

Key Results of the Survey on the Use of LIBOR

March 31, 2022

Financial Services Agency and Bank of Japan

Summary of the cessation of LIBOR publication

- The publication of London Interbank Offered Rate (LIBOR) based on the methodology referencing rates provided by panel banks (panel-based LIBOR) was ceased at the end of December 2021 except for certain USD LIBOR settings.
- From January 2022, synthetic LIBOR calculated using market data for certain tenors of GBP LIBOR and JPY LIBOR (1-, 3-, and 6-month), which is limited to use for existing contracts that cannot feasibly be transitioned (i.e. so-called tough legacy contracts), has been released.

Currency	Tenors	Last date of publication of panel-based LIBOR	Synthetic LIBOR	
			First date of publication	Last date of publication
JPY	Overnight, 1-week, 2-month, and 12-month	December 31, 2021	No publication	
	1-, 3-, and 6-month		January 4, 2022	December 31, 2022
GBP	Overnight, 1-week, 2-month, and 12-month		No publication	
	1-, 3-, and 6-month		January 4, 2022	December 31, 2031 (up to a maximum period of 10 years) ¹
CHF	Overnight, 1-week, 1-, 2-, 3-, 6-, and 12-month		No publication	
EUR				
USD	1-week and 2-month	June 30, 2023	No publication	
	Overnight and 12-month			
	1-, 3-, and 6-month		NA ²	

Notes:

1. The Financial Conduct Authority (FCA) has the power to compel the ICE Benchmark Administration (IBA) -- the administrator of LIBOR -- to continue publishing synthetic GBP LIBOR up to a maximum period of 10 years on the condition that it reviews the use of its power at least annually. During the course of 2022, the FCA will seek views on retiring 1-month and 6-month synthetic GBP LIBOR at the end of 2022, and on when to retire 3-month synthetic GBP LIBOR. For details, see <https://www.fca.org.uk/news/press-releases/finalising-libor-transition-achievements-sterling-markets>
2. The FCA stated that it would consider the case for using the proposed power to require continued publication on a synthetic USD LIBOR, after end-June 2023. <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

Summary of survey

Survey reference date	End-December 2021
Surveyed financial institutions	<p>This survey covers 278 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, Shinsei Bank, and Aozora Bank), 100 regional banks, 39 other banks (8 trust banks that are excluded from the major banks, 12 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).</p>
Main survey items	<ul style="list-style-type: none">• The volume of contracts and status of transition arrangement referencing LIBOR for which the publication was ceased at end-December 2021• The volume of contracts that may use synthetic LIBOR and the status of its use• The volume of contracts referencing USD LIBOR for which the publication will be ceased at end-June 2023 and the cessation of new transactions from January 2022

Summary of survey results

Transition away from panel-based LIBOR for which the publication was ceased at end-December 2021

- The transition of contracts referencing LIBOR is almost complete.
 - ✓ The amounts outstanding and the number of contracts that did not incorporate fallback provisions as of end-December 2021 declined significantly from the previous survey (as of end-December 2020) for assets (loans), liabilities (deposits and bonds), and derivatives.
 - ✓ With regard to contracts that did not incorporate fallback provisions as of end-December 2021, transition policies had already been decided at most financial institutions. For example, the transition to alternative interest rate benchmarks by the first interest rate reference date in or after January 2022 was agreed on between contracting parties.
- The use of synthetic JPY and GBP LIBOR is expected to be limited.

