

September 26, 2017

Bank of Japan

Amendment to "Prices of Eligible Collateral"

The Bank of Japan shall amend the following rules based on a regular review of the appropriateness of collateral prices and margin ratios in light of recent financial market developments, with a view to maintaining the soundness of the Bank's assets as well as efficiency in market participants' use of collateral.

These amendments shall become effective on October 26, 2017; provided, however, that the amendment to paragraph 5. of "Prices of Eligible Collateral" shall become effective on October 30, 2017.

1. "Prices of Eligible Collateral" (see Attachment 1)
2. "Margin Ratios for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements" (see Attachment 2)

Amendment to "Prices of Eligible Collateral"

- Paragraph 1. shall be amended as follows.

1. Eligible Collateral Stipulated in "Guidelines on Eligible Collateral" (Policy Board Decision on October 13, 2000)

(No change)

(a)	(b)						(c)
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years	
Government Bonds ² and Treasury Discount Bills ³	99%	99%	98%	97%	96 <u>95</u> %	94 <u>93</u> %	(No change)
Government Bonds (Floating-Rate Bonds)	99 <u>98</u> %	99 <u>98</u> %	98%	97 <u>96</u> %	---	---	
Government Bonds (STRIPS)	98%	98%	97%	96%	95 <u>94</u> %	92 <u>91</u> %	
Government Bonds (Inflation-Indexed Bonds)	93%	93 <u>96</u> %	95%	94%	93 <u>92</u> %	91 <u>90</u> %	
Government-Guaranteed Bonds	98%	98%	97%	96%	95 <u>94</u> %	93 <u>92</u> %	
Government-Guaranteed Dematerialized Commercial Paper	(No change)						

(a)	(b)						(c)
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years	
Municipal Bonds	98%	98%	97%	96%	95 <u>94</u> %	93 <u>92</u> %	(No change)
Fiscal Investment and Loan Program (FILP) Agency Bonds ⁴	97%	97%	96%	95%	94 <u>93</u> %	92 <u>91</u> %	
Residential Mortgage-Secured Pass-Through Notes Issued by the Japan Housing Finance Agency ⁵	(No change)						
Corporate Bonds	97%	97%	96%	95%	94 <u>93</u> %	92 <u>91</u> %	
Dematerialized Commercial Paper Issued by Domestic Corporations	(No change)						
Dematerialized Commercial Paper Issued by Foreign Corporations with Guarantees							
Asset-Backed Securities	97%	97%	96%	95%	94 <u>93</u> %	92 <u>91</u> %	
Dematerialized Asset-Backed Commercial Paper	(No change)						
Bonds Issued by Real Estate Investment Corporations	97%	97%	96%	95%	94 <u>93</u> %	92 <u>91</u> %	
Dematerialized Commercial Paper Issued by Real Estate Investment Corporations	(No change)						

(a)	(b)						(c)
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years	
Foreign Government Bonds	97%	97%	96%	95%	<u>9493%</u>	<u>9291%</u>	(No change)
International Financial Institution Bonds	97%	97%	96%	95%	<u>9493%</u>	<u>9291%</u>	
Bills Drawn by Companies	(No change)						
Bills Drawn by Real Estate Investment Corporations							
Commercial Paper							

(a)	(b)					(c)
	up to 1 year	more than 1 year and up to 3 years	more than 3 years and up to 5 years	more than 5 years and up to 7 years	more than 7 years and up to 10 years ⁶	
Electronically Recorded Monetary Claims on Companies	96%	<u>9490%</u>	<u>8580%</u>	<u>8075%</u>	70%	(No change)
Electronically Recorded Monetary Claims on Real Estate Investment Corporations	96%	<u>9490%</u>	<u>8580%</u>	<u>8075%</u>	70%	
Electronically Recorded Monetary Claims on the Government ⁷	(No change)					

(a)	(b)					(c)
	up to 1 year	more than 1 year and up to 3 years	more than 3 years and up to 5 years	more than 5 years and up to 7 years	more than 7 years and up to 10 years ⁶	
Electronically Recorded Monetary Claims with Government Guarantees	(No change)					(No change)
Electronically Recorded Monetary Claims on Municipal Governments	97%	95 <u>94</u> %	90 <u>85</u> %	85%	80 <u>75</u> %	
Loans on Deeds to Companies	96%	94 <u>90</u> %	85 <u>80</u> %	80 <u>75</u> %	70%	
Loans on Deeds to Real Estate Investment Corporations	96%	94 <u>90</u> %	85 <u>80</u> %	80 <u>75</u> %	70%	
Loans on Deeds to the Government ⁷	(No change)					
Loans on Deeds with Government Guarantees						
Loans on Deeds to Municipal Governments	97%	95 <u>94</u> %	90 <u>85</u> %	85%	80 <u>75</u> %	

(No change)

- Paragraph 3. shall be amended as follows.

