

About the Bank of Japan

I. History

II. Objectives

III. Capital

IV. Organization

A. The Policy Board

B. Bank Executives

C. Staff

Organization Chart of the Bank

Members of the Policy Board

Functions of Committees/Departments/Offices

The Bank's Offices

I. HISTORY

The Bank of Japan is the nation's central bank. It was established under the Bank of Japan Act (promulgated in June 1882) and began operating on October 10, 1882.

The Bank was reorganized on May 1, 1942 in conformity with the Bank of Japan Law (Law No. 67, 1942; hereafter the Law of 1942), promulgated in February 1942. The Law of 1942 strongly reflected the wartime situation: for example, Article 1 stated the objectives of the Bank as "the regulation of the currency, control and facilitation of credit and finance, and the maintenance and fostering of the credit system, pursuant to national policy, in order that the general economic activities of the nation might adequately be enhanced."

The Law of 1942 was amended several times after World War II. Such amendments included the establishment of the Policy Board as the Bank's highest decision-making body in June 1949.

The Law of 1942 was revised completely in June 1997 under the two principles of "independence" and "transparency." The revised law (Law No. 89, 1997; hereafter the Law) came into effect on April 1, 1998 (Table 1).¹

II. OBJECTIVES

The Law sets the Bank's objectives as follows:

Article 1 The objective of the Bank of Japan, as the central bank of Japan, is to issue banknotes and to carry out currency and monetary control.

2. In addition to what is prescribed by the preceding Paragraph, the Bank's objective is to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of an orderly financial system.

And the Law stipulates the Bank's principle of currency and monetary control as follows:

Article 2 Currency and monetary control shall be aimed at, through the pursuit of price stability, contributing to the sound development of the national economy.

III. CAPITAL

The Bank is capitalized at 100 million yen in accordance with Article 8, Paragraph 1 of the Law. As of the end of March 2005, 55,045,000 yen is subscribed by the government, and the rest by the private sector (Table 2).²

The Law does not grant holders of subscription certificates the right to participate in the Bank's management, and, in the case of liquidation, only gives them the right to request distribution of remaining assets up to the sum of the paid-up capital and, if any, the special

1. The Law was amended concurrently with the revision of the Civil Code in April 2000, the administrative reform of the central government in July 2000 and January 2001, and the coming into effect of the law concerning adjustments in relevant laws to conform to the Bankruptcy Law in January 2005.

2. Article 8, Paragraph 2 of the Law states as follows: "Of the amount of capital referred to in the preceding Paragraph, that part which is subscribed to by the government shall be no less than fifty-five million yen."

reserve (Article 60, Paragraph 2, and Supplementary Provision Article 22, Paragraph 2). Dividend payments on paid-up capital are limited to 5 percent or below in each fiscal period.³

IV. ORGANIZATION

A. The Policy Board

The Policy Board is established as the Bank's highest decision-making body.⁴

The Board determines the guideline for currency and monetary control, sets the basic principles for carrying out the Bank's operations, and oversees the fulfillment of the duties of Bank executives, excluding Executive Auditors and Counsellors.⁵

B. Bank Executives

Bank executives are members of the Policy Board (including the Governor and Deputy Governors), Executive Auditors, Executive Directors, and Counsellors.⁶ Of the above executives, the Governor, the two Deputy Governors, and six other members of the Policy Board make up the Policy Board.⁷

The Governor, the Deputy Governors, and other

members of the Policy Board are appointed by the Cabinet, subject to the consent of the House of Representatives and the House of Councillors. Executive Auditors are appointed by the Cabinet. Executive Directors and Counsellors are appointed by the Minister of Finance on the recommendation of the Board.⁸

The term of office is five years for the Governor, Deputy Governors, and other members of the Policy Board, four years for Executive Auditors and Executive Directors, and two years for Counsellors.⁹ Bank executives, excluding Executive Directors, are not dismissed against their will during their term of office except in the situations prescribed in the Law, such as where they receive a ruling of commencement of bankruptcy proceedings.¹⁰

For duties and rights of Bank executives, see Table 3.¹¹

C. Staff

As of the end of March 2005, the Bank employed a total of 5,052 people: 2,803 at the Head Office; 2,174 at the branches; 51 at the local offices; and 24 at the overseas representative offices (Table 4).

