

September 19, 2007

Bank of Japan

**Amendments to Principal Terms and Conditions
for Money Market Operations and the Complementary Lending Facility**

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided to make amendments to principal terms and conditions for money market operations and the complementary lending facility in order to reflect the introduction of the Financial Instruments and Exchange Law.

See the attachments for the details of the amendments.

**Amendment to "Principal Terms and Conditions
for Funds-Supplying Operations against Pooled Collateral"**

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

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

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

**Amendment to "Principal Terms and Conditions
Pertaining to the Sale of Bills"**

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

**Amendment to "Principal Terms and Conditions
for the Outright Purchase/Sale
of Short-Term Japanese Government Securities"**

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

**Amendment to "Principal Terms and Conditions
for the Outright Purchase/Sale of Japanese Government Bonds"**

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

**Amendment to "Principal Terms and Conditions
for the Purchase of CP with Repurchase Agreements"**

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

**Amendment to "Principal Terms and Conditions
for Complementary Lending Facility"**

- Paragraph 2. (1) (a) shall be amended as follows.

(a) Counterparties shall be either financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause ~~5~~ 4 of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.

**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"**

- Paragraph 3. shall be amended as follows.

3. Eligible Counterparties

Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions (as defined in Article 37, Paragraph 1 of the Bank of Japan Law, Law No. 89, 1997, excluding the Resolution and Collection Corporation and bridge banks [as defined in Article 2, Paragraph 13 of the Deposit Insurance Law, Law No. 34, 1971]), ~~domestic and foreign securities companies~~ financial instruments firms (Article 10, Paragraph 1, Clause 2 of the Bank of Japan Law Enforcement Order [Order No. 385 of 1997] and ~~Article 10, Paragraph 1, Clause 4 of the same Order, respectively~~) that conduct the first financial instruments business (Article 28, Paragraph 1 of the Financial Instruments and Exchange Law, Law No. 25, 1948), securities finance companies (Article 10, Paragraph 1, Clause 3 of the Order), and *tanshi* companies (Article 10, Paragraph 1, Clause 5 ~~4~~ of the Order).

(Supplementary Provision)

This amendment shall become effective on September 30, 2007.