

About the Bank of Japan

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The Bank of Japan is the central bank of Japan. It is a juridical person established based on the Bank of Japan Act¹ (hereafter the Act), and is not a government agency or a private corporation (Table 1).

I. CORE PURPOSES

The Act determines the Bank's core purposes as follows:

Article 1

- (1) The purpose of the Bank of Japan, or the central bank of Japan, is to issue banknotes and to carry out currency and monetary control.
- (2) In addition to what is prescribed in the preceding paragraph, the Bank of Japan's purpose is to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of stability of the financial system.

The Act also stipulates the principle governing the Bank's currency and monetary control as follows:

Article 2

Currency and monetary control by the Bank of Japan shall be aimed at achieving price stability, thereby contributing to the sound development of the national economy.

II. CAPITAL

The Bank is capitalized at 100 million yen in accordance with Article 8, paragraph 1 of the Act. As of the end of March 2008, 55,005,000 yen is subscribed by the government, and the rest by the private sector (Table 2).²

The Act 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 residual assets up to the sum of the paid-up capital and, if any, the special reserve fund (Article 60, paragraph 2, and Supplementary Provisions Article 22, paragraph 2). Dividend payments as a proportion of paid-up capital are limited to 5 percent or below in each fiscal year.³

III. BANK OFFICERS

Bank officers are the Governor, Deputy Governors, Members of the Policy Board, Auditors, Executive Directors, and Counsellors.⁴ Of the above, the Governor, the two Deputy Governors, and six Members of the Policy Board make up the Policy Board.⁵

The Governor, the Deputy Governors, and Members of the Policy Board are appointed by the Cabinet, subject to the consent of the House of Representatives and the House of Councillors. Auditors are appointed by the Cabinet. Executive Directors and Counsellors are

1. The "Bank of Japan Act" was previously termed the "Bank of Japan Law," but has been renamed in accordance with the new English translation, prepared by the government of Japan, of the Japanese original (Act No. 89 of June 18, 1997). For the text of the new translation, see Appendix 4 on pages 91–106. Note that the terms used in the Japanese original remain unchanged. The terminology in this year's *Annual Review* is based on the new translation.

2. Article 8, paragraph 2 of the Act states as follows: "Of the amount of stated capital set forth in the preceding paragraph, the amount of contribution by the government shall be no less than fifty-five million yen."

3. Stipulated by Article 53, paragraph 4.

4. Stipulated by Article 21. The officers of the Bank consist of a Governor, two Deputy Governors, six Members of the Policy Board, three or fewer Auditors, six or fewer Executive Directors, and a small number of Counsellors.

5. Stipulated by Article 16, paragraph 2.

appointed by the Minister of Finance based on the Board's recommendation.⁶

The terms of office are five years for the Governor, Deputy Governors, and Members of the Policy Board, four years for Auditors and Executive Directors, and two years for Counsellors.⁷ Bank officers, excluding

Executive Directors, are not dismissed against their will during their terms of office, except in the cases prescribed in the Act, such as the formal commencement of bankruptcy proceedings against them.⁸

For duties and powers of Bank officers, see Table 3.⁹

6. Stipulated by Article 23.

7. Stipulated by Article 24.

8. Stipulated by Article 25.

9. Duties and powers 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 of 1882 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. 10	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 Act of 1942 is promulgated; the Bank is to have capital of 100 million yen.
	May 1	The Bank is reorganized under the Bank of Japan Act of 1942.
1949	June	The Policy Board is established.
1997	June	The Bank of Japan Act of 1997 is promulgated; the Bank is to have capital of 100 million yen.
1998	Apr. 1	The Bank of Japan Act of 1997 comes into effect.

Table 2

Subscribers by Category

Subscribers	Amount of subscription (thous. yen) ¹	Percentage of the total subscription (%)
The government	55,005	55.0
The private sector	44,994	45.0
Individuals	38,408	38.4
Financial institutions	2,427	2.4
Public organizations	291	0.3
Securities companies	125	0.1
Other firms	3,740	3.7
Total	100,000	100.0

Note: 1. Rounded down to the nearest 1,000 yen. As of the end of March 2008.