The annual ceiling set on the number of employees was 5,260 for fiscal 2005 (see "The Bank's Strategic Framework," Section IV on page 43 for details).

3. Stipulated by Article 53, Paragraph 4.

4. Stipulated by Article 14.

5. Stipulated by Article 15.

6. Stipulated by Article 21. The number of executive posts given to the Governor, Deputy Governors, other members of the Policy Board, Executive Auditors, Executive Directors, and Counsellors are one, two, six, three or less, six or less, and a few, respectively.

7. Stipulated by Article 16, Paragraph 2.

8. Stipulated by Article 23.

9. Stipulated by Article 24.

10. Stipulated by Article 25.

11. Duties and rights are stipulated by Article 16, Paragraph 2 and Article 22.

Table 1

History of the Bank of Japan

1882	June	The Bank of Japan Act is promulgated; the Bank is to have capital of 10 million yen and is given a license to operate for 30 years from the start of business.
	Oct.	Business operation begins.
1887	Mar.	An increase in the Bank's capital is announced from 10 million yen to 20 million yen.
1895	Aug.	An increase in the Bank's capital is announced from 20 million yen to 30 million yen.
1896	Apr.	The Head Office is moved to a new building at the present location.
1910	Feb.	The Bank is given a license to operate for 30 more years from October 10, 1912, and an increase in the Bank's capital is announced from 30 million yen to 60 million yen.
1942	Feb.	The Bank of Japan Law of 1942 is promulgated; the Bank is to have capital of 100 million yen.
	May	The Bank is reorganized under the Bank of Japan Law of 1942.
1949	June	The Policy Board is established.
1997	June	The Bank of Japan Law of 1997 is promulgated; the Bank is to have capital of 100 million yen.
1998	Apr.	The Bank of Japan Law of 1997 comes into effect.

Table 2

Subscribers by Category

Subscribers	Amount of subscription (thous. yen) ¹	Percentage of the total subscription (%)
The government	55,045	55.0
The private sector	44,954	45.0
Individuals	39,199	39.2
Financial institutions	2,747	2.7
Public organizations	281	0.3
Securities companies	72	0.1
Other firms	2,653	2.7
Total	100,000	100.0

Note: 1. Rounded down to the nearest 1,000 yen. As of the end of March 2005.

Table 3

Duties and Rights of Bank Executives

		Duties and rights
Members of the Policy Board	Governor (Chairman)	Represents the Bank and exercises general control over the Bank's business operations in accordance with decisions made by the Policy Board. At the same time, fulfills the duties as an independent member of the Policy Board.
	Deputy Governors	In accordance with decisions made by the Governor, represent the Bank, administer the business operations of the Bank assisting the Governor, act in place of the Governor whenever the Governor is prevented from attending to the Governor's duties, and perform the Governor's duties when such post is vacant. At the same time, fulfill the duties as independent members of the Policy Board.
	Other members	Comprise the Policy Board together with the Governor and the Deputy Governors.
Executive Auditors		Inspect the business operations of the Bank. If deemed necessary based on the results of the inspection, may submit their views to the Minister of Finance, the Prime Minister (the Commissioner of the Financial Services Agency when the Prime Minister entrusts his or her powers prescribed by Article 61, Paragraph 2 of the Bank of Japan Law to the Commissioner), or the Board.
Executive Directors		In accordance with the decisions made by the Governor, administer the business operations of the Bank assisting the Governor and the Deputy Governors, act in place of the Governor when the Governor and Deputy Governors are prevented from attending to their duties, and perform the Governor's duties when the posts of the Governor and Deputy Governors are vacant.
Counsellors		To be consulted with by the Board on any important matters concerning the Bank's business operations. If deemed necessary, may express their views to the Board.