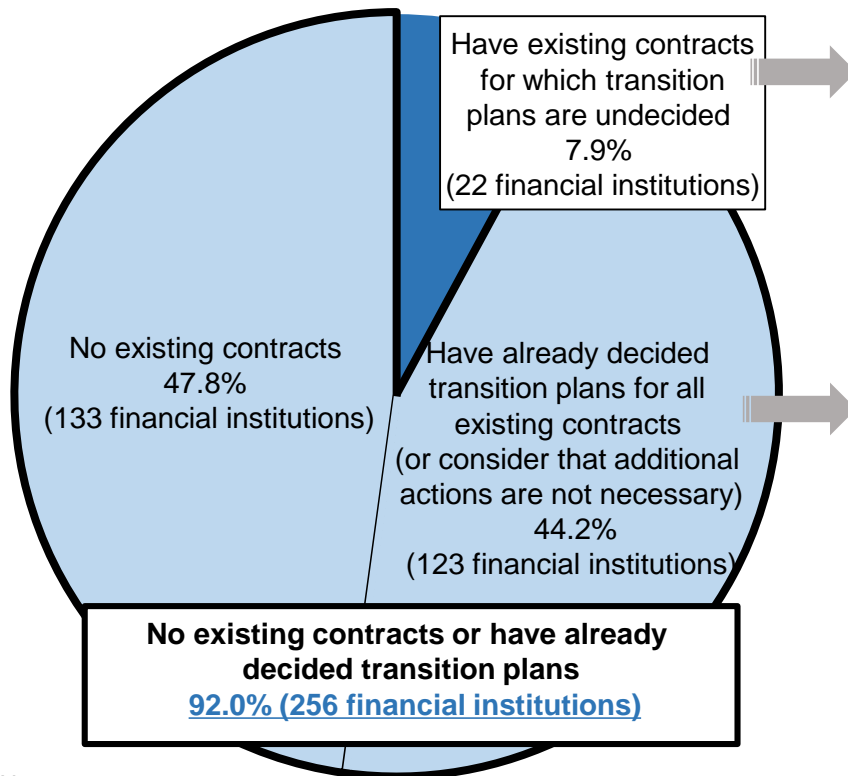
Transition away from USD LIBOR for which the publication will be ceased at end-June 2023

- Most of the financial institutions completed preparations for the cessation of new transactions referencing USD LIBOR from January 2022 and in principle ceased new transactions. Some financial institutions that had not yet completed such preparations were on track to do so after the turn of 2022.
- With regard to contracts referencing USD LIBOR that will mature beyond end-June 2023, many of them still did not incorporate fallback provisions.

Status of transition of contracts referencing LIBOR for which the publication was ceased at end-December 2021 (all contracts)

- With regard to the transition of contracts referencing LIBOR for which the publication was ceased at end-December 2021¹ (all contracts), over 90 percent of financial institutions either have no existing contracts² or have already decided transition plans, mainly based on an agreement between contracting parties (or consider that additional actions are not necessary). Thus, their LIBOR transition arrangements are almost complete.
- Some financial institutions have existing contracts with some time until the first interest rate reference date in or after January 2022, for which transition plans are not yet decided due to the factors such as customers' requests. However, contracting parties share an awareness of the need to deal with the transition.

Status of LIBOR transition arrangement at end-December 2021



Outline of existing contracts for which transition plans are not decided

- With regards to the existing contracts (e.g. loans) for which there is some time until the first interest rate reference date in or after January 2022, specific alternative interest rate benchmarks or spread adjustment methodologies have not been decided because customers wish to assess the interest rate situation and it is taking time to reach an agreement among many contracting parties.

Outline of contracts for which transition plans have already been decided (or no additional actions are necessary)

- The transition to alternative interest rate benchmarks by the first interest rate reference date in or after January 2022 is agreed on between contracting parties, or the transition either through a convocation of bondholders' meetings or by obtaining the consent from all of the bondholders is scheduled to take place.
- With regard to contracts for bonds, etc. issued as liabilities that have a prepayment clause and reference LIBOR only when the prepayment option is not exercised, the transition through a convocation of bondholders' meetings is not expected by exercising such option. As for bonds held as assets, no additional action is deemed necessary at present.
- Although not subject to fallback provisions based on the hardwired approach, the contracts clearly define the process for determining alternative interest rate benchmarks.
- Synthetic LIBOR is expected to be used temporarily. (See page 7 for details on the contracts for which synthetic LIBOR is expected to be used.)

Notes:

- LIBOR for JPY, GBP, CHF, EUR, and USD (1-week and 2-month tenors).
- Existing contracts include those that do not incorporate fallback provisions and those that have incorporated fallback provisions based on amendment approach. Fallback provisions that specify a single replacement rate or a rate to be determined by waterfall methodology when introducing a fallback provision are referred to as the hardwired approach and those other than that are referred to as the amendment approach.

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

- Among all contracts referencing JPY LIBOR of surveyed financial institutions, the amounts outstanding and number of those that did not incorporate fallback provisions as of end-December 2021 declined significantly from end-December 2020 for assets, liabilities, and derivatives.
 - ✓ 1,500 outstanding contracts (4.4 trillion yen) for assets, 80 contracts (3.4 trillion yen) for liabilities, and 100 contracts (0.4 trillion yen) for derivatives did not incorporate fallback provisions as of end-December 2021.
- For most of the contracts that did not incorporate fallback provisions, transition policies had already been decided, mainly based on an agreement between contracting parties (see p.4). Thus, the LIBOR transition arrangement is almost complete.