Table 3

Duties and Powers of Bank Officers

	Duties and powers
Policy Board members	Decide the guideline for currency and monetary control and other important matters concerning the Bank's operations, and supervise the officers (excluding Auditors and Counsellors) in the fulfillment of their duties.
Governor	Represents the Bank and exercises general control over the Bank's business in accordance with decisions made by the Board. At the same time, fulfills the duties of an independent Board member.
Deputy Governors	In accordance with decisions made by the Governor, represent the Bank, administer the business of the Bank assisting the Governor, act for the Governor whenever the Governor is prevented from attending to his/her duties, and perform the Governor's duties during a vacancy in the office of the Governor. At the same time, fulfill the duties of independent Board members.
Members of the Policy Board	Comprise the Board, together with the Governor and the Deputy Governors.
Auditors	Audit the business of the Bank. May, when they find it necessary based on the audit results, submit their opinions to the Minister of Finance, the Prime Minister (the Commissioner of the Financial Services Agency when the Prime Minister delegates such authority under Article 61-2 of the Bank of Japan Act), or the Board.
Executive Directors	In accordance with the decisions made by the Governor, administer the business of the Bank assisting the Governor and the Deputy Governors, act for the Governor when the Governor and the Deputy Governors are prevented from attending to their duties, and perform the Governor's duties during a vacancy in the office of the Governor and the Deputy Governors.
Counsellors	Give advice to the Board when consulted on any important matter concerning the Bank's business operations. May also express their opinions to the Board when they find it necessary.

Policy Board Members¹



From left: Atsushi Mizuno, Kiyohiko G. Nishimura, Tadao Noda, Masaaki Shirakawa, Seiji Nakamura, Miyako Suda, and Hidetoshi Kamezaki

Masaaki Shirakawa

Governor (the 30th) and Chairman of the Policy Board

Date of Birth

September 27, 1949

Education

The University of Tokyo
(1972, B.A. in Economics)
The University of Chicago
(1977, M.A. in Economics)

1972	Joined the Bank of Japan
1990	Director, Head of Financial System Division, Financial and Payment System Office
1993	Director, Head of Planning Division, Policy Planning Office
1994	General Manager, Oita Branch
1995	General Manager for the Americas
1996	Deputy Director-General, Institute for Monetary and Economic Studies
1997	Deputy Director-General, International Department Adviser to the Governor, Credit and Market Management Department
1998	Adviser to the Governor, Financial Markets Department
2000	Adviser to the Governor, Policy Planning Office
2002	Executive Director
2006	Professor, Kyoto University School of Government
2008	Deputy Governor, Bank of Japan
	Present position

Note: 1. Members are as of August 18, 2008.

Kiyohiko G. Nishimura

Deputy Governor

Date of Birth	Education
March 30, 1953	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	Member of the Policy Board, Bank of Japan
2008	Present position

Atsushi Mizuno

Date of Birth	Education
August 18, 1959	Waseda University (1984, B.A. in Economics) The City University of New York (1989, Ph.D. in Economics)
1986	Predocutorial Visiting Scholar, National Bureau of Economic 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 (renamed to 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 (the present Deutsche Securities Inc.) Co-Head of Research Division, Chief Fixed Income Strategist, Credit Suisse First Boston Securities (Japan) Ltd. (the present Credit Suisse Securities (Japan) Ltd.) Present position

Seiji Nakamura

Date of Birth	Education
April 28, 1942	Keio University (1965, B.A. in Economics)
1965	Joined Mitsui O.S.K. Lines, Ltd.
1992	General Manager of Finance Division, Mitsui O.S.K. Lines, Ltd.
1994	Director and General Manager of Finance and Accounting Division, Mitsui O.S.K. Lines, Ltd.
1995	Director and General Manager of Corporate Planning Division, Mitsui O.S.K. Lines, Ltd.
1996	Managing Director, Mitsui O.S.K. Lines, Ltd.
1998	Senior Managing Director, Mitsui O.S.K. Lines, Ltd.
2000	Deputy President, Mitsui O.S.K. Lines, Ltd.
2003	President, MOL Ferry Co., Ltd.
2007	Present position

