

Regarding Standardized Rule for Calculating NDF Fixing Rates against JPY

The Tokyo Foreign Exchange Market Committee and Sub-Committee on NDF have been investigating and examining to establish a standardized rule for calculating NDF fixing rates against JPY, which currently does not have a concrete trading custom, aiming to stimulate the foreign exchange market in Tokyo.

For further deployment of this project, we would like to receive comments and information regarding our proposal below. Your feedback will be an important part of our proposal. Please refer to the forth section for contact information.

1.Proposal

In response to the increase of NDF transactions in the Tokyo market, we propose the following procedures to calculate NDF fixing rates against JPY.

1) For Asian currencies(*1) : Use the emerging currency fixing rate against USD and the mean rate published right after the fixing rate on the "JPNU" page on Thomson Reuters in order to calculate the NDF fixing rate against JPY.

2) For Non-Asian currencies(*2) : Taking into account the prevailing business practices, we shall use the respective emerging currency fixing rates against USD and one of the following two rates to calculate the NDF fixing rate against JPY.

①Mean rate published on the "JPNU" page on Thomson Reuters at 9AM Tokyo time on the following business day.

②Mean rate of WMR Closing (GMT16:00)

(*1) Asian Currencies: Currencies with fixing rate announcements between 9am-5pm Tokyo time

(*2) Non-Asian Currencies: Currencies with fixing rate announcements outside of the time range above (*1).

2.Proposal Objection

This proposal by the Tokyo Foreign Exchange Market Committee is aimed to achieve the current best practice upon following its guidelines to improve the utility of the Tokyo market, including its administrative procedures, by standardizing participant needs, trading conditions, and trading procedures. The proposed practice is not aimed to restrict market participants, and can be improved and enhanced depending on any changes to transaction conditions, if recognized as necessary to reflect the opinion of market participants.

(*3)To draft and publish, as appropriate, recommendations and opinions on codes of conduct, and model agreements, relating to transactions in the foreign exchange market and other related international financial markets. In drafting such documents, the Committee shall strive to maintain consistency with those in overseas markets, equitable trading environment, and enhanced competition in the market. It should be noted that interbank market participants are not bound by any of the recommendations and opinions, and model agreements.

3.Please Submit by the following date

Tuesday, January 31, 2012

4.Contact Information

Email Address: fxcomtky@boj.or.jp

(Please send in text format.)

5.Information that must be included with submission

For corporate institutions, please write your legal name and address. For individuals, please write your address, name, and your company name. Please note that we may publish your comments, but in such cases will leave out your personal information.