

JBA TIBOR Publication Rules

Japanese Bankers Association

The Japanese Bankers Association (JBA) publishes the following TIBOR (Tokyo Interbank Offered Rate) (hereinafter “JBA TIBOR”).

- (1) Japanese Yen TIBOR that reflects prevailing conditions in the Japan unsecured call market.
- (2) Euroyen TIBOR that reflects prevailing conditions in the Japan Offshore Market.

The following rules are observed in publishing the JBA TIBOR.

1. Calculation of the JBA TIBOR

The JBA TIBOR is the average of interest rates quoted by reference banks for 13 maturities: 1 week and 1-12 months. (Rates for Japanese Yen TIBOR and Euroyen TIBOR are quoted on a 365-day and 360-day basis respectively, both as spot starts¹ in increments of 1/100%.) In calculating the JBA TIBOR, JBA discards quotes from the two highest and two lowest financial institutions and averages the remaining rates (rounded to the fifth decimal place).

When a reference bank fails to quote a part of rates, the same process is followed with data from quoted rates.

Note: The "value date" is two business days after the contract date (Tokyo).

2. Reference bank rate quotes

Each business day, reference banks quote rates for 13 maturities (1 week, 1-12 months) as of 11:00 a.m. by 11:20 a.m. on the same day. Quotes are provided according to the specified method.

Reference banks quote what they deem to be prevailing market rates, assuming transactions between prime banks on the Japan unsecured call market (Japanese Yen TIBOR) and on the Japan Offshore Market (Euroyen TIBOR) as of 11:00 a.m. unaffected by their own positions etc. Therefore, the rates quoted by reference banks are not intended for use in trading by the reference banks.

3. Designation of reference banks

- (1) JBA, in principle, makes a review of the reference bank designations and announces its result at the end of each fiscal year (the end of March). The selection of reference banks is based on four factors: 1) market trading

¹ Spot starts: Spot transactions that start on the second business day following the contract date.

volume (for Japanese Yen TIBOR, on the Japan unsecured call market, and for Euroyen TIBOR, on the Japan Offshore Market), 2) yen asset balance, 3) reputation, and 4) track record in providing rate quotes. (The selection also takes into account JBA TIBOR continuity and the variety of financial sectors to which reference banks belong.)

- (2) JBA designates a sufficient number of reference banks for the stable operations of the JBA TIBOR publication, in accordance with the selection method described in Subsection (1) above, and JBA designates new reference banks whenever it recognizes the necessity.
- (3) The minimum number of reference banks is eight. Should the number of reference banks temporarily decline below the floor—for example, because two reference banks merge—the JBA TIBOR is calculated by using the same method as described in Section 1. above based on quotations from the remaining reference banks only.
- (4) A reference bank is required to notify JBA in writing at least two months prior to the suspension of rate quotations when they wish to resign their reference bank designation.
- (5) JBA may, at its discretion, revoke a financial institution's reference bank designation should the institution be consistently late in providing rate quotations or present other difficulties with regard to rate quotations that make its continued participation unsuitable for the smooth administration of the JBA TIBOR publication.

4. Outsourcing of official rate calculation services

- (1) JBA has contracted with an outside service provider for the following JBA TIBOR publication services:
 - 1) Tabulation of reference rates quoted by reference banks
 - 2) Calculation of the JBA TIBOR
 - 3) Transmission of the JBA TIBOR and reference rates (hereinafter collectively referred to as “Rates”) to information providers
- (2) The present contract will be reviewed at the end of FY 2009, and in principle every three years thereafter.
- (3) Should the service provider be unable to fulfill its responsibilities due to cancellation of the contract or another reason, JBA will consult with reference banks on alternative methods, and will designate a new service provider in its stead.

5. Publication of official rates by information providers

The JBA TIBOR rates transmitted by the service provider are published in on-line services, periodicals and other media of information providers that have contracts with JBA.

6. Workflow for publication of official rates

The following outlines the workflow for the tabulation, calculation and publication of the JBA TIBOR (see diagram).