Miyako Suda

Date of Birth	Education
May 15, 1948	The University of Tokyo (1971, B.A. in Arts and Sciences and 1979, Completed a Ph.D. Program in Economics)
1982	Assistant Professor, Senshu University
1988	Professor, Senshu University
1990	Professor, Gakushuin University
2001	Present position

Tadao Noda

Date of Birth	Education
January 31, 1947	Kyoto University (1969, B.A. in Law)
1969	Joined The Dai-Ichi Bank, Ltd.
1997	Director and General Manager, Corporate Operation Planning and Coordination Office, The Dai-Ichi Kangyo Bank, Ltd. (DKB) ²
1998	Managing Director, DKB
2001	Managing Executive Officer and Head of Strategic Planning Group (Chief Strategy Officer), Mizuho Holdings, Inc. ³
2003	Deputy President, Mizuho Financial Group, Inc. (MHFG) (upon establishment of MHFG)
2005	Chairman, Chuo Real Estate Co., Ltd.
2006	Present position

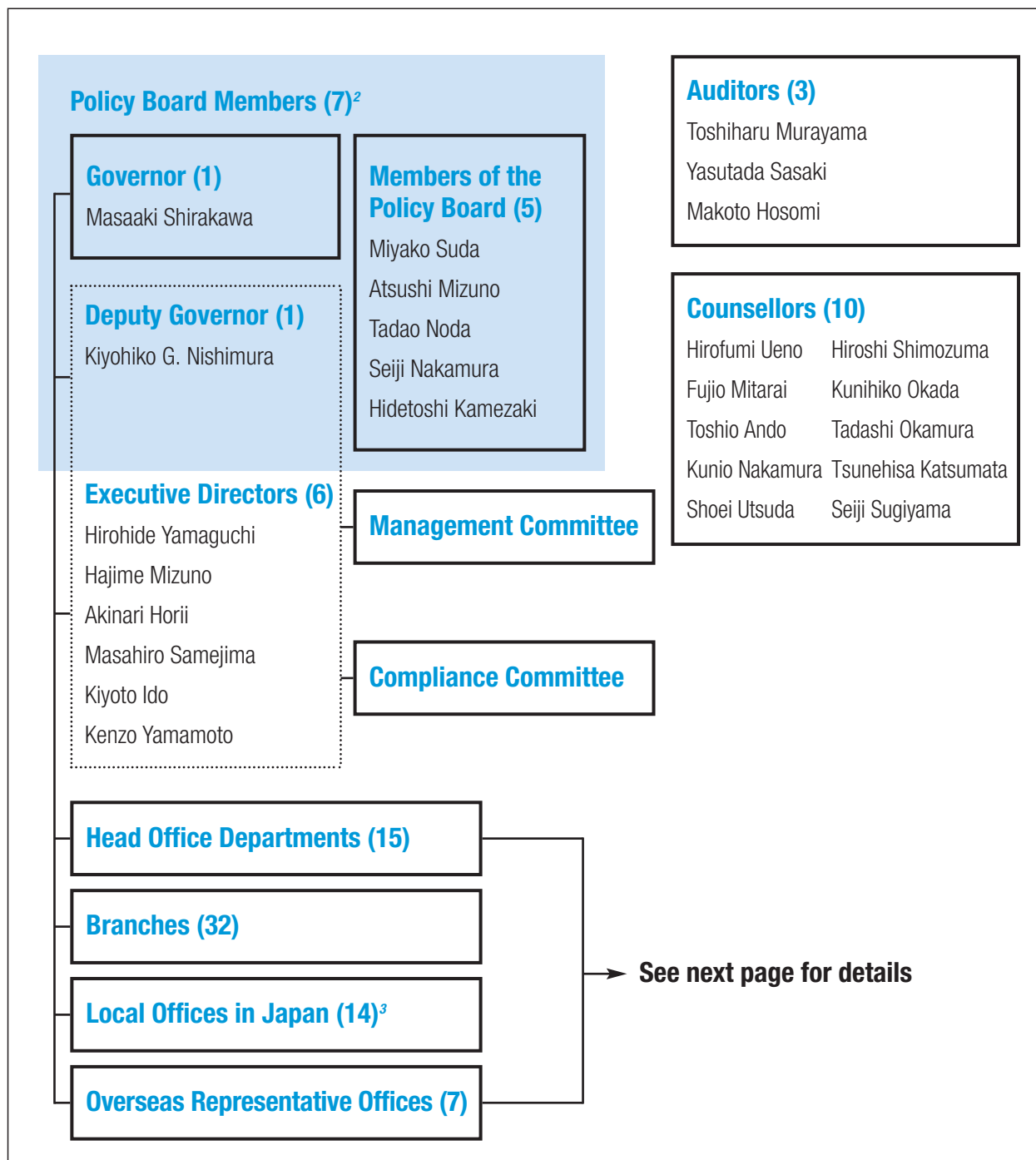
Hidetoshi Kamezaki

Date of Birth	Education
April 1, 1943	Yokohama National University (1966, B.A. in Economics) Harvard Business School (1990, Completed the Advanced Management Program)
1966	Joined Mitsubishi Corporation
1998	Executive Vice President, Director, Mitsubishi International Corporation (New York)
2000	President, Mitsubishi Corporation (Taiwan) Ltd.
2001	Senior Vice President, Mitsubishi Corporation
2002	Member of the Board, Executive Vice President, Chief Regional Officer, Mitsubishi Corporation
2005	Member of the Board, Senior Executive Vice President, Corporate Planning, Chief Regional Officer, Mitsubishi Corporation
2007	Present position

Notes: 2. Established in 1971 through merger of The Dai-Ichi Bank, Ltd. and The Nippon Kangyo Bank, Ltd.

