

February 19, 2009

Bank of Japan

Amendments to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided to accept government-guaranteed dematerialized commercial paper as eligible collateral for the Bank's provision of credit and to add government-guaranteed dematerialized commercial paper to the list of CP purchased with repurchase agreements (see attachments). In addition, the Policy Board also decided to accept, when the amendments become effective, the government-guaranteed dematerialized commercial paper issued by Japan Finance Corporation as eligible collateral, regardless of the provision in paragraph 4.(3) of "Guidelines on Eligible Collateral."

Amendments to "Guidelines on Eligible Collateral"

- Table 1 shall be amended as follows.

Table 1

Categories of Collateral and Collateral Prices

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

3. Government-Guaranteed Dematerialized Commercial Paper

97% of face value

- ~~34.~~ } (No change)
- 1 }
- ~~24~~22. }

(Special Provision)

Among the collateral listed from 1 to ~~13~~14 above, bonds whose principal balance may decrease due to prepayments before the final maturity date such as pass-through bonds;

- (1) (No change)
- (2) Others

~~1-13~~14 above shall be applied on the assumption that the remaining principal balance will be redeemed at the final maturity date.

- Table 2 shall be amended as follows.

Table 2

Eligibility Standards for Each Category of Collateral

Collateral Category	Eligibility Standard
Government Bonds (including Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds, but excluding Treasury Bills) } Government-Guaranteed Bonds Municipal Bonds	(No change)
<u>Government</u> <u>-Guaranteed</u> <u>Dematerialized</u> <u>Commercial Paper</u>	<u>Government-guaranteed dematerialized</u> <u>commercial paper satisfying the following</u> <u>requirements:</u> <u>(1) That issued by domestic corporations or</u> <u>that deemed to have similar characteristics.</u> <u>(2) That with an original maturity of up to 1</u> <u>year.</u>

FILP Agency Bonds }	(No change)
Loans on Deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax	
Loans on Deeds to the Deposit Insurance Corporation with Government Guarantee	
Loans on Deeds to the Banks' Shareholdings Purchase Corporation with Government Guarantee	

(Supplementary Provision)

These amendments shall become effective on February 25, 2009.

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

- Paragraph 1. shall be amended as follows.

1. Purpose

These Principal Terms and Conditions prescribe the principles for the Bank of Japan's purchase of CP (~~which includes commercial paper, dematerialized commercial paper issued by domestic corporations, dematerialized commercial paper issued by foreign corporations with guarantees, and dematerialized asset-backed commercial paper~~) with repurchase agreements with the aim of facilitating money market operations.

- Paragraph 4. shall be amended as follows.

4. CP to be Purchased

Commercial paper, dematerialized commercial paper issued by domestic corporations, dematerialized commercial paper issued by foreign corporations with guarantees, government-guaranteed dematerialized commercial paper, dematerialized asset-backed commercial paper, and dematerialized commercial paper issued by real estate investment corporations accepted as eligible collateral by the Bank under "Guidelines on Eligible Collateral" (Policy Board Decision on October 13, 2000).

(Supplementary Provision)

These amendments shall become effective on February 25, 2009.