Table 4

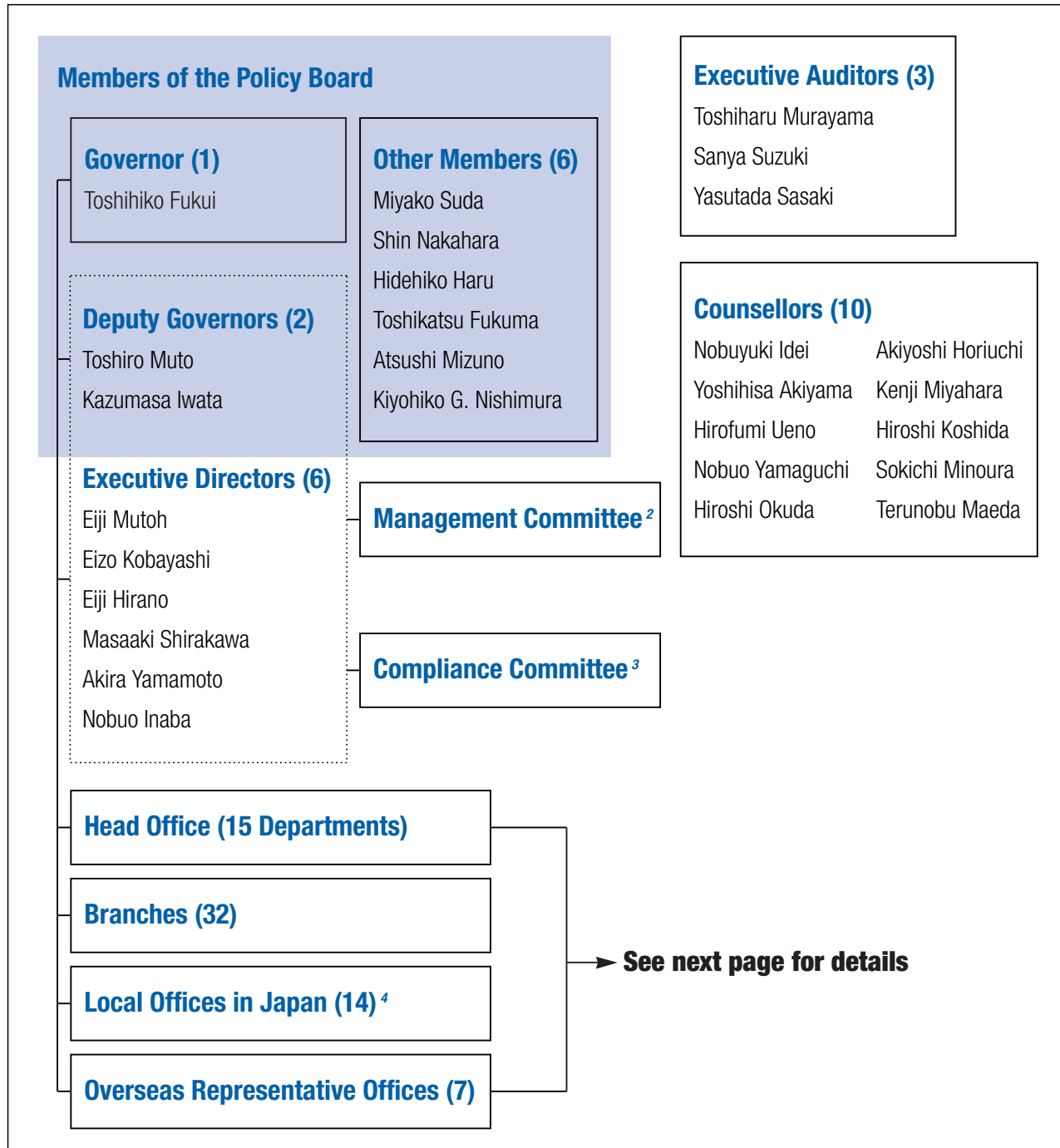
Number of Staff as of the End of March 2005

people; figures in parentheses are the number as of the end of March 2004

Total	5,052 (5,059)
Head Office ¹	2,803 (2,796)
Branches	2,174 (2,192)
Local offices ¹	51 (49)
Overseas representative offices	24 (22)

Note: 1. The staff of the computer center and the banknote operations center, two of the 14 local offices, are included in the number of staff at the Head Office.