3. Established in 2000 through merger of DKB, The Fuji Bank, Ltd., and The Industrial Bank of Japan, Ltd.

IV. ORGANIZATION

Organization Chart of the Bank¹

Notes: 1. As of August 18, 2008.

2. The Policy Board shall consist of six Members of the Policy Board, the Bank of Japan's Governor and two Deputy Governors.

3. 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	Kazuhito Osugi (Director-General) Atsushi Miyanoya (Director-General, Senior Secretary to the Governor) Tomohisa Takeda (Director-General for Management Strategy, Budget, and Accounting) Yuji Iino (Director-General for Parliamentary Affairs and Public Relations)
Internal Auditors' Office	Toru Hara (Director-General)
Monetary Affairs Department	Masayoshi Amamiya (Director-General)
Financial Systems and Bank Examination Department	Hiroki Tanaka (Director-General)
Payment and Settlement Systems Department	Toshihiro Oritate (Director-General)
Financial Markets Department	Hiroshi Nakaso (Director-General)
Research and Statistics Department	Kazuo Momma (Director-General)
International Department	Tadashi Nunami (Director-General)
Currency Issue Department	Taku Oizumi (Director-General)
Operations Department	Masashi Shimizu (Director-General)
Information System Services Department	Hirohisa Hokari (Director-General)
Public Relations Department	Hideo Etani (Director-General)
Personnel and Corporate Affairs Department	Junichi Maeda (Director-General) Shigeaki Kushida (Director-General for Personnel Management)
Administration Department	Michio Masukawa (Director-General)
Institute for Monetary and Economic Studies	Wataru Takahashi (Director-General)