- (1) Reference banks quote rates as of 11:00 a.m. by inputting information into terminals (①) (input deadline: 11:20 a.m.). Reference banks are responsible for checking and verifying the rates they input. (See Table 1 for an image of the input screen.)
- (2) The service provider tabulates the reference rates and calculates the official rates (②).
- (3) The service provider immediately transmits calculation results to JBA over its transmission system (③).
- (4) JBA reviews calculation results (④), and grants the service provider permission to publish the Rates (⑤).
- (5) Upon receiving permission, the service provider transmits the Rates to information providers by 12:00 noon (⑥)
- (6) Information providers immediately publish the Rates (⑦). (See Table 2 for an image of the list of Rates.)
- (7) In principle, the Rates are not revised. However, should there be need to revise the Rates, revisions shall be made before 13:00 on the same day and the revised Rates shall be transmitted to information providers.

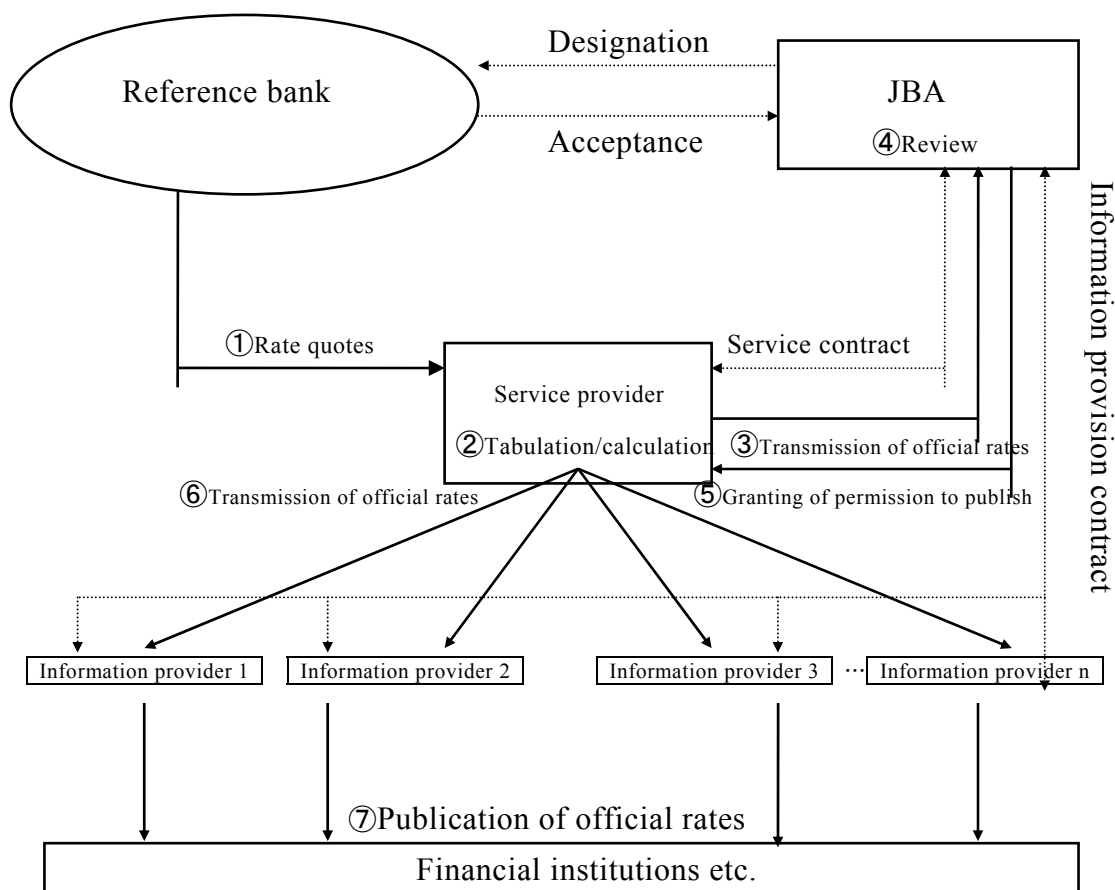
7. Amendments

Amendments to these rules must be ratified by the JBA Market and International Committee.

8. Other matters

- (1) The following items are separately stipulated in other rules.
 - 1) Measures to be taken in the event that the operational procedures provided in these Publication Rules are not duly conducted,
 - 2) Necessary matters relating to the provisions of these Publication Rules
- (2) Reference banks and market participants must exercise caution when utilizing the JBA TIBOR to prevent engagement in activities that would constitute a violation of the Antimonopoly Law. (See the attached "Notes on Publication of the JBA Japanese Yen/Euroyen TIBOR.")

