

January 18, 2023

Bank of Japan

**Establishment of "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Funds-Supplying Operations to Support Financing for Climate Change Responses"**

At the Monetary Policy Meeting held on January 17 and 18, 2023, the Policy Board of the Bank of Japan decided to establish the "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Funds-Supplying Operations to Support Financing for Climate Change Responses," with a view to supporting a wide range of private sector efforts on climate change (see Attachment).

**Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Funds-Supplying Operations to Support Financing for Climate Change Responses**

The Bank established special rules that supplement the "Principal Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses" (Policy Board Decision on September 22, 2021, hereinafter referred to as the "Principal Terms and Conditions"). The special rules shall be applied when member financial institutions of *central organizations of financial cooperatives*\* without a current account at the Bank (hereinafter referred to as "member financial institutions") use the Funds-Supplying Operations to Support Financing for Climate Change Responses (hereinafter referred to as the "Climate Response Financing Operations" or "operations") set forth in the Principal Terms and Conditions through their central organizations that are eligible counterparties of the operations.

*\* The Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank, and the Norinchukin Bank.*

1. The Bank shall provide loans to central organizations of financial cooperatives of each member financial institution using the Climate Response Financing Operations.
2. Central organizations of financial cooperatives shall select eligible counterparties from member financial institutions wishing to use the Climate Response Financing Operations, according to whether they satisfy the information disclosure requirement prescribed in paragraph 3. (1) (c) of the Principal Terms and Conditions, and shall, in accordance with paragraph 3. (2) of the Principal Terms and Conditions, review eligible counterparties annually in principle.

3. Each member financial institution using the Climate Response Financing Operations shall formulate criteria for determining which investment or loans contribute to addressing climate change, in line with the criteria formulated by central organizations of financial cooperatives for member financial institutions, and shall, in accordance with paragraph 10. of the Principal Terms and Conditions, disclose its criteria.
4. Central organizations of financial cooperatives shall request that the member financial institutions using the Climate Response Financing Operations report the amount outstanding of their investment or loans that contribute to Japan's actions to address climate change prescribed in paragraph 8. of the Principal Terms and Conditions (hereinafter referred to as the "amount outstanding of investment or loans").
5. The maximum amount of loans for each central organization of financial cooperatives under the special rules shall be set separately from the maximum amount of loans for its own use prescribed in paragraph 8. of the Principle Terms and Conditions, and shall be set as the sum of the maximum amount of loans of each member financial institution using the Climate Response Financing Operations that shall be equivalent to its amount outstanding of investment or loans reported to each central organization of financial cooperatives as prescribed in paragraph 4.
6. Central organizations of financial cooperatives shall distribute funds provided by the Bank under the Climate Response Financing Operations to member financial institutions based on the amount to be used. Duration, interest rate, and other conditions of the loans to member financial institutions shall be equivalent to those of the loans disbursed by the Bank to central organizations of financial cooperatives.
7. Central organizations of financial cooperatives shall ensure adequate credit

risk management to the member financial institutions that wish to use the Climate Response Financing Operations, and shall implement necessary measures to properly conduct lending under these special rules in compliance with the aim of the operations.

8. The Bank can implement necessary measures such as suspension of loan disbursements under the special rules to specific member financial institutions and central organizations of financial cooperatives in case they are inconsistent with the special rules.

(Supplementary Provision)

The special rules shall become effective on the date determined by the Governor and shall be invalid on the date when the Principal Terms and Conditions become invalid.