Overseas representative offices		Telephone numbers	General managers/ chief representatives
New York	Bank of Japan Chief Representative Office for the Americas Bank of Japan Representative Office in New York 140 Broadway, 18th Floor, New York, NY 10005, U.S.A.	+1-212-269-6566	Shuhei Aoki (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	Naruki Mori (Chief Representative in Washington, D.C.)
London	Bank of Japan Chief Representative Office for Europe Bank of Japan Representative Office in London Basildon House, 7-11 Moorgate, London EC2R 6AF, U.K.	+44-20-7606-2454	Hideaki Ono (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	Satoru Hagino (Chief Representative in Paris)
Frankfurt	Bank of Japan Representative Office in Frankfurt Taunusanlage 21, 60325 Frankfurt am Main, Germany	+49-69-9714310	Atsushi Takeuchi (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	Shingo Odaka (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	Kiyoyuki Seguchi (Chief Representative in Beijing)

Functions of Committees/Departments/Offices

COMMITTEES/DEPARTMENTS/OFFICES

Management Committee

Examines and manages Bank-wide issues regarding the Bank's operations. The members of this committee comprise the Deputy Governors and all Executive Directors.

Compliance Committee

Ensures that the officers and employees perform their duties fairly and in compliance with the relevant laws and regulations. The members of this committee comprise members appointed from among the Deputy Governors and Executive Directors by the Governor; the Director-General of the Internal Auditors' Office; and one or more legal experts from outside the Bank.

Secretariat of the Policy Board

(1) Arranges proceedings for Policy Board meetings; (2) liaises with the Diet and the media; (3) reviews the content and wording of important documents, and offers a legal perspective on them; (4) plans and formulates measures relating to the Bank's business operations and organizational management; (5) handles the Bank's budget, settlement, and accounting; (6) provides administrative services for Bank officers; and (7) supports the Auditors in auditing.

Internal Auditors' Office

Audits the Bank's business operations.

Monetary Affairs Department

Plans and formulates monetary policy measures.

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) financial institutions' 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) conducts foreign exchange interventions; (3) works toward improving the functioning of Japanese financial markets, including the foreign exchange market; and (4) monitors and analyzes developments in financial markets in Japan as well as overseas, including foreign exchange markets.

Research and Statistics Department

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

International Department

(1) Liaises and coordinates with overseas central banks and international organizations; (2) makes arrangements for investment in yen assets by overseas central banks, and conducts operations aimed at providing international financial support; (3) manages foreign currency assets held by the Bank; (4) conducts research on global economic and financial conditions; and (5) compiles Japan's balance of payments and other such statistics.

Currency Issue Department

(1) Conducts planning and operations relating to banknotes; and (2) conducts payment/receipt of coins, and examines and takes custody of them.

Operations Department

Conducts banking operations including the following: (1) discounting of bills; (2) credit extension; (3) purchasing/selling of bills, Japanese government securities, and other securities; (4) borrowing/lending of securities with cash collateral; (5) accepting deposits; (6) domestic funds transfers; (7) handling of treasury funds; and (8) operations relating to stocks purchased by the Bank.

Information System Services Department

Manages the development and operation of the Bank's computer systems.

Public Relations Department

(1) Is responsible for public relations; (2) administers the Bank's library; and (3) works toward raising the public's awareness and understanding of financial and economic issues.

Personnel and Corporate Affairs Department

Handles business in corporate affairs, personnel policy issues relating to recruitment, assessment of job performance, career planning and training, wages and salaries, and the Bank's code of ethics.

Administration Department

Conducts administrative operations relating to the Bank's facilities, supplies, security, and transportation.

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 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 their respective areas.