Amounts outstanding/number of contracts referencing JPY LIBOR and incorporation of fallback provisions



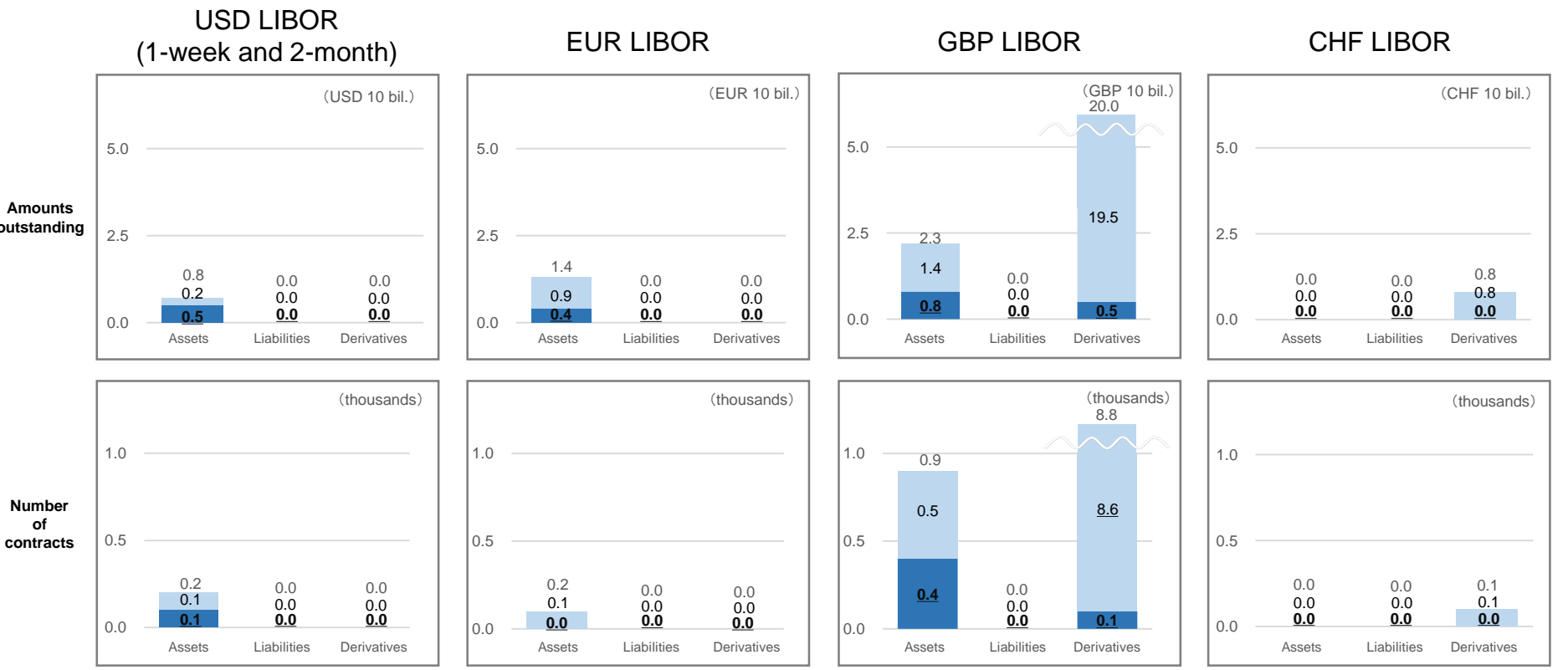
Legend: ■ Fallback provisions already incorporated ■ No fallback provisions incorporated yet

Note: 1. Figures for end-December 2020 are those as of the previous survey (contracts that mature beyond end-2021).

Volume of contracts referencing LIBOR other than JPY LIBOR (amounts outstanding and number of contracts)

- With regard to contracts referencing LIBOR other than JPY LIBOR (for USD LIBOR, contracts referencing tenors for which the publication was ceased at end-December 2021), the amounts outstanding and number of those that did not incorporate fallback provisions were limited for assets, liabilities, and derivatives.
- As with contracts referencing JPY LIBOR, transition policies had already been decided for most of the contracts that did not incorporate fallback provisions (see p.4). Thus, the LIBOR transition arrangement is almost complete.