3. Eligible Collateral Stipulated in "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas" (Policy Board Decision on April 28, 2011) and "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas of the 2016 Kumamoto Earthquake" (Policy Board Decision on April 28, 2016)

(1) Debt of Companies with Business Offices in Disaster Areas

(No change)

(a)	(b)						(c)
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years	
Corporate Bonds	97%	97%	96%	95%	<u>94</u> 93%	<u>92</u> 91%	(No change)

(a)	(b)					(c)
	up to 1 year	more than 1 year and up to 3 years	more than 3 years and up to 5 years	more than 5 years and up to 7 years	more than 7 years and up to 10 years ¹	
Bills	(No change)					(No change)
Electronically Recorded Monetary Claims on Normal-Class Borrowers	81%	<u>67</u> 66%	<u>55</u> 50%	<u>45</u> 40%	30%	
Electronically Recorded Monetary Claims on Borrowers other than the Normal-Class Borrowers	94%	<u>85</u> 84%	75%	65%	55%	
Loans on Deeds to Normal-Class Borrowers	81%	<u>67</u> 66%	<u>55</u> 50%	<u>45</u> 40%	30%	
Loans on Deeds to Borrowers other than the Normal Class Borrowers	94%	<u>85</u> 84%	75%	65%	55%	

(No change)

(2) Debt of Municipal Governments in Disaster Areas

(No change)

(a)	(b)				
	up to 1 year	more than 1 year and up to 3 years	more than 3 years and up to 5 years	more than 5 years and up to 7 years	more than 7 years and up to 10 years ¹
Electronically Recorded Monetary Claims	87%	85 <u>84</u> %	80 <u>75</u> %	75%	70 <u>65</u> %
Loans on Deeds	87%	85 <u>84</u> %	80 <u>75</u> %	75%	70 <u>65</u> %

(No change)

(3) Debt of Entities Owned by Municipal Governments in Disaster Areas

(No change)

(a)	(b)				
	up to 1 year	more than 1 year and up to 3 years	more than 3 years and up to 5 years	more than 5 years and up to 7 years	more than 7 years and up to 10 years ¹
Electronically Recorded Monetary Claims	81%	67 <u>66</u> %	55 <u>50</u> %	45 <u>40</u> %	30%
Loans on Deeds	81%	67 <u>66</u> %	55 <u>50</u> %	45 <u>40</u> %	30%

(No change)

- Paragraph 4. shall be amended as follows.

4. Eligible Collateral Stipulated in "Temporary Rules regarding the Eligibility Standards for Loans on Deeds to Companies Denominated in the U.S. Dollar" (Policy Board Decision on January 29, 2016)

(No change)

Residual Maturity				
up to 1 year	more than 1 year and up to 3 years	more than 3 years and up to 5 years	more than 5 years and up to 7 years	more than 7 years and up to 10 years ¹
88%	80 <u>79</u> %	70 <u>65</u> %	65 <u>60</u> %	55 <u>50</u> %

(No change)

- Paragraph 5. shall be amended as follows.

5. Eligible Collateral Stipulated in "Collateral Guidelines on Eligible Beneficial Interest of a Trust in Housing Loans" (Policy Board Decision on March 15, 2016)

The price of collateral shall be calculated by multiplying the sum of the total amount of outstanding principal and repaid principal of housing loans in the trust property by ~~60~~55%.

Amendment to "Margin Ratios for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements"

- Paragraph 1. shall be amended as follows.

1. Margin Ratios Stipulated in 7. (2) in "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements" (Policy Board Decision on September 18, 2002)

(1) Securities Purchased by the Bank

Categories of Japanese Government Securities	Residual Maturity					
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years
Government Bonds ¹ and Treasury Discount Bills ²	1.002	1.005	1.012	1.019	1.035	1.064 <u>1.059</u>
Floating-Rate Bonds	1.002	1.003	1.009	1.013 <u>1.019</u>	---	---
Inflation-Indexed Bonds	1.029 <u>1.031</u>	1.032 <u>1.020</u>	1.026 <u>1.027</u>	1.034 <u>1.035</u>	1.050 <u>1.051</u>	1.080 <u>1.076</u>

(No change)

(2) Securities Sold by the Bank

Categories of Japanese Government Securities	Residual Maturity					
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years
Government Bonds and Treasury Discount Bills	0.999	0.996	0.989	0.982	0.968	0.943 <u>0.947</u>
Floating-Rate Bonds	0.999	0.998	0.992	0.988 <u>0.982</u>	---	---
Inflation-Indexed Bonds	0.972 <u>0.970</u>	0.969 <u>0.981</u>	0.975 <u>0.974</u>	0.968	0.955 <u>0.954</u>	0.931 <u>0.934</u>

- Paragraph 2. shall be amended as follows

2. Margin Ratios Stipulated in 8. (2) in "Principal Terms and Conditions for the Sale of Japanese Government Securities with Repurchase Agreements to Provide the Markets with a Secondary Source of Japanese Government Securities" (Policy Board Decision on April 9, 2004)

Categories of Japanese Government Securities	Residual Maturity					
	up to 1 year	more than 1 year and up to 5 years	more than 5 years and up to 10 years	more than 10 years and up to 20 years	more than 20 years and up to 30 years	more than 30 years
Government Bonds and Treasury Discount Bills	0.999	0.996	0.989	0.982	0.968	0.943 <u>0.947</u>
Floating-Rate Bonds	0.999	0.998	0.992	0.988 <u>0.982</u>	---	---
Inflation-Indexed Bonds	0.972 <u>0.970</u>	0.969 <u>0.981</u>	0.975 <u>0.974</u>	0.968	0.955 <u>0.954</u>	0.931 <u>0.934</u>