Local Offices in Japan

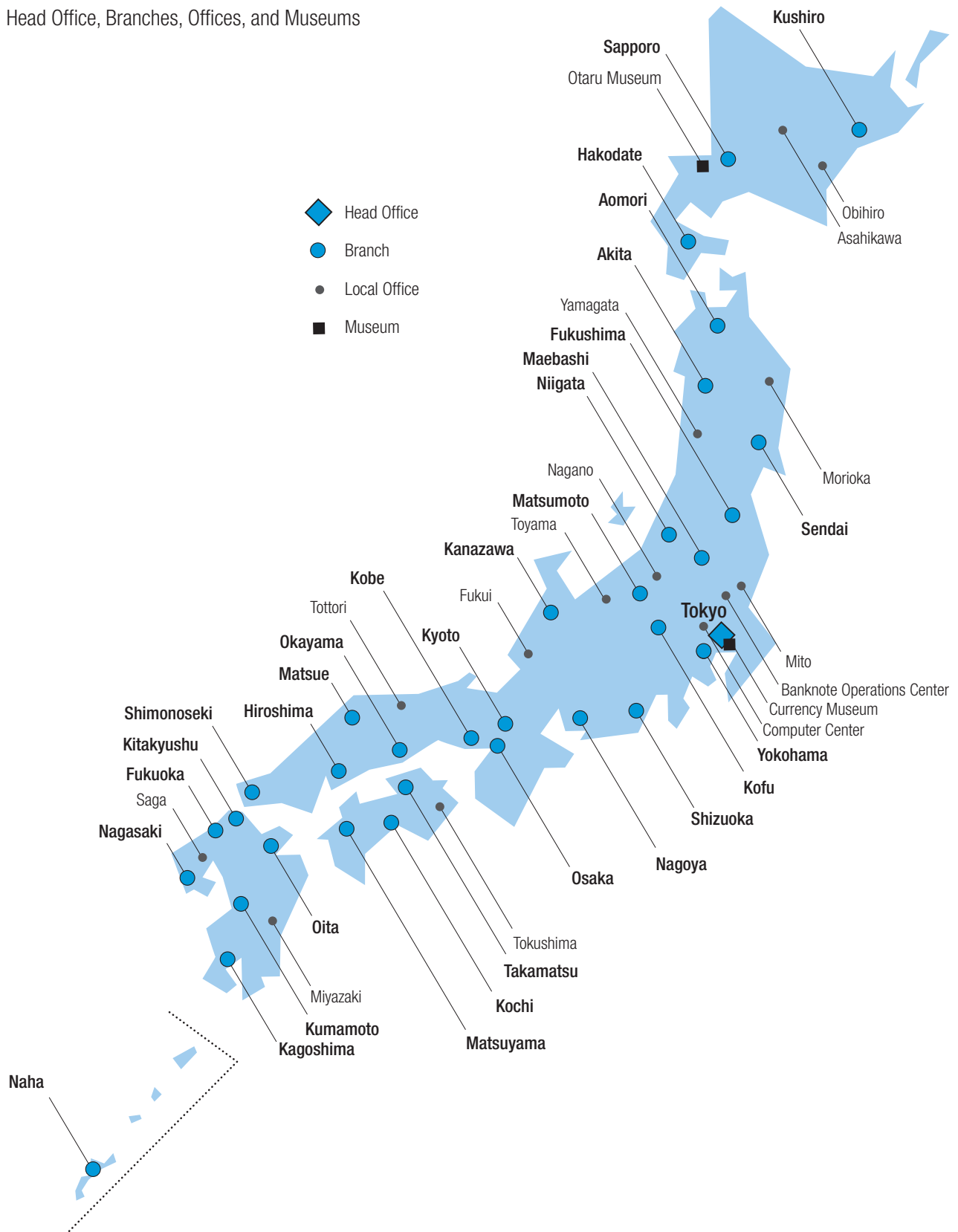
The computer center operates the Bank's systems. The banknote operations center in Toda City, Saitama Prefecture, receives, pays, and stores banknotes. The other 12 local offices handle some of the operations of the Head Office or branches.