Organization Chart of the Bank¹



Notes: 1. Bank executives are as of August 18, 2005.

2. The members of this committee comprise the Deputy Governors and all Executive Directors.

3. The present members of this committee comprise the Deputy Governors, the Executive Director in charge of personnel and corporate affairs, the Director-General of the Internal Auditors' Office, and a legal expert from outside the Bank.

4. Includes the computer center represented by the Director-General of the Information System Services Department, and the banknote operations center represented by the Director-General of the Currency Issue Department.

Head Office Departments	Officials
Secretariat of the Policy Board	Yasuo Nakayama (Director-General) Shigeki Kushida (Director-General, Senior Secretary to the Governor) Masayoshi Amamiya (Adviser to the Governor ⁵) Takashi Koza (Adviser to the Governor ⁶)
Internal Auditors' Office	Toshihiko Sasaki (Director-General)
Monetary Affairs Department	Hirohide Yamaguchi (Director-General)
Financial Systems and Bank Examination Department	Masahiro Samejima (Director-General) Takashi Oyama (Adviser to the Governor ⁷) Kazuhiro Osugi (Adviser to the Governor ⁸)
Payment and Settlement Systems Department	Kenzo Yamamoto (Director-General)
Financial Markets Department	Hiroshi Nakaso (Director-General)
Research and Statistics Department	Hideo Hayakawa (Director-General)
International Department	Akinari Horii (Director-General) Takashi Oyama (Adviser to the Governor ⁷)
Currency Issue Department	Eikichi Saito (Director-General)
Operations Department	Hajime Mizuno (Director-General)
Information System Services Department	Toru Hara (Director-General)
Public Relations Department	Takao Yumoto (Director-General)
Personnel and Corporate Affairs Department	Toshihiko Fukuyama (Director-General) Tetsuro Wada (Adviser to the Governor ⁹)
Administration Department	Ryutaro Tanimura (Director-General)
Institute for Monetary and Economic Studies	Kunio Okina (Director-General)

Overseas representative offices		Telephone numbers	General managers/ chief representatives
New York	Bank of Japan Representative Office in New York 1 Chase Manhattan Plaza, 59th Floor, New York, NY 10005, U.S.A.	+1-212-269-6566	Tadashi Nunami (General Manager for the Americas and Chief Representative in New York)
Washington, D.C.	Bank of Japan Representative Office in Washington, D.C. 2100 Pennsylvania Ave., N.W., Suite 505, Washington, D.C. 20037, U.S.A.	+1-202-466-2228	Jun Iwasaki (Chief Representative in Washington, D.C.)
London	Bank of Japan Representative Office in London Basildon House, 7-11 Moorgate, London EC2R 6AF, U.K.	+44-20-7606-2454	Toshio Idesawa (General Manager for Europe and Chief Representative in London)
Paris	Bank of Japan Representative Office in Paris 17 Avenue George V, 75008 Paris, France	+33-1-4720-7295	Keiichi Miyata (Chief Representative in Paris)
Frankfurt	Bank of Japan Representative Office in Frankfurt Taunusanlage 21, 60325 Frankfurt am Main, Germany	+49-69-9714310	Masao Okawa (Chief Representative in Frankfurt)
Hong Kong	Bank of Japan Representative Office in Hong Kong Suite 1012, One Pacific Place, 88 Queensway, Central, Hong Kong	+852-2525-8325	Akira Kodama (Chief Representative in Hong Kong)
Beijing	Bank of Japan Representative Office in Beijing 19th Floor, Unit 12C, China World Tower 2, No.1 Jian Guo Men Wai Avenue, Beijing 100004, China	+86-10-6505-9601	Yosuke Tsuyuguchi (Chief Representative in Beijing)

Notes: 5. In charge of management strategy, budget, and accounting.

