

**Press Statement**  
**EMEAP publishes Report**  
**“Study on the Implications of Financial Benchmark Reforms”**  
**24 September 2019**

The Executives’ Meeting of East Asia-Pacific Central Banks (EMEAP) is pleased to announce the publication of its Working Group on Financial Markets<sup>1</sup> (WGFM) report “Study on the Implications of Financial Benchmark Reforms”.

Financial benchmarks, especially interest rate benchmarks, are commonly referenced in financial contracts. The major interest rate benchmarks, e.g. LIBOR, are calculated based on submissions from contributors. However, there was a notable decline in the liquidity of the unsecured money markets after the global financial crisis in 2008. The decline in liquidity, together with incidents of benchmark manipulation, raised questions about the credibility and robustness of the submission-based benchmarks, especially interbank rate benchmarks. Against this background, global efforts have been taken in reforming the financial benchmarks.

The WGFM agreed in September 2018 to conduct a study on the implications of financial benchmark reforms to regional markets, focusing on: A) LIBOR discontinuation; B) EU Benchmarks Regulation (BMR); and C) Reform of local benchmarks, in the EMEAP region.

The study has been completed. This report provides a brief overview of the three areas of financial benchmark reforms, summarises the results of the WGFM survey and the discussion among EMEAP members and private financial institutions, as well as identifies risk scenarios and proposes some policy recommendations for EMEAP members’ consideration. The purpose of this report is to raise awareness of market participants, as well as to further enhance the market’s readiness for financial benchmark reforms. It is important for all market participants including banks and corporations to keep

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<sup>1</sup> The WGFM studies financial market developments in EMEAP member jurisdictions as well as on ad-hoc topics that may arise from time to time, promotes local currency denominated bond markets through the Asian Bond Fund initiative, and serves as a platform to exchange views on market conditions among member central banks.

updated of latest developments, conduct risk assessments, formulate action plans and work closely with counterparties to develop the necessary arrangements in light of ongoing financial benchmark reforms.

[Annex: EMEAP WGFM Report “Study on the Implications of Financial Benchmark Reforms”](#)

### **EMEAP**

EMEAP is a cooperative organization of central banks and monetary authorities in the East Asia and Pacific region. Its primary objective is to strengthen the cooperative relationship among its members. It comprises the central banks of eleven economies: Reserve Bank of Australia, People’s Bank of China, Hong Kong Monetary Authority, Bank Indonesia, Bank of Japan, Bank of Korea, Bank Negara Malaysia, Reserve Bank of New Zealand, Bangko Sentral ng Pilipinas, Monetary Authority of Singapore, Bank of Thailand.