Overseas Representative Offices

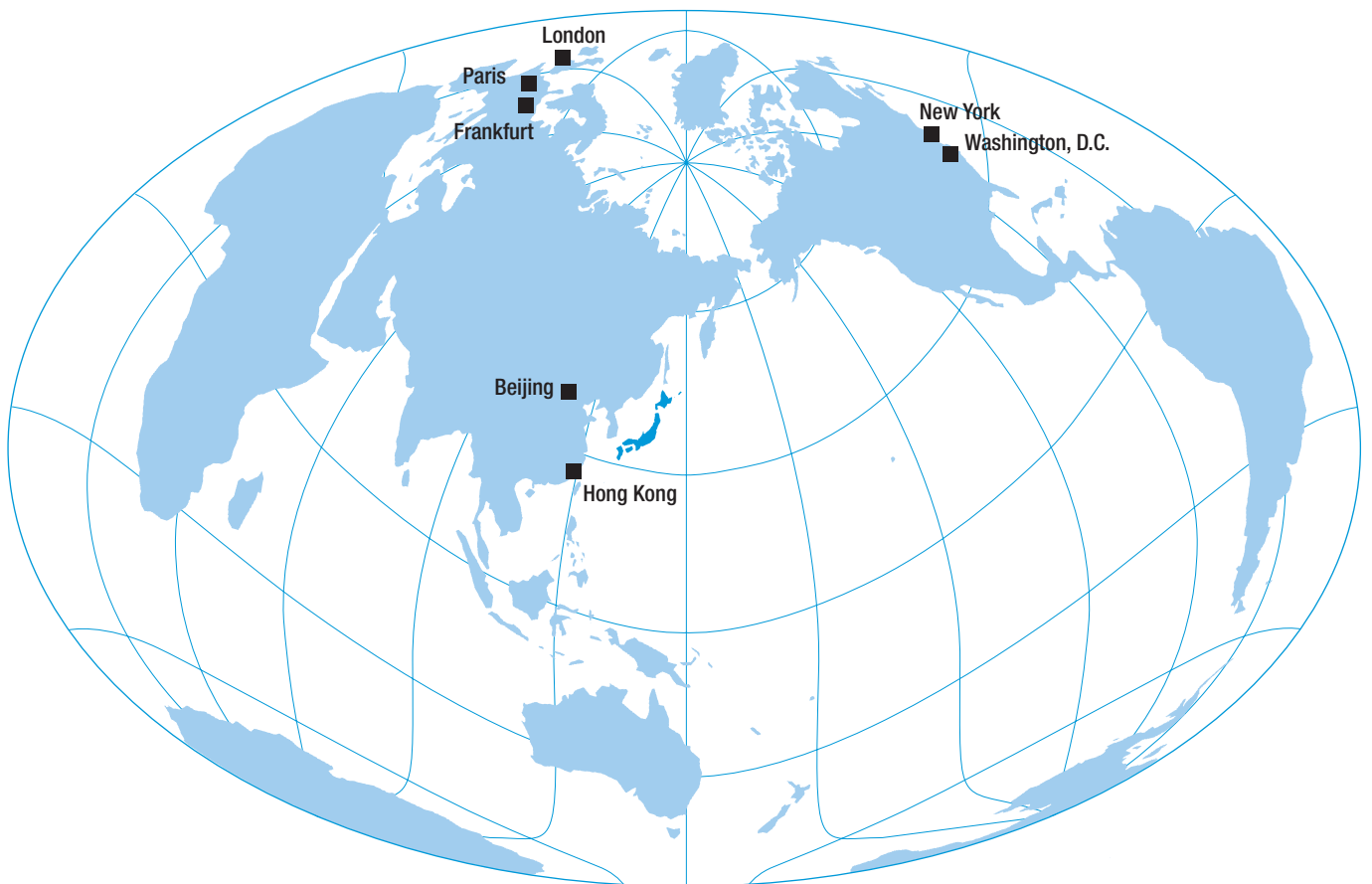
The seven overseas representative offices perform a liaison function, gather information, and conduct research.

The Bank's Offices

Head Office, Branches, Offices, and Museums



Overseas Representative Offices¹



Note: 1. For details, see page 17.