Amounts outstanding/number of contracts referencing LIBOR other than JPY LIBOR and incorporation of fallback provisions



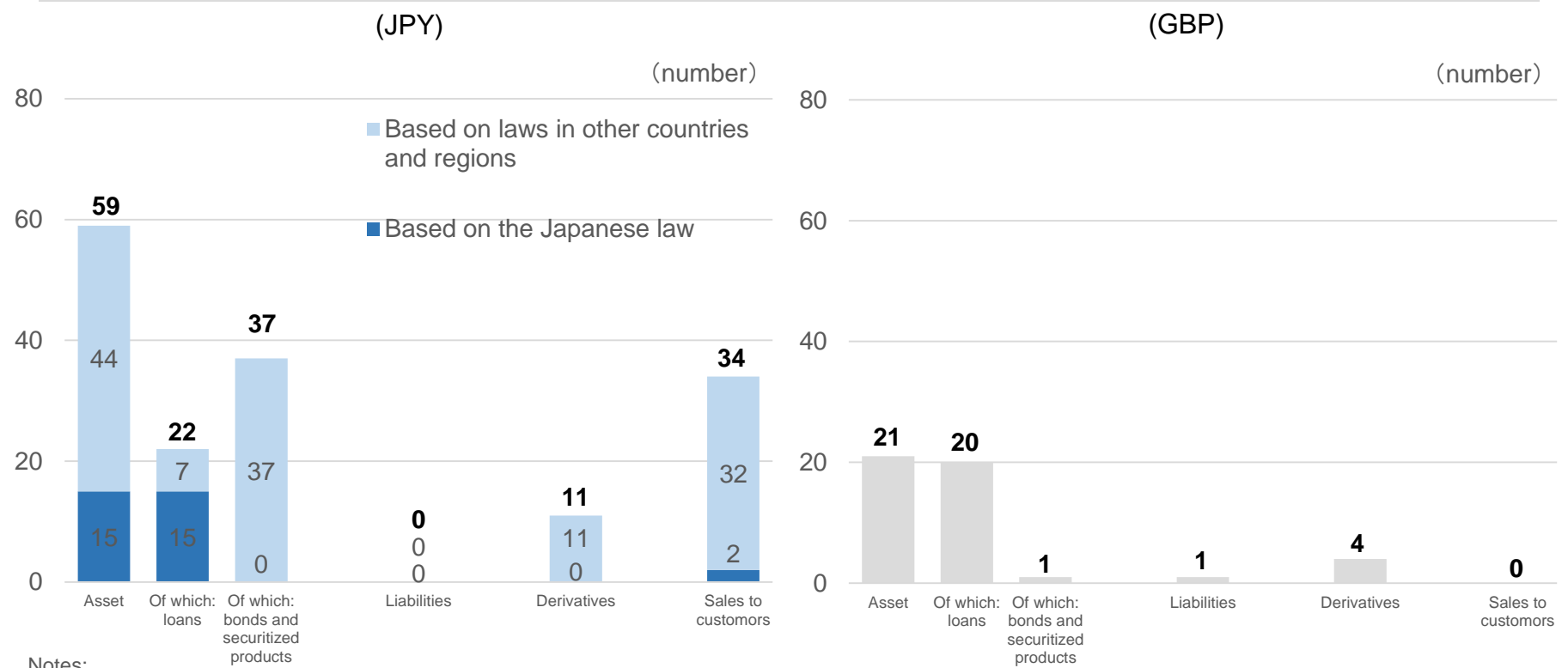
Legend: Light blue = Fallback provisions already incorporated; Dark blue = No fallback provisions incorporated yet

Note: Figures in the chart indicate the amounts outstanding and number of contracts as of end-December 2021.

Contracts that may use synthetic LIBOR

- The use of synthetic JPY and GBP LIBOR is expected to be limited.
- Regarding contracts that may use synthetic LIBOR, a majority of respondents replied that the use would be temporary during 2022.
- All financial institutions that may use synthetic JPY LIBOR in transactions referencing JPY LIBOR under the governing Japanese law responded that they would take actions in line with the public consultation paper compiled by the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks,¹ which describes points to note when using synthetic yen LIBOR. The Financial Services Agency (FSA) and Bank of Japan (BOJ) will examine the details of their actions.

Number of contracts that may use synthetic LIBOR²



Notes:
 1. See the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks, "Final Report on the Results of the Public Consultation on the Treatment of Tough Legacy Contracts in Japan," November 19, 2021 (https://www.boj.or.jp/en/paym/market/jpy_cmte/cmt211119a.pdf).
 2. The number is based on the financial institutions' recognition at the time of their response. Thus, it is different from the number of contracts for which the use synthetic LIBOR has been decided.

