

October 14, 2009

Bank of Japan

Amendment to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided to amend the margin tables used in accepting eligible collateral as well as in conducting repo operations and securities lending.

The amendment was made as a result of the Bank's review conducted annually on appropriate margins reflecting recent developments in financial markets, with a view to maintaining the soundness of the Bank's assets and efficiency in market participants' use of collateral (see attachments 1-3 for the amended "Guidelines on Eligible Collateral," "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements," and "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").

Amendment to "Guidelines on Eligible Collateral"

- Table 1 shall be amended as underlined.

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) | |
| (2) more than 1 year and up to 5 years | <u>9899</u> % of market price |
| (3) (No change) | |
| (4) more than 10 years and up to 20 years | <u>9597</u> % of market price |
| (5) more than 20 years and up to 30 years | <u>9396</u> % of market price |
| (6) more than 30 years | <u>9295</u> % of market price |

1-2. Floating-Rate Bonds

A residual maturity of:

- | | |
|-------------------|-------------------------------|
| (1) up to 1 year | <u>9998</u> % of market price |
| (2) } (No change) | |
| (3) } | |
| (4) } | |

1-3. STRIPS

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	97 <u>98</u> % of market price
(3) (No change)	
(4) more than 10 years and up to 20 years	94 <u>96</u> % of market price
(5) more than 20 years and up to 30 years	91 <u>94</u> % of market price
(6) more than 30 years	88 <u>92</u> % of market price

1-4. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year	98 <u>91</u> % of market price
(2) more than 1 year and up to 5 years	97 <u>91</u> % of market price
(3) more than 5 years and up to 10 years	96 <u>89</u> % of market price
(4) more than 10 years and up to 20 years	94 <u>89</u> % of market price
(5) more than 20 years and up to 30 years	92 <u>88</u> % of market price
(6) more than 30 years	91 <u>87</u> % of market price

2. Government-Guaranteed Bonds

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	97 <u>98</u> % of market price
(3) (No change)	
(4) more than 10 years and up to 20 years	94 <u>96</u> % of market price
(5) more than 20 years and up to 30 years	92 <u>95</u> % of market price
(6) more than 30 years	91 <u>94</u> % of market price

3. (No change)

4. Municipal Bonds

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	97 <u>98</u> % of market price
(3) (No change)	
(4) more than 10 years and up to 20 years	94 <u>96</u> % of market price
(5) more than 20 years and up to 30 years	92 <u>95</u> % of market price
(6) more than 30 years	91 <u>94</u> % of market price

5. Fiscal Investment and Loan Program (FILP)

Agency Bonds

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	96 <u>97</u> % of market price
(3) (No change)	
(4) more than 10 years and up to 20 years	93 <u>95</u> % of market price
(5) more than 20 years and up to 30 years	91 <u>94</u> % of market price
(6) more than 30 years	90 <u>93</u> % of market price

6. Corporate Bonds

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	96 <u>97</u> % of market price
(3) (No change)	
(4) more than 10 years and up to 20 years	93 <u>95</u> % of market price
(5) more than 20 years and up to 30 years	91 <u>94</u> % of market price
(6) more than 30 years	90 <u>93</u> % of market price

7. }
8. } (No change)

9. Asset-Backed Securities

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 5 years 9697% of market price
- (3) (No change)
- (4) more than 10 years and up to 20 years 9395% of market price
- (5) more than 20 years and up to 30 years 9194% of market price
- (6) more than 30 years 9093% of market price

10. }
 11. } (No change)
 12. }

13. Foreign Government Bonds

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 5 years 9697% of market price
- (3) (No change)
- (4) more than 10 years and up to 20 years 9395% of market price
- (5) more than 20 years and up to 30 years 9194% of market price
- (6) more than 30 years 9093% of market price

