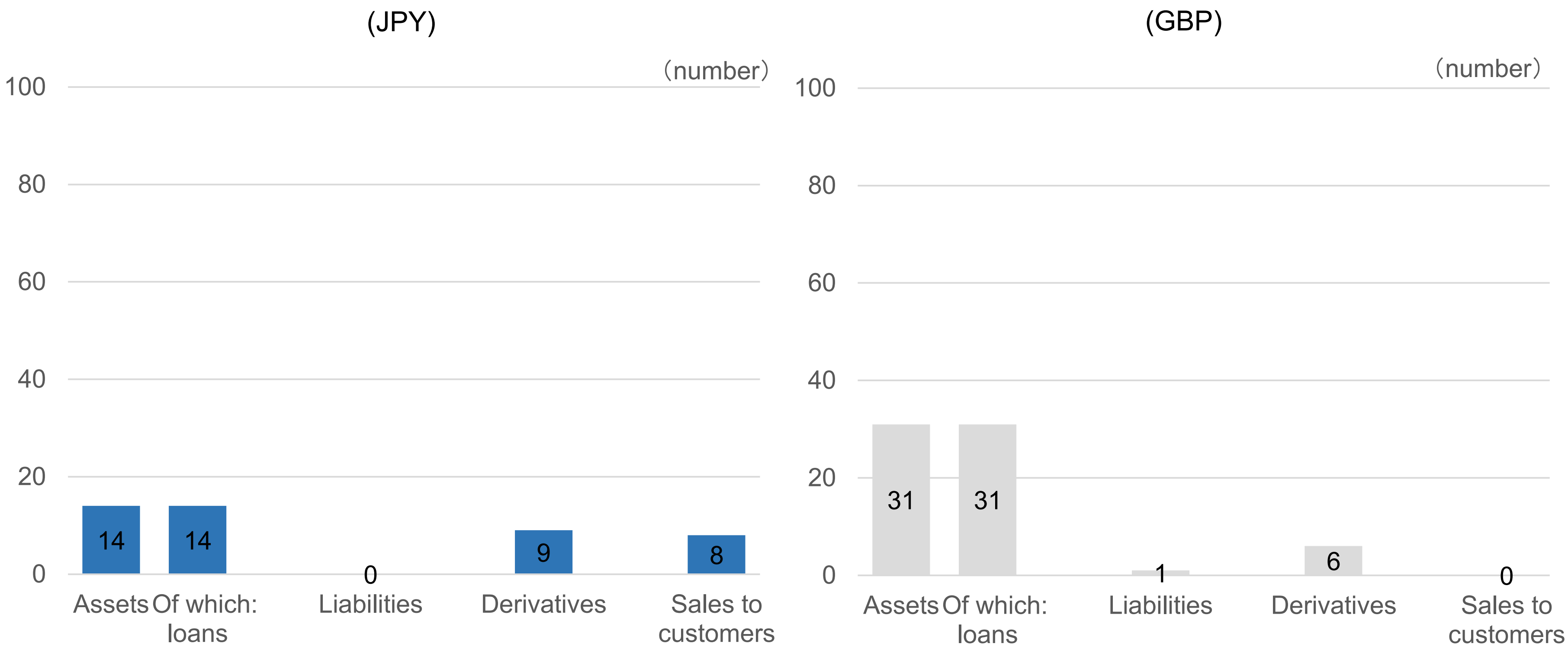


Note: 1. The figures in the charts are for contracts maturing beyond end-June 2023 among those referencing USD LIBOR tenors (overnight, 1-, 3-, 6-, and 12-month) for which the publication will be ceased at end-June 2023.

Transition away from synthetic JPY/GBP LIBOR

- The number of contracts referencing synthetic LIBOR at end-December 2022 (for GBP LIBOR, contracts that mature beyond end-March 2023) among surveyed financial institutions was limited: 31 for synthetic JPY LIBOR and 38 for synthetic GBP LIBOR.
- With regard to contracts that use synthetic JPY LIBOR, although its publication was ceased at end-December 2022, relevant parties have reached agreement on transition plans after the last publication date. Thus, transition arrangements are almost completed.
- As for contracts that use synthetic GBP LIBOR, the completion of transition arrangements is projected as coordination among relevant parties is expected to be completed by the first fixing date after the last publication date.

Number of contracts that use/may use synthetic LIBOR



Notes:
1. Number of contracts for which financial institutions indicated that they use or may use synthetic LIBOR.
2. The figures for synthetic GBP LIBOR in the chart are for contracts that will mature beyond end-March 2023.