Status of cessation of new contracts in USD LIBOR from January 2022

- The U.S. authorities have issued guidelines to encourage financial institutions to smoothly transition away from USD LIBOR, and have encouraged them to cease entering into new contracts that use USD LIBOR as soon as practicable and in any event by December 31, 2021, with some exceptions.
- Most of the financial institutions (94% of the respondents) responded that they either have a system in place to cease new contracts in USD LIBOR from January 2022, or do not need to take any substantial action as they have no plans to execute a new contract in USD LIBOR.
 - ✓ A small number of financial institutions responded that they would plan to develop a system for executing a contract using alternative reference rates after the turn of 2022, but had not yet developed a system at the time of response due to the fact that they had not yet introduced IT systems or obtained a license.
- Most of the financial institutions (96% of the respondents) also responded that they did not have any new contracts in USD LIBOR from January 2022 at the time of response.
 - ✓ A small number of financial institutions responded that they were forced to allow the execution of new contracts in USD LIBOR based on the respective circumstances.

Summary of Joint Statement by the U.S. authorities and FAQ by FRB

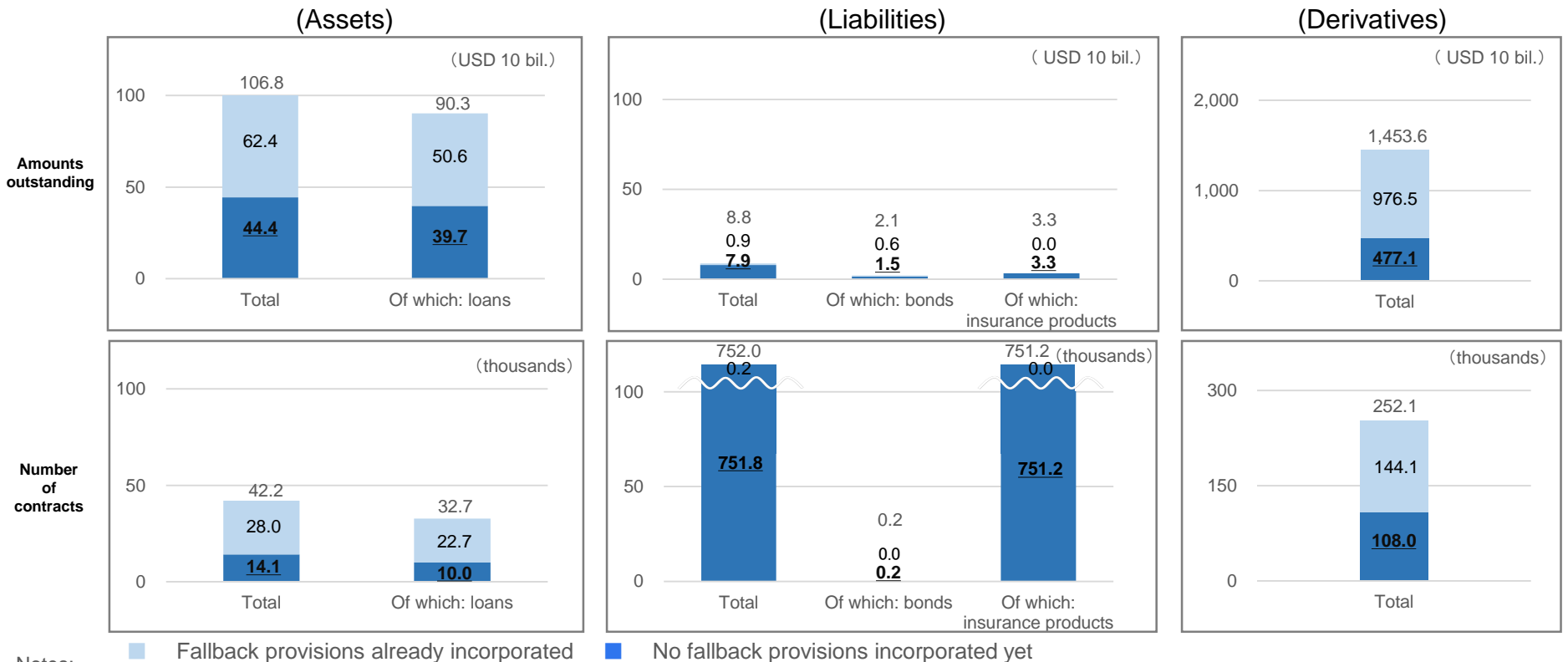
Definition of new contracts	Exceptions to the cessation of new contracts in USD LIBOR
<p>A new contract in USD LIBOR, which should cease to be used after December 31, 2021, would include an agreement that (i) creates additional LIBOR exposure for a supervised institution or (ii) extends the term of an existing USD LIBOR contract.</p> <ul style="list-style-type: none"> • A draw on an existing agreement that is legally enforceable (e.g., a committed credit facility) would not be viewed as a new contract. • A loan contract renewed automatically from January 2022 would be viewed as a new contract because it would "(ii) extend the term of an existing USD LIBOR contract." • Physical settlement of a contract that existed before January 1, 2022 (e.g., swaption) would not be viewed as a new contract. 	<p>Exceptional circumstances in which the use of new USD LIBOR contracts is considered appropriate after December 31, 2021 are as follows.</p> <ul style="list-style-type: none"> (i) Transactions executed for purposes of required participation in a central counterparty auction procedure in the case of a member default, including transactions to hedge the resulting USD LIBOR exposure; (ii) Market making in support of client activity related to USD LIBOR transactions executed before January 1, 2022; (iii) Transactions that reduce or hedge an institution's or any client of the institution's USD LIBOR exposure on contracts entered into before January 1, 2022; and (iv) Novations of USD LIBOR transactions executed before January 1, 2022.

