

March 13, 2012

Bank of Japan

Establishment of "Special Rules for Small-Lot Investments and Loans to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan made the following decisions with the aim of further enhancing private financial institutions' efforts to strengthen the foundations for economic growth:

1. To establish the "Special Rules for Small-Lot Investments and Loans to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth" (see Attachment 1).
2. To amend the "Principal Terms and Conditions for the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth" (see Attachment 2).
3. To amend the "Special Rules for Equity Investments and Asset-Based Lending to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth" (see Attachment 3).

Special Rules for Small-Lot Investments and Loans to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth

1. Purpose

With the aim of further enhancing private financial institutions' efforts to strengthen the foundations for economic growth in wide-ranging areas, the Bank established special rules that supplement the "Principal Terms and Conditions for the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth" (Policy Board Decision on June 15, 2010, hereinafter referred to as the "Principal Terms and Conditions"). The special rules shall be applied when financial institutions make investments and loans each of which amounts to 1 million yen or more but less than 10 million yen (hereinafter referred to as "small-lot investments and loans").

2. Amount of Each Loan

The amount extended to each counterparty for each loan is the amount the counterparty wishes to borrow. Notwithstanding 8. of the Principal Terms and Conditions, such amount shall not exceed the maximum amount of loans prescribed in 3. and the unused value of the total standing pool of eligible collateral pledged to the Bank.

3. Maximum Amount of Loans, etc.

- (1) Apart from the total amount of loans stipulated in 9.(1) of the Principal Terms and Conditions, the total amount of loans pursuant to the special rules shall not exceed 500 billion yen.
- (2) The amount of loans pursuant to the special rules shall be included in the calculation of the total amount of loans to each counterparty pursuant to

9.(2) of the Principal Terms and Conditions.

- (3) The amount of loans disbursed pursuant to the special rules shall not be included in the calculation of the total amount of loans at each disbursement pursuant to 9.(3) of the Principal Terms and Conditions.
- (4) Notwithstanding 9.(4) of the Principal Terms and Conditions, the maximum amount to be lent to each counterparty at each loan disbursement pursuant to the special rules shall be the amount calculated by subtracting the amount in (b) and (c) below from the amount in (a), on a date specified by the Bank. However, if the counterparty wishes to rollover a loan, the amount of loan rolled over shall be limited to either such amount or the amount of the existing loan, whichever is smaller.
 - (a) The amount outstanding of small-lot investments and loans with a maturity of one year or more made by the counterparty on and after April 1, 2010, pursuant to the plan to support strengthening the foundations for economic growth stipulated in 11. of the Principal Terms and Conditions.
 - (b) The amount outstanding of small-lot investments and loans that is specified in (a) and is also used as the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in 5.(4) of the "Special Rules for Equity Investments and Asset-Based Lending to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth" (Policy Board Decision on June 14, 2011).
 - (c) The amount outstanding of loans to each counterparty disbursed pursuant to the special rules.

4. Deadline for Applications for New Loans

The date stipulated in 3.(4) shall be, except for the rollover of loans, not later than March 31, 2014.

5. The Plan to Support Strengthening the Foundations for Economic Growth

When applying the special rules, the term "funds received, either borrowed or invested from financial institutions, for a period of no less than one year" in 1 of the Annex to the Principal Terms and Conditions shall be deemed to be replaced with "small-lot investments and loans made for a period of no less than one year."

(Supplementary Provision)

The special rules shall become effective today and shall be valid through June 30, 2018.

Amendment to "Principal Terms and Conditions for the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth"

- Paragraph 7 shall be amended as follows.

7. Date of Each Loan Disbursement and Rollover of Loans

- (1) The date of each loan disbursement shall be specified by the Bank.
No loan shall be disbursed on or after ~~June 30, 2012~~ June 30, 2014 except for the rollover of loans as described in (2).
- (2) (No change)

- Paragraph 9 shall be amended as follows.

9. Maximum Amount of Loan, etc.

- (1) The total amount of loans shall not exceed ~~3~~ 3.5 trillion yen.
- (2) } (No change)
- ι }
- (4) }

- Paragraph 10 shall be amended as follows.

10. Deadline for New Applications for Loans

The period for calculating the amount of loans prescribed in 9.(4) shall end on or before ~~March 31, 2012~~ March 31, 2014.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through ~~June 30, 2016~~ June 30, 2018.

Amendment to "Special Rules for Equity Investments and Asset-Based Lending to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth"

- Paragraph 5 shall be amended as follows.

5. Maximum Amount of Loans, etc.

(1) }
 { (No change)
(3) }

(4) Notwithstanding 9.(4) of the Principal Terms and Conditions, the maximum amount to be lent to each counterparty at each loan disbursement pursuant to the special rules shall be the amount calculated by subtracting the amount in (b) and (c) below from the amount in (a), on a date specified by the Bank. However, if the counterparty wishes to rollover a loan, the amount of loan rolled over shall be limited to either such amount or the amount of the existing loan, whichever is smaller.

(a) (No change)

(b) The amount outstanding of equity investments and asset-based lending that is specified in (a) ~~that~~ and is also used as the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in 9.(4) of the Principal Terms and Conditions or the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in 3.(4) of the "Special Rules for Small-Lot Investments and Loans to Enhance the Fund-Provisioning Measure to Support Strengthening the

Foundations for Economic Growth" (Policy Board Decision on March 13, 2012).

(c) (No change)

- Paragraph 6 shall be amended as follows.

6. Deadline for Applications for New Loans

The date stipulated in 5.(4) shall be, except for the rollover of loans stipulated in 3., not later than ~~March 31, 2012~~ March 31, 2014.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The special rules shall become effective today and shall be valid through ~~June 30, 2016~~ June 30, 2018.