6. In charge of parliamentary affairs and public relations.

7. In charge of the international financial system.

8. In charge of the Center for Advanced Financial Technology.

9. In charge of personnel administration.

Members of the Policy Board¹



From left to right: Atsushi Mizuno, Hidehiko Haru, Kazumasa Iwata, Toshiro Muto, Toshihiko Fukui, Miyako Suda, Shin Nakahara, Toshikatsu Fukuma, and Kiyohiko G. Nishimura



Toshihiko Fukui

Governor (the 29th) and Chairman of the Policy Board

Date of Birth
September 7, 1935

Education
The University of Tokyo
(1958, B.A. in Law)

1958 Joined the Bank of Japan
1970 Representative in Paris
1977 Director, Head of Planning Division, Coordination and Planning Department
1980 General Manager, Takamatsu Branch
1985 Director-General, Research and Statistics Department
1986 Director-General, Banking Department
1989 Director-General, Policy Planning Department
Executive Director
1994 Deputy Governor
1998 Chairman, Fujitsu Research Institute
2001 Vice Chairperson, Keizai Doyukai (Japan Association of Corporate Executives)
2003 Present position



Toshiro Muto

Deputy Governor

Date of Birth
July 2, 1943

Education
The University of Tokyo
(1966, B.A. in Law)

1966 Joined the Ministry of Finance
1988 Director, Small Banks Division, Banking Bureau
1990 Director, Secretarial Division, Minister's Secretariat
1995 Deputy Vice Minister for Policy Coordination
1997 Deputy Vice Minister
1998 Deputy Vice Minister for Policy Coordination
1999 Director-General, Budget Bureau
2000 Administrative Vice Minister of Finance
2003 Special Adviser to the Minister of Finance
Present position



Kazumasa Iwata

Deputy Governor

Date of Birth
October 17, 1946

Education
The University of Tokyo
(1970, B.A. in Arts and Sciences)

1970 Joined the Economic Planning Agency
1985 Senior Economist, Economic Research Institute
1986 Associate Professor, College of Arts and Sciences, The University of Tokyo
1991 Professor, College of Arts and Sciences, The University of Tokyo
1996 Professor, Graduate School of Arts and Sciences, The University of Tokyo
2001 Professor, Graduate School of Arts and Sciences, The University of Tokyo, and Director General for Economic Assessment and Policy Analysis, Cabinet Office
2003 Present position

Note: 1. Members are as of August 18, 2005.



Miyako Suda

Date of Birth
May 15, 1948

Education
The University of Tokyo
(1971, B.A. in Arts and Sciences
and 1979, Ph.D. in Economics)

- 1982 Assistant Professor, Senshu University
- 1988 Professor, Senshu University
- 1990 Professor, Gakushuin University
- 2001 Present position



Hidehiko Haru

Date of Birth
November 4, 1937

Education
The University of Tokyo
(1960, B.A. in Economics)

- 1960 Joined Tokyo Electric Power Company, Inc. (TEPCO)
- 1991 General Manager, Affiliated Companies Department, TEPCO
- 1995 Director and General Manager, Accounting and Treasury Department, TEPCO
- 1999 Managing Director, TEPCO
- 2000 Executive Vice-President, TEPCO
- 2002 Present position



Atsushi Mizuno

Date of Birth
August 18, 1959

Education
Waseda University
(1984, B.A. in Economics)
The City University of New York
(1989, Ph.D. in Economics)

- 1986 Predoctoral Visiting Scholar, National Bureau of Economics Research
- 1989 Senior Economist, Nomura Securities Co., Ltd., Tokyo
- 1996 Chief Strategist, Nomura Securities Co., Ltd., Tokyo
- 1997 Managing Director, Chief Fixed-Income Strategist & Chief Economist, Deutsche Morgan Grenfell Capital Markets Ltd., Tokyo Branch (the present Deutsche Securities Ltd., Tokyo Branch)
- 2002 Council Member, Council for Establishing of Japan Post (Japan Services Public Corporation)
- 2004 Vice Chairman, Global Markets Japan, Deutsche Securities Ltd., Tokyo Branch
Co-Head of Research Division, Chief Fixed Income Strategist, Credit Suisse First Boston Securities Japan Ltd.
Present position