Note: For actual consideration of the definition of new contracts and exceptions to the cessation of new contracts in USD LIBOR, please refer to the original documents issued by the U.S. authorities and committees.

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 2021 among surveyed financial institutions, the number of contracts and amounts outstanding that mature beyond end-June 2023 were as follows: 42 thousand contracts (1.0 trillion U.S. dollars) for assets; 752 thousand contracts (0.08 trillion dollars) for liabilities; and 252 thousand contracts (14.5 trillion dollars) for derivatives.
- Of the above, the number of contracts and amounts outstanding that did not incorporate fallback provisions were as follows: 14 thousand contracts (0.4 trillion dollars) for assets; 751 thousand contracts (0.07 trillion dollars) for liabilities; and 108 thousand contracts (4.7 trillion dollars) for derivatives.

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

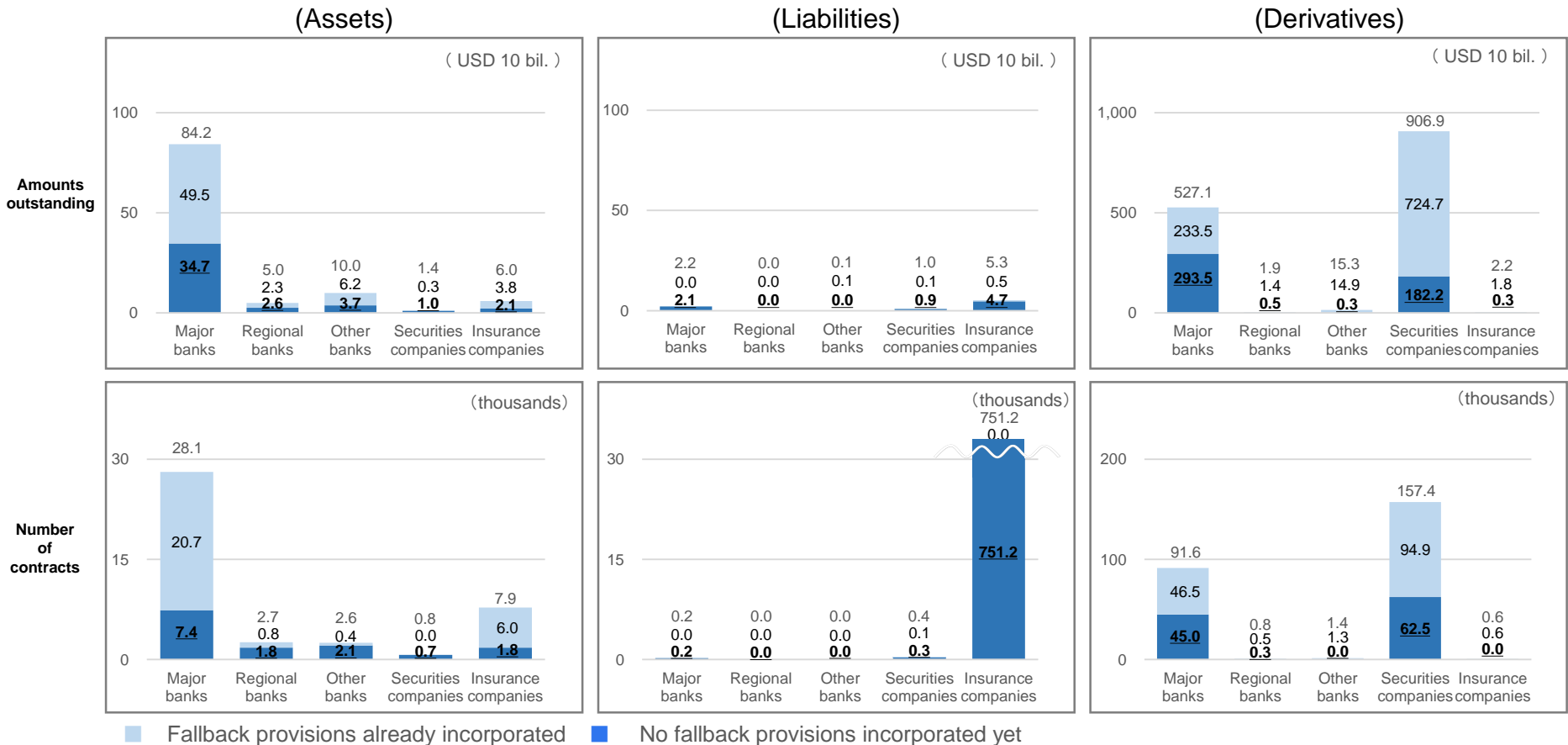


- Notes:
- The figures in the charts are for contracts maturing beyond end-June 2023 among those referencing USD LIBOR tenors (overnight, 1-, 3-, 6-, and 12-month) for which the publication will be ceased at the end of June 2023.
 - For loans, there were cases in which financial institutions incorporated fallback provisions collectively in retail loan products. Thus, the share of contracts incorporating fallback provisions is higher in terms of the number of contracts than in terms of the amount outstanding.
 - As for most of the insurance products that are subject to responses by financial authorities such as approval, some of them have been approved after the turn of 2022. Regarding insurance products that have not yet been approved, consultations are underway between insurance companies and the FSA.

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

- Major banks held a large share of assets, both in terms of the amount outstanding and the number of contracts.
- Insurance companies held a large share of liabilities, both in terms of the amount outstanding and the number of contracts.
- In terms of derivatives, securities companies held the largest amount outstanding and number of contracts, followed by major banks.

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 the end of June 2023.

Next steps based on the survey results

For financial institutions

Transition away from panel-based LIBOR for which the publication was ceased at the end of December 2021 and synthetic LIBOR