【Diagram: workflow for publication of official rates】



Note: An automated input/output processing system with dedicated lines has been constructed between JBA and the service provider, and the reference banks and the service provider. An automated transmission system using FTP has also been constructed between the service provider and the information providers. Faxes and other alternative methods are used during system failures and similar disruptions.

Supplementary Provisions

(Effective Date)

1. This Publication Rules shall come into effect as from April 1, 2011.

(This English translation is provided exclusively as a convenience. Any questions that may arise in interpretation of words and provisions of these rules shall be interpreted in accordance with the Japanese original.)

REFERENCE: NOTES ON PUBLICATION OF THE JBA JAPANESE YEN TIBOR

1. **Relationship between the JBA Japanese Yen TIBOR publication method and the Antimonopoly Law**

- (1) Businesses must not create private monopolies or unfairly restrict trading (§ 3). "Unfair restriction of trading" refers to businesses mutually binding or pursuing their business activities so as to restrict competition in a specific field of trade in a manner contrary to the public interest (§ 2(6)).
- (2) JBA is a "business organization" as defined in the Antimonopoly Law. JBA, therefore, is prohibited from creating *de facto* restrictions on competition in a specific field of trade and from unfairly restricting the functions and activities of the financial institutions that are its constituent businesses (§ 8(i) and § 8(iv)).

2. **Relevant actions that may violate the Antimonopoly Law**

- (1) In light of Section 1. above, financial institutions should be fully aware of actions described in the following Subsection (2) that may violate the Antimonopoly Law in relation to the JBA publication of the Japanese Yen TIBOR.

Financial institutions should also understand that there may be other cases than those described in the following Subsection (2) in which mutual communication regarding interest rates or other trading conditions among financial institutions may violate the Antimonopoly Law.

- (2) Actions that may violate the Antimonopoly Law
 - 1) Advance exchange of information and coordination among reference banks on quoted rate levels to be furnished to the service provider.
 - 2) In the Japan unsecured call market, prior agreement among participants in the market to trade under predetermined rules based on the Japanese Yen TIBOR published by JBA (e.g., at the TIBOR itself and at the TIBOR + X%) and trading under said rules.
 - 3) In markets other than the Japan unsecured call market, agreement among financial institutions or between JBA and/or other business organizations to exclusively use the Japanese Yen TIBOR (i.e., not to use LIBOR or other interest rate indexes) as the interest rate index (base rate for spread loans, floating side of interest rate swaps, etc.) in financial transactions

(including deposits, loans and interest swaps) other than those on the interbank market.

- 4) Prior agreement among financial institutions or between JBA and/or other business organizations to use predetermined rules for setting interest rates based on the Japanese Yen TIBOR (e.g., the Japanese Yen TIBOR flat as the minimum interest rate or the Japanese Yen TIBOR + X% as the contract interest rate) for spread lending and other uses, and setting interest rates under said rules.
- (3) Note that it does not constitute a violation of the Antimonopoly Law if individual financial institutions at their own discretion use the Japanese Yen TIBOR or the Japanese Yen TIBOR + X% as the trading interest rate for individual transactions (either on the interbank market or on other markets).

REFERENCE: NOTES ON PUBLICATION OF THE JBA EUROYEN TIBOR

1. **Relationship between the JBA Euroyen TIBOR publication method and the Antimonopoly Law**

- (1) Businesses must not create private monopolies or unfairly restrict trading (§ 3). "Unfair restriction of trading" refers to businesses mutually binding or pursuing their business activities so as to restrict competition in a specific field of trade in a manner contrary to the public interest (§ 2(6)).
- (2) JBA is a "business organization" as defined in the Antimonopoly Law. JBA, therefore, is prohibited from creating *de facto* restrictions on competition in a specific field of trade and from unfairly restricting the functions and activities of the financial institutions that are its constituent businesses (§ 8(i) and § 8(iv)).

2. **Relevant actions that may violate the Antimonopoly Law**

- (1) In light of Section 1. above, financial institutions should be fully aware of actions described in the following Subsection (2) that may violate the Antimonopoly Law in relation to the JBA publication of the Euroyen TIBOR.

Financial institutions should also understand that there may be other cases than those described in the following Subsection (2) in which mutual communication regarding interest rates or other trading conditions among financial institutions may violate the Antimonopoly Law.