Shin Nakahara

Date of Birth
October 18, 1937

Education
The University of Tokyo
(1961, B.A. in Economics)

- 1961 Joined the Bank of Tokyo, Ltd. (BOT) (the present Bank of Tokyo-Mitsubishi, Ltd.)
- 1989 Director and General Manager, Funds and Foreign Exchange Division, BOT
- 1992 Managing Director, BOT
- 1994 Managing Director, Resident Managing Director for the Americas, and Regional Executive in New York, BOT
- 1996 Managing Director and Chief Executive Officer, North American Headquarters, Bank of Tokyo-Mitsubishi, Ltd. (BTM)
- 1997 Senior Managing Director, BTM
- 2000 Deputy President, BTM
- 2001 Present position



Toshikatsu Fukuma

Date of Birth
April 23, 1937

Education
Hiroshima University
(1960, B.A. in Politics and Economics)

- 1960 Joined Mitsui & Co., Ltd.
- 1988 General Manager, Project Finance Division, Mitsui & Co., Ltd., Tokyo
- 1989 General Manager, Finance Division, Mitsui & Co., Ltd., Tokyo
- 1991 Director, Mitsui & Co., Ltd.
- 1994 Executive Managing Director, Mitsui & Co., Ltd.
- 1995 Senior Executive Managing Director, Mitsui & Co., Ltd.
- 1998 Executive Vice President and Chief Financial Officer, Mitsui & Co., Ltd.
- 2001 Vice Chairperson, Keizai Doyukai (Japan Association of Corporate Executives)
Counselor, Mitsui & Co., Ltd.
- 2002 Present position



Kiyohiko G. Nishimura

Date of Birth
March 30, 1953

Education
The University of Tokyo
(1975, B.A. in Economics
and 1977, M.A. in Economics)
Yale University
(1982, Ph.D. in Economics)

- 1981 Arthur M. Okun Memorial Research Fellow, Economic Studies Program, The Brookings Institution
- 1983 Associate Professor, The University of Tokyo
- 1994 Professor, The University of Tokyo
- 2003 Executive Research Fellow, Economic and Social Research Institute, Cabinet Office, and Professor, Graduate School of Economics, The University of Tokyo
- 2005 Present position

Functions of Committees/Departments/Offices

COMMITTEES/DEPARTMENTS/OFFICES

Management Committee

Examines and manages Bank-wide issues regarding the Bank's operations.

Compliance Committee

Ensures that the executives and staff perform their duties fairly and in compliance with the relevant laws and regulations.

Secretariat of the Policy Board

(1) Arranges proceedings for Policy Board meetings; (2) liaises with the Diet, the media, and industry associations; (3) reviews the content and wording of draft proposals for decisions at Policy Board meetings, and offers a legal perspective on other important documents; (4) handles legal matters relating to the Bank of Japan Law and other laws and ordinances; (5) plans and formulates measures relating to the Bank's business operations and organizational management; (6) handles administrative matters relating to the Management Committee;¹ (7) handles the Bank's budget, settlement, and accounting; (8) handles particular matters as directed by executives; (9) supports the Executive Auditors in auditing; (10) provides administrative services for executives; and (11) is responsible for the safekeeping of the official stamps of the Bank and its executives.

Internal Auditors' Office

Audits the Bank's business operations.

Monetary Affairs Department

Plans and formulates monetary policy measures and related matters.

Financial Systems and Bank Examination Department

(1) Plans and formulates measures that contribute to the maintenance of an orderly financial system; (2) conducts on-site examinations and off-site monitoring of financial

institutions that hold current accounts at the Bank; (3) judges financial institutions' eligibility to hold current accounts at the Bank and to have access to its lending facilities; and (4) determines the specifics of credit extension and discounting of bills by the Bank.

Payment and Settlement Systems Department

Plans and formulates measures in the following areas: (1) policy issues relating to the payment and settlement system; (2) access to payment and settlement services provided by the Bank; and (3) the Bank's business continuity planning.