- From January 2022, financial institutions will be required to plan and take appropriate actions, which will be necessary after the cessation of LIBOR, such as appropriate management of some existing contracts referencing LIBOR, and the switch to alternative reference rates due to the triggering of the fallback provisions.
- Financial institutions will be required to plan and take appropriate actions for their customers and transition to alternative reference rates, while keeping in mind that the synthetic yen LIBOR is a time-limited measure until the end of 2022.
- When using synthetic GBP LIBOR, financial institutions will also be required to plan and take appropriate actions for transition, paying attention to actions taken by the UK authorities.

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

- Based on the guidelines issued by the U.S. authorities and committees, financial institutions are required to take actions for transition away from USD LIBOR by the end of June 2023.
 - ✓ Although most financial institutions have already taken necessary actions to cease new contracts in USD LIBOR, some financial institutions that have not yet taken actions are required to do so as soon as practicable.
 - ✓ Including existing contracts, financial institutions will be required to identify their exposure of contracts in USD LIBOR properly, and active transition to alternative reference rates or insertion of fallback provision that specifies robust alternative rates is also required.

For the FSA and BOJ

- The FSA and BOJ will continue to monitor the progress in both the transition of existing contracts referencing LIBOR for which the publication was ceased at the end of December 2021, and the transition from USD LIBOR for which the publication will be ceased at the end of June 2023, and require financial institutions to take necessary actions in light of the situation.
- The FSA and BOJ will also monitor financial institutions on their use of synthetic yen LIBOR and their engagements with their customers when using synthetic yen LIBOR as necessary. In particular, the FSA and BOJ will monitor the reasons and background, and the use of the the points to note when synthetic yen LIBOR is used, as well as the progress of transition from synthetic yen LIBOR to alternative reference rates.
- Based on the monitoring results, the FSA will consider taking supervisory measures as deemed appropriate.