14. International Financial Institution Bonds

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 5 years 9697% of market price
- (3) (No change)
- (4) more than 10 years and up to 20 years 9395% of market price
- (5) more than 20 years and up to 30 years 9194% of market price
- (6) more than 30 years 9093% of market price

15. }
 16. } (No change)
 17. }

18. Loans on Deeds to Companies

A residual maturity of:

- | | |
|--|---|
| (1) (No change) | |
| (2) more than 1 year and up to 3 years | 90 <u>91</u> % of outstanding principal balance |
| (3) } (No change) | |
| (4) } | |
| (5) more than 7 years and up to 10 years
(Those with maturity date falling in the same month of the tenth year are included.) | 65 <u>70</u> % of outstanding principal balance |

19. Loans on Deeds to Real Estate Investment Corporations

A residual maturity of:

- | | |
|--|---|
| (1) (No change) | |
| (2) more than 1 year and up to 3 years | 90 <u>91</u> % of outstanding principal balance |
| (3) } (No change) | |
| (4) } | |
| (5) more than 7 years and up to 10 years
(Those with maturity date falling in the same month of the tenth year are included.) | 65 <u>70</u> % of outstanding principal balance |

20. Loans on Deeds to the Government (including Government's Special Accounts)

A residual maturity of:

- | | |
|--|---|
| (1) (No change) | |
| (2) more than 1 year and up to 3 years | 93 <u>94</u> % of outstanding principal balance |
| (3) } (No change) | |
| (4) } | |

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

7075% of outstanding
principal balance

**21. Loans on Deeds with Government
Guarantees**

A residual maturity of:

- (1) (No change)
 - (2) more than 1 year and up to 3 years
 - (3) } (No change)
 - (4) }
 - (5) more than 7 years and up to 10 years
(Those with maturity date falling in the same
month of the tenth year are included.)
- 9394% of outstanding
principal balance
- 7075% of outstanding
principal balance

22. Loans on Deeds to Municipal Governments

A residual maturity of:

- (1) (No change)
 - (2) more than 1 year and up to 3 years
 - (3) } (No change)
 - (4) }
 - (5) more than 7 years and up to 10 years
(Those with maturity date falling in the same
month of the tenth year are included.)
- 9394% of outstanding
principal balance
- 7075% of outstanding
principal balance

(Special Provision)

Among the collateral listed from 1 to 14 above,
bonds whose principal balance may decrease
due to prepayments before the final maturity

date such as pass-through bonds;

(1) Residential mortgage-secured pass-through notes issued by the Japan Housing Finance Agency; 9295% of market price

(2) (No change)

(Supplementary Provision)

These amendments shall become effective on a day designated by the Governor, which shall be no later than October 31, 2009.

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

- Table 1 shall be amended as underlined.

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	<u>4.0071.006</u>
(c) more than 5 years and up to 10 years	<u>4.0171.014</u>
(d) more than 10 years and up to 20 years	<u>4.0241.020</u>
(e) more than 20 years and up to 30 years	<u>4.0331.029</u>
(f) more than 30 years	<u>4.0511.036</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	<u>4.0011.014</u>
(b) more than 1 year and up to 5 years	<u>4.0071.019</u>
(c) more than 5 years and up to 10 years	<u>4.0221.026</u>
(d) more than 10 years and up to 20 years	<u>4.0221.026</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	<u>1.0131.043</u>
(b) more than 1 year and up to 5 years	<u>1.0191.049</u>
(c) more than 5 years and up to 10 years	<u>1.0251.056</u>
(d) more than 10 years and up to 20 years	<u>1.0381.063</u>
(e) more than 20 years and up to 30 years	<u>1.0511.073</u>
(f) more than 30 years	<u>1.0571.080</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	<u>0.9930.994</u>
(c) more than 5 years and up to 10 years	<u>0.9840.987</u>
(d) more than 10 years and up to 20 years	<u>0.9770.981</u>
(e) more than 20 years and up to 30 years	<u>0.9690.972</u>
(f) more than 30 years	<u>0.9540.967</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	<u>0.9990.987</u>
(b) more than 1 year and up to 5 years	<u>0.9930.982</u>
(c) more than 5 years and up to 10 years	<u>0.9790.975</u>
(d) more than 10 years and up to 20 years	<u>0.9790.975</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	<u>0.9880.960</u>
(b) more than 1 year and up to 5 years	<u>0.9820.956</u>