Next steps based on the survey results

For financial institutions

Transition away from USD LIBOR for which the publication will be ceased at end-June 2023

- Based on the guidelines issued by the U.S. authorities (FRB, etc.) and committees (ARRC), financial institutions are required to take actions for transition away from USD LIBOR by end-June 2023.
  - ✓ Including existing contracts, financial institutions will be required to properly identify their exposure to contracts referencing USD LIBOR and details of fallback provisions for individual contracts, and an active transition to alternative reference rates or an introduction of fallback provisions that specify robust alternative rates is also required.
  - ✓ If there arise existing contracts that are difficult to transition, financial institutions will need to appropriately consider the application of U.S. federal law as a safety net and the use of synthetic USD LIBOR, the publication of which has been discussed, based on the content of the contract and the intentions of contracting parties, while keeping in mind the timeframe until the cessation of USD LIBOR.

Transition away from synthetic JPY/GBP LIBOR

- Financial institutions will be required to continue to plan and take appropriate actions taking into account the cessation of synthetic JPY/GBP LIBOR, including the transition to alternative reference rates due to the cessation of synthetic JPY LIBOR and proper management of some existing contracts toward the cessation of synthetic GBP LIBOR.

For the FSA and the BOJ

- The FSA and the BOJ will continue to monitor the progress in the transition from USD LIBOR for which the publication will be ceased at end-June 2023 and the transition from synthetic GBP LIBOR for which the publication will be ceased in sequence by end-March 2024, and require financial institutions to take necessary actions in light of the situation.
- Based on the monitoring results, the FSA will consider taking supervisory measures as deemed appropriate.

【Attachment】Volume of contracts referencing USD LIBOR (by business type)

	All business types		Major banks		Regional banks		Other banks		Securities companies		Insurance companies	
	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)
Assets	66.9	23.8	45.8	10.2	5.0	2.7	9.0	2.4	1.2	1.0	5.7	7.4
Of which: contracts maturing beyond end-June 2023	61.0	21.6	41.1	8.9	4.6	2.3	8.7	2.2	1.0	1.0	5.4	7.0
Of which: contracts incorporating fallback provisions	37.4	11.9	25.3	4.8	2.5	0.9	5.6	0.4	0.4	0.0	3.4	5.6
Loans	51.5	15.1	43.3	9.8	3.8	2.0	1.9	0.7	0.6	0.2	1.9	2.3
Of which: contracts maturing beyond end-June 2023	46.0	13.1	38.6	8.5	3.5	1.7	1.7	0.5	0.4	0.1	1.6	2.0
Of which: contracts incorporating fallback provisions	26.9	7.2	23.5	4.6	1.8	0.5	0.6	0.1	0.0	0.0	0.9	1.7
Liabilities	6.2	111.9	3.2	0.3	0.0	0.0	0.1	0.0	0.9	0.4	1.9	111.1
Of which: contracts maturing beyond end-June 2023	5.5	111.6	2.6	0.2	0.0	0.0	0.1	0.0	0.8	0.3	1.9	110.8
Of which: contracts incorporating fallback provisions	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0
Bonds	1.7	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.2	1.2	0.0
Of which: contracts maturing beyond end-June 2023	1.6	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.2	1.2	0.0
Of which: contracts incorporating fallback provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Insurance products	0.4	111.1	-	-	-	-	-	-	-	-	0.4	111.1
Of which: contracts maturing beyond end-June 2023	0.4	110.8	-	-	-	-	-	-	-	-	0.4	110.8
Of which: contracts incorporating fallback provisions	0.0	0.0	-	-	-	-	-	-	-	-	0.0	0.0
Derivatives	2,178.1	262.9	820.1	94.8	1.7	0.9	12.3	1.3	1,341.2	163.9	2.6	1.9
Of which: contracts maturing beyond end-June 2023	1,454.4	226.2	509.9	81.6	1.5	0.7	11.1	1.1	929.5	141.4	2.2	1.2
Of which: contracts incorporating fallback provisions	1,409.7	200.6	481.5	77.8	1.1	0.5	9.9	1.0	914.9	120.0	2.2	1.2
Sales to customers	1.3	20.8	-	-	-	-	-	-	1.3	20.8	-	-
Of which: contracts maturing beyond end-June 2023	1.3	20.7	-	-	-	-	-	-	1.3	20.7	-	-
Of which: contracts incorporating fallback provisions	0.3	4.9	-	-	-	-	-	-	0.3	4.9	-	-

Notes:
1. Contracts referencing overnight, 1-, 3-, 6-, and 12-month tenors, for which the publication will be ceased at end-June 2023, are aggregated.
2. "Contracts maturing beyond end-June 2023" indicates the contracts maturing after end-June 2023.
3. "Contracts incorporating fallback provisions" are those incorporating fallback provisions based on hardwired or amendment approach.
4. The aggregated data on the table include those reported as approximate by some financial institutions.
5. Loans include commitment line agreements.
6. Derivatives contracts are based on notional amounts.
7. Data for insurance products and sales to customers only cover those of insurance companies and securities companies, respectively.