

Treatment of the Relaxation of the Terms and Conditions
 for the Securities Lending Facility

The Bank of Japan decided to implement the following measures regarding the Securities Lending Facility (SLF) in order to contribute appropriately to smooth settlement of Japanese government securities (JGSs) by providing a temporary and secondary source of JGSs to the markets, as the functioning of the Japanese government bond (JGB) market has been steadily improving.

1. Increase in the Minimum Fee Rate

	Before	After
Minimum fee rate	0.25 percent	0.50 percent

2. Reduction in the Upper Limit on the Consecutive-day Purchases of the Same Issue

	Before	After ^(Note 1)
Upper limit on the consecutive-day purchases	In principle, counterparties will be permitted to consecutively purchase ^(Note 2) the same issue of JGBs from the Bank for a maximum of 50 business days. ^(Note 3)	In principle, counterparties will be permitted to consecutively purchase ^(Note 2) the same issue of JGBs from the Bank for a maximum of 30 business days. ^(Note 3)

Notes: 1. The upper limit on the consecutive-day purchases of the same issue for treasury discount bills (T-Bills) will remain, in principle, at a maximum of 5 business days.

2. This rule is applicable to purchases through multiple-price competitive auctions, and is not applicable to roll-over transactions subject to fails charge in accordance with market practice.

3. The Bank may extend the period for consecutive-day purchases per issue when deemed necessary in light of the conditions of financial markets.

3. Clarification of the Treatment of the Relaxed Conditions for the Reduction in the Bank's Repurchase Amount

Regarding the reduction in the Bank's repurchase amount under the SLF in the case where the reduction is deemed to contribute to improving liquidity in the JGB market, the Bank will continue to implement the measures shown in "Change in the Treatment of the Reduction in the Bank of Japan's Repurchase Amount under the Securities Lending Facility" published on June 17, 2025.

When judging whether the reduction in the repurchase amount contributes to improving liquidity in the JGB market, the Bank mainly takes into account the amount outstanding of the applicable issues in the market.^(Note 1) On this point, the amount outstanding in the market of each issue^(Note 2) applicable to the relaxed conditions has reached the upper limit on the reduction of about 1.5 trillion yen.^(Note 3)

Notes: 1. The amount outstanding in the market is defined as the amount outstanding issued by the government minus the amount outstanding held by the Bank.

2. The applicable issues include the first and second cheapest-to-deliver issues for 10-year JGB futures in the nearest two contract months, as well as 10-year JGB issues (excluding Japan Climate Transition Bonds, inflation-indexed bonds, and floating-rate bonds) with a residual maturity of more than 5 years and less than 7 years for which the share of the Bank's holdings in the market exceeds 80 percent.

3. The Bank recognizes that the degree of improvement in the liquidity of the JGB market depends not only on the size of the amount outstanding in the market but on developments in market conditions. Therefore, it will continue to closely monitor the situation of sales and purchases, as well as lending, of individual issues in the JGB cash and repo markets.

4. Continuation of the Other Measures to Relax the Terms and Conditions

Regarding the number of offers per day, issues to be offered, the upper limit on the amount of purchases per issue, and the upper limit on the number of issues allowed for the submission of bids, the Bank will continue to implement existing measures as follows.

Number of offers per day	Twice a day ^(Note 1)
Issues to be offered	All issues of JGBs and T-Bills held by the Bank, in principle ^(Note 2)

Upper limit on the amount of purchases per issue	The amount outstanding of the Bank's holdings ^(Note 3)
Upper limit on the number of issues allowed for the submission of bids by a counterparty per auction	30 issues

- Notes: 1. The operation timetable will be unchanged.
2. Requests for JGS issues by counterparties in advance will continue to be unnecessary.
3. The amount needed for other business (including sales of JGSs conducted before the SLF) will be deducted.

5. Effective Date

The measures shown in 1. and 2. will be applied to the SLF to be offered on and after July 16, 2026.

For further information, please contact the Market Operations Division, Financial Markets Department (post.fmd7@boj.or.jp).