【Attachment 1】 Volume of contracts referencing LIBOR (by currency)

	JPY LIBOR		USD LIBOR		EUR LIBOR		GBP LIBOR		CHF LIBOR	
	Amount outstanding (JPY tril.)	Number of contracts (thousands)	Amount outstanding (USD 10 bil.)	Number of contracts (thousands)	Amount outstanding (EUR 10 bil.)	Number of contracts (thousands)	Amount outstanding (GBP 10 bil.)	Number of contracts (thousands)	Amount outstanding (CHF 10 bil.)	Number of contracts (thousands)
Assets	20.1	8.3	0.8	0.2	1.4	0.2	2.3	0.9	0.0	0.0
Of which: contracts incorporating fallback provisions	15.7	6.7	0.2	0.1	0.9	0.1	1.4	0.5	0.0	0.0
Loans	13.8	6.0	0.7	0.1	1.4	0.1	2.1	0.8	0.0	0.0
Of which: contracts incorporating fallback provisions	12.0	5.4	0.2	0.0	0.9	0.1	1.3	0.4	0.0	0.0
Liabilities	9.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: contracts incorporating fallback provisions	5.6	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	2.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: contracts incorporating fallback provisions	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: contracts incorporating fallback provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	353.6	83.4	0.0	0.0	0.0	0.0	20.0	8.8	0.8	0.1
Of which: contracts incorporating fallback provisions	353.1	83.2	0.0	0.0	0.0	0.0	19.5	8.6	0.8	0.1
Sales to customers	6.1	102.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: contracts incorporating fallback provisions	2.6	20.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes:

1. For USD LIBOR, contracts referencing 1-week and 2-month tenors, for which the publication was ceased at end-December 2021 are aggregated.
2. "Contracts incorporating fallback provisions" are those incorporating fallback provisions based on hardwired or amendment approach.
3. The aggregated data on the table include those reported as approximate by some financial institutions.
4. Loans include commitment line agreements.
5. Derivatives contracts are based on notional amounts.
6. Data for insurance products and sales to customers only cover those of insurance companies and securities companies, respectively. Of sales to customers, most contracts without fallback provisions are for bonds that have a prepayment clause and reference LIBOR only when the prepayment option is not exercised.

【Attachment 2】 Volume of contracts referencing LIBOR (by business type, USD LIBOR)

	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	146.7	52.0	118.4	35.2	6.2	3.7	11.9	3.1	3.2	1.1	6.9	8.7
Of which: contracts maturing beyond end-June 2023	106.8	42.2	84.2	28.1	5.0	2.7	10.0	2.6	1.4	0.8	6.0	7.9
Of which: contracts incorporating fallback provisions	62.4	28.0	49.5	20.7	2.3	0.8	6.2	0.4	0.3	0.0	3.8	6.0
Loans	127.1	41.7	115.1	34.3	4.6	2.7	2.6	1.0	1.5	0.3	3.2	3.2
Of which: contracts maturing beyond end-June 2023	90.3	32.7	81.4	27.3	3.6	1.9	1.8	0.6	0.9	0.2	2.4	2.5
Of which: contracts incorporating fallback provisions	50.6	22.7	47.5	20.4	1.6	0.4	0.5	0.1	0.0	0.0	0.8	1.6
Liabilities	13.1	782.5	4.9	0.3	0.4	0.1	0.3	0.1	1.6	0.5	5.7	781.3
Of which: contracts maturing beyond end-June 2023	8.8	752.0	2.2	0.2	0.0	0.0	0.1	0.0	1.0	0.4	5.3	751.2
Of which: contracts incorporating fallback provisions	0.9	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.5	0.0
Bonds	2.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.3	1.9	0.0
Of which: contracts maturing beyond end-June 2023	2.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.2	1.8	0.0
Of which: contracts incorporating fallback provisions	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Insurance products	3.4	781.3	–	–	–	–	–	–	–	–	3.4	781.3
Of which: contracts maturing beyond end-June 2023	3.3	751.2	–	–	–	–	–	–	–	–	3.3	751.2
Of which: contracts incorporating fallback provisions	0.0	0.0	–	–	–	–	–	–	–	–	0.0	0.0
Derivatives	2,657.1	343.1	865.3	126.8	3.0	1.3	19.8	2.0	1,766.0	210.7	2.9	2.0
Of which: contracts maturing beyond end-June 2023	1,453.6	252.1	527.1	91.6	1.9	0.8	15.3	1.4	906.9	157.4	2.2	0.6
Of which: contracts incorporating fallback provisions	976.5	144.1	233.5	46.5	1.4	0.5	14.9	1.3	724.7	94.9	1.8	0.6
Sales to customers	1.9	26.2	–	–	–	–	–	–	1.9	26.2	–	–
Of which: contracts maturing beyond end-June 2023	1.8	25.8	–	–	–	–	–	–	1.8	25.8	–	–
Of which: contracts incorporating fallback provisions	0.3	4.2	–	–	–	–	–	–	0.3	4.2	–	–

Notes:

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