- (2) Actions that may violate the Antimonopoly Law
 - 1) Advance exchange of information and coordination among reference banks on quoted rate levels to be furnished to the service provider.
 - 2) Prior agreement among participants in the Japan offshore market to trade under predetermined rules based on the Euroyen TIBOR published by JBA (e.g., at the TIBOR itself and at the TIBOR + X%) and trading under said rules.
 - 3) Agreement among financial institutions or between JBA and/or other business organizations to exclusively use the Euroyen TIBOR (i.e., not to use LIBOR or other interest rate indexes) as the interest rate index (base rate for Euroyen impact loans, floating interest for short-term interest swaps, etc.) in financial transactions (including deposits, loans and interest swaps) other than those on the Japan offshore market.

- 4) Prior agreement among financial institutions or between JBA and/or other business organizations to use predetermined rules for setting interest rates based on the Euroyen TIBOR (e.g., the Euroyen TIBOR flat as the minimum interest rate or the Euroyen TIBOR + X% as the contract interest rate) for spread lending and other uses, and setting interest rates under said rules.
- (3) Note that it does not constitute a violation of the Antimonopoly Law if individual financial institutions at their own discretion use the Euroyen TIBOR or the Euroyen TIBOR + X% as the trading interest rate for individual transactions (either on the Japan offshore market or on other markets).

Table 1: Input Screen of Rates Quoted by Reference Banks (Image)

全銀協TIBORリファレンスバンク用:A銀行 (user_id)
yyyy/mm/dd hh:mm

入力画面

ユーロ円 (11:20操作締切り)
日本円 (11:20操作締切り)

CSV誘込

レート	承認	送信日付	VALUE DATE	1W	1M	2M	3M	4M	5M	6M	7M	8M	9M	10M	11M	12M
ユーロ円	本日	yyyy/mm/dd	yyyy/mm/dd	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
	済 前日	yyyy/mm/dd hh:mm	yyyy/mm/dd	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
日本円	本日	yyyy/mm/dd	yyyy/mm/dd	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
	済 前日	yyyy/mm/dd hh:mm	yyyy/mm/dd	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX

通常 11:20 以降、入力承認した値は確定され、修正できません。
11:20 以降の修正は事務代行会社(03-XXXX-XXXX)までご連絡下さい。

Table 2: List of JBA TIBOR Rates (Image)

Japanese Yen TIBOR

T I B O R - 平均値 -					
全銀協日本円TIBOR 午前11時現在 365日ベース/SPOT					
(mm/dd)					
1週間	X.XXXXX	5カ月	X.XXXXX	10カ月	X.XXXXX
1カ月	X.XXXXX	6カ月	X.XXXXX	11カ月	X.XXXXX
2カ月	X.XXXXX	7カ月	X.XXXXX	12カ月	X.XXXXX
3カ月	X.XXXXX	8カ月	X.XXXXX		
4カ月	X.XXXXX	9カ月	X.XXXXX		

List of Rates Quoted for Japanese Yen TIBOR by Reference Banks

全銀協日本円TIBOR - 呈示レート -									
(mm/dd)									
	A 銀行	B 銀行	C 銀行	D 銀行	E 銀行	F 銀行	G 銀行	H 銀行	I 銀行
1W	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
1M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
2M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
3M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
4M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
5M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
6M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
7M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
8M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
9M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
10M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
11M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
12M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX

Euroyen TIBOR

TIBOR - 平均値 -					
全銀協ユーロ円TIBOR 午前11時現在 360日ベース/SPOT					
(mm/dd)					
1週間	X.XXXXXX	5カ月	X.XXXXXX	10カ月	X.XXXXXX
1カ月	X.XXXXXX	6カ月	X.XXXXXX	11カ月	X.XXXXXX
2カ月	X.XXXXXX	7カ月	X.XXXXXX	12カ月	X.XXXXXX
3カ月	X.XXXXXX	8カ月	X.XXXXXX		
4カ月	X.XXXXXX	9カ月	X.XXXXXX		

List of Rates Quoted for Euroyen TIBOR by Reference Banks

全銀協ユーロ円TIBOR - 呈示レート -									
(mm/dd)									
	A 銀行	B 銀行	C 銀行	D 銀行	E 銀行	F 銀行	G 銀行	H 銀行	I 銀行
1W	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
1M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
2M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
3M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
4M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
5M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
6M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
7M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
8M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
9M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
10M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
11M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
12M	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX