

October 5, 2012

Bank of Japan

Amendment to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan made the following decisions based on a regular review of the appropriateness of collateral prices and purchasing/selling prices 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.

1. The Bank shall amend the "Guidelines on Eligible Collateral" (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements" (see Attachment 2).
3. The Bank shall amend the "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" (see Attachment 3).
4. The Bank shall amend the "Collateral Guidelines on Eligible Foreign Bonds" (see Attachment 4).
5. The Bank shall amend the "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas" (see Attachment 5).

Amendment to "Guidelines on Eligible Collateral"

- Table 1 shall be amended as follows.

Table 1

Categories of Collateral and Collateral Prices

1. Government Bonds (excluding Floating-Rate Bonds, STRIPS, Inflation-Indexed Bonds, and Treasury Bills) and Treasury Discount Bills (Treasury Bills and Financing Bills)

A residual maturity of:

- (1) } (No change)
- (5) }

(6) more than 30 years 9594% of market price

1-2. Floating-Rate Bonds

A residual maturity of:

- (1) } (No change)
- (2) }

(3) more than 5 years and up to 10 years 9697% of market price

(4) (No change)

1-3. STRIPS

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9290% of market price

1-4. Inflation-Indexed Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

8887% of market price

2. Government-Guaranteed Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9493% of market price

3. (No change)

4. Municipal Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9493% of market price

5. Fiscal Investment and Loan Program (FILP) Agency Bonds

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (5) }
- (6) more than 30 years

9392% of market price

6. Corporate Bonds

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (5) }
- (6) more than 30 years

9392% of market price

- 7. } (No change)
- 8. }

9. Asset-Backed Securities

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (5) }
- (6) more than 30 years

9392% of market price

10. (No change)

11. Bonds Issued by Real Estate Investment Corporations

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (5) }

(6) more than 30 years

9190% of market price

12. (No change)

13. Foreign Government Bonds

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9392% of market price

14. International Financial Institution Bonds

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9392% of market price

15. }
ι } (No change)
17. }

18. Loans on Deeds to Companies

A residual maturity of:

(1) }
(2) } (No change)

(3) more than 3 years and up to 5 years

8085% of outstanding
principal balance

(4) }
(5) } (No change)

19. Loans on Deeds to Real Estate Investment Corporations

A residual maturity of:

(1) }
(2) } (No change)

(3) more than 3 years and up to 5 years 8085% of outstanding
principal balance

(4) }
(5) } (No change)

20. }
21. } (No change)

22. Loans on Deeds to Municipal Governments

A residual maturity of:

(1) }
(2) } (No change)

(3) more than 3 years and up to 5 years 8590% of outstanding
principal balance

(4) (No change)

(5) more than 7 years and up to 10 years 7580% of outstanding
principal balance
(Those with maturity date falling in the same month
of the tenth year are included.)

(Special Provision)
(No change)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2012.

**Amendment to "Principal Terms and Conditions for the Purchase/Sale
of Japanese Government Securities with Repurchase Agreements"**

- Table 1 shall be amended as follows.

Table 1

Margin Ratios

1. Securities purchased by the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds and Inflation-Indexed Bonds)

A residual maturity of:

(a) (No change)	
(b) more than 1 year and up to 5 years	4.007 <u>1.006</u>
(c) (No change)	
(d) more than 10 years and up to 20 years	4.021 <u>1.020</u>
(e) (No change)	
(f) more than 30 years	4.032 <u>1.038</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	4.003 <u>1.006</u>
(b) more than 1 year and up to 5 years	4.007 <u>1.009</u>
(c) more than 5 years and up to 10 years	4.014 <u>1.012</u>
(d) more than 10 years and up to 20 years	4.021 <u>1.023</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	1.038 <u>1.039</u>
(b) (No change)	
(c) more than 5 years and up to 10 years	1.050 <u>1.051</u>
(d) (No change)	
(e) more than 20 years and up to 30 years	1.067 <u>1.068</u>
(f) more than 30 years	1.070 <u>1.077</u>

2. Securities sold by the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds and Inflation-Indexed Bonds)

A residual maturity of:

(a) (No change)	
(b) more than 1 year and up to 5 years	0.994 <u>0.995</u>
(c) (No change)	
(d) more than 10 years and up to 20 years	0.980 <u>0.981</u>
(e) (No change)	
(f) more than 30 years	0.969 <u>0.965</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	0.998 <u>0.995</u>
(b) more than 1 year and up to 5 years	0.994 <u>0.992</u>
(c) more than 5 years and up to 10 years	0.987 <u>0.989</u>
(d) more than 10 years and up to 20 years	0.980 <u>0.978</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	0.965 <u>0.964</u>
(b) (No change)	

(c) more than 5 years and up to 10 years	0.955 <u>0.954</u>
(d) (No change)	
(e) more than 20 years and up to 30 years	0.941 <u>0.940</u>
(f) more than 30 years	0.938 <u>0.933</u>

- Table 2 shall be amended as follows.

Table 2

Collateral Prices

1. Securities supplied to the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds)

A residual maturity of:

(a) (No change)	
(b) more than 1 year and up to 5 years	99.4 <u>99.5</u> % of market price
(c) (No change)	
(d) more than 10 years and up to 20 years	98.0 <u>98.1</u> % of market price
(e) (No change)	
(f) more than 30 years	96.9 <u>96.4</u> % of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	99.8 <u>99.5</u> % of market price
(b) more than 1 year and up to 5 years	99.4 <u>99.2</u> % of market price
(c) more than 5 years and up to 10 years	98.7 <u>98.9</u> % of market price

(d) more than 10 years and up to 20 years 98.097.8% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year 96.496.3% of market price

(b) (No change)

(c) more than 5 years and up to 10 years 95.395.2% of market price

(d) (No change)

(e) more than 20 years and up to 30 years 93.893.7% of market price

(f) more than 30 years 93.592.9% of market price

2. Securities supplied by the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds)

A residual maturity of:

(a) (No change)

(b) more than 1 year and up to 5 years 400.6100.5% of market price

(c) (No change)

(d) more than 10 years and up to 20 years 402.0101.9% of market price

(e) (No change)

(f) more than 30 years 403.4103.6% of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year 400.2100.5% of market price

(b) more than 1 year and up to 5 years 400.6100.8% of market price

(c) more than 5 years and up to 10 years 401.3101.1% of market price

(d) more than 10 years and up to 20 years 402.0102.2% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	103.6 <u>103.7</u> % of market price
(b) (No change)	
(c) more than 5 years and up to 10 years	104.7 <u>104.8</u> % of market price
(d) (No change)	
(e) more than 20 years and up to 30 years	106.2 <u>106.3</u> % of market price
(f) more than 30 years	106.5 <u>107.1</u> % of market price

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2012.

**Amendment to "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"**

- Table shall be amended as follows.

Table

Margin Ratios

**1. Japanese Government Securities (excluding
Floating-Rate Bonds and Inflation-Indexed Bonds)**

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	0.994 <u>0.995</u>
(3) (No change)	
(4) more than 10 years and up to 20 years	0.980 <u>0.981</u>
(5) (No change)	
(6) more than 30 years	0.969 <u>0.965</u>

2. Floating-Rate Bonds

A residual maturity of:

(1) up to 1 year	0.998 <u>0.995</u>
(2) more than 1 year and up to 5 years	0.994 <u>0.992</u>
(3) more than 5 years and up to 10 years	0.987 <u>0.989</u>

(4) more than 10 years and up to 20 years ~~0.980~~0.978

3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year ~~0.965~~0.964

(2) (No change)

(3) more than 5 years and up to 10 years ~~0.955~~0.954

(4) (No change)

(5) more than 20 years and up to 30 years ~~0.941~~0.940

(6) more than 30 years ~~0.938~~0.933

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2012.

Amendment to "Collateral Guidelines on Eligible Foreign Bonds"

- Table shall be amended as follows.

Table

Eligibility Standards and Collateral Prices

1. (No change)

2. Collateral Prices

A residual maturity of:

(1) up to 1 year	85 <u>86</u> % of market price (yen equivalent)
(2) more than 1 year and up to 5 years	85 <u>86</u> % of market price (yen equivalent)
(3) more than 5 years and up to 10 years	85 <u>86</u> % of market price (yen equivalent)
(4) (No change)	
(5) more than 20 years and up to 30 years	83 <u>84</u> % of market price (yen equivalent)
(6) (No change)	

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2012.

Amendment to "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas"

- 4.(1) shall be amended as follows.

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

Corporate Bonds

- (a) } (No change)
- i } (No change)
- (e) }

(f) more than 30 years 9392% of market price

Bills (No change)

Loans on Deeds

(a) Loans on Deeds to Normal-Class Borrowers

- i) (No change)
- ii) more than 1 year and up to 3 years 6463% of outstanding principal balance
- iii) more than 3 years and up to 5 years 5045% of outstanding principal balance

- iv) } (No change)
- v) }

(b) Loans on Deeds other than (a)

- i) (No change)
- ii) more than 1 year and up to 3 years 8480% of outstanding principal balance

- iii) more than 3 years and up to 5 years 7065% of outstanding principal balance
- iv) more than 5 years and up to 7 years 6055% of outstanding principal balance
- v) more than 7 years and up to 10 years 5045% of outstanding principal balance
(including those with a maturity date falling in the same month of the tenth year)

- 4.(2) shall be amended as follows.

(2) Loans on Deeds to Municipal Governments in Disaster Areas

- (a) } (No change)
- (b) }

(c) more than 3 years and up to 5 years 7580% of outstanding principal balance

(d) (No change)

(e) more than 7 years and up to 10 years 6570% of outstanding principal balance
(including those with a maturity date falling in the same month of the tenth year)

- 4.(3) shall be amended as follows.

(3) Entities Owned by Municipal Governments in Disaster Areas

(a) (No change)

(b) more than 1 year and up to 3 years 6463% of outstanding principal balance

(c) more than 3 years and up to 5 years 5045% of outstanding principal balance

- (d) } (No change)
- (e) }

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2012.