Financial Markets Department

(1) Determines the specifics of daily market operations; (2) deals with issues relating to improving the functioning of Japanese financial markets, including the foreign exchange market; (3) intervenes in the foreign exchange markets for the purpose of stabilizing exchange rates of the yen as the agent of the Minister of Finance and/or on behalf of other countries' monetary authorities; (4) conducts purchases/sales of foreign currencies on behalf of overseas central banks and international organizations for the purpose of assisting their asset investment; and (5) monitors and analyzes developments in financial markets in Japan as well as overseas, including foreign exchange markets, and the activities of participants in these markets.

Research and Statistics Department

(1) Conducts research on the domestic economy and fiscal situation; and (2) compiles and publishes statistics.

International Department

(1) Manages external assets held by the Bank; (2) makes arrangements for investment in yen assets by overseas central banks and international organizations; (3) conducts operations for international financial support; (4) liaises with overseas central banks and international organizations; (5) conducts research on global economic and financial condi-

Note: 1. Added on April 1, 2005, accompanying the establishment of the Management Committee and the Compliance Committee.

tions; and (6) conducts business entrusted to it by the Ministry of Finance related to the Foreign Exchange and Foreign Trade Law and Foreign Exchange Fund Special Account Law.

Currency Issue Department

(1) Conducts planning and operations relating to banknotes; (2) conducts payment/receipt of coins, and examines and takes custody of them; (3) exchanges banknotes and coins unfit for further circulation; (4) conducts business related to clearing of bills and checks; and (5) manages securities and other items entrusted to the Bank for safekeeping.

Operations Department

Conducts banking operations including the following: (1) discounting of bills; (2) credit extension; (3) purchasing/selling of bills (including those drawn by the Bank) and securities; (4) borrowing/lending of securities with cash collateral; (5) accepting deposits; (6) domestic funds transfer; (7) taking custody of marketable securities and certificates that represent property rights; (8) purchasing/selling of gold and silver bullion; (9) bidding on and underwriting of Japanese government securities; (10) operations relating to treasury funds; (11) handling of government affairs related to currency and finance; (12) executing policy measures to maintain an orderly financial system; (13) operations relating to stocks purchased by the Bank; and (14) conducting other banking business of the Bank not listed above and operations relating to the Bank's agents.

Information System Services Department

(1) Manages the design and development of the Bank's computer systems as required in order to automate the Bank's business procedures; and (2) operates the Bank's computer systems.

Public Relations Department

(1) Is responsible for public relations; (2) disseminates information on financial services; and (3) administers the Bank's library.

Personnel and Corporate Affairs Department

Handles business in the following areas: (1) corporate affairs; (2) Compliance Committee;⁷ (3) personnel policy issues relating to recruitment, assessment of job performance,

career planning and training, wages and salaries, and the Bank's ethical discipline code; and (4) other aspects of personnel administration.

Administration Department

Conducts administrative operations relating to the following: (1) real estate holdings; (2) supplies; (3) staff welfare; (4) security; (5) transportation; (6) payment of expenses; (7) compilation of data for the Bank's accounts; (8) subscription certificates of the Bank's capital; (9) mailing; and (10) safekeeping of slips.

Institute for Monetary and Economic Studies

(1) Studies theoretical, institutional, technological, and historical aspects of monetary and economic issues; (2) collects, preserves, and exhibits historical materials and documents related to monetary and economic issues; and (3) exchanges views on monetary and economic issues with academics.

OTHER OFFICES

Branches

The 32 branches mainly conduct operations relating to currency issue and banking operations, and research on the economic and financial situation in each area.

Local Offices in Japan

The computer center operates the Bank's systems. The banknote operations center in Toda City, Saitama Prefecture, receives, pays, and stores banknotes. The other 12 local offices handle some of the operations of the Head Office or branches.

Overseas Representative Offices

The seven overseas representative offices perform a liaison function, gather information, and conduct research.

The Bank's Offices

Head Office, Branches, Offices, and Museums



Overseas Representative Offices²



Note: 2. For details, see page 113.