(c) more than 5 years and up to 10 years	<u>0.9760.949</u>
(d) more than 10 years and up to 20 years	<u>0.9650.944</u>
(e) more than 20 years and up to 30 years	<u>0.9540.936</u>
(f) more than 30 years	<u>0.9480.931</u>

- Table 2 shall be amended as underlined.

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	<u>99.399.4%</u> of market price
(c) more than 5 years and up to 10 years	<u>98.498.7%</u> of market price
(d) more than 10 years and up to 20 years	<u>97.798.1%</u> of market price
(e) more than 20 years and up to 30 years	<u>96.897.2%</u> of market price
(f) more than 30 years	<u>95.296.6%</u> of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	<u>99.998.7%</u> of market price
(b) more than 1 year and up to 5 years	<u>99.398.2%</u> of market price
(c) more than 5 years and up to 10 years	<u>97.997.5%</u> of market price

(d) more than 10 years and up to 20 years 97.997.5% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year 98.895.9% of market price

(b) more than 1 year and up to 5 years 98.295.4% of market price

(c) more than 5 years and up to 10 years 97.694.7% of market price

(d) more than 10 years and up to 20 years 96.494.1% of market price

(e) more than 20 years and up to 30 years 95.293.2% of market price

(f) more than 30 years 94.692.6% 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 100.7100.6% of market price

(c) more than 5 years and up to 10 years 101.6101.3% of market price

(d) more than 10 years and up to 20 years 102.3101.9% of market price

(e) more than 20 years and up to 30 years 103.2102.8% of market price

(f) more than 30 years 104.8103.4% of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year 100.1101.3% of market price

(b) more than 1 year and up to 5 years 100.7101.8% of market price

(c) more than 5 years and up to 10 years 102.1102.5% of market price

(d) more than 10 years and up to 20 years 102.1102.5% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	101.2 <u>104.1</u> % of market price
(b) more than 1 year and up to 5 years	101.8 <u>104.6</u> % of market price
(c) more than 5 years and up to 10 years	102.4 <u>105.3</u> % of market price
(d) more than 10 years and up to 20 years	103.6 <u>105.9</u> % of market price
(e) more than 20 years and up to 30 years	104.8 <u>106.8</u> % of market price
(f) more than 30 years	105.4 <u>107.4</u> % of market price

(Supplementary Provision)

These amendments shall become effective on a day designated by the Governor, which shall be no later than October 31, 2009.

**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 underlined.

Table

Margin Ratios

**1. JGSs (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	<u>0.9930.994</u>
(3) more than 5 years and up to 10 years	<u>0.9840.987</u>
(4) more than 10 years and up to 20 years	<u>0.9770.981</u>
(5) more than 20 years and up to 30 years	<u>0.9690.972</u>
(6) more than 30 years	<u>0.9540.967</u>

2. Floating-Rate Bonds

A residual maturity of:

(1) up to 1 year	<u>0.9990.987</u>
(2) more than 1 year and up to 5 years	<u>0.9930.982</u>
(3) more than 5 years and up to 10 years	<u>0.9790.975</u>

(4) more than 10 years and up to 20 years 0.9790.975

3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year 0.9880.960

(2) more than 1 year and up to 5 years 0.9820.956

(3) more than 5 years and up to 10 years 0.9760.949

(4) more than 10 years and up to 20 years 0.9650.944

(5) more than 20 years and up to 30 years 0.9540.936

(6) more than 30 years 0.9480.931

(Supplementary Provision)

These amendments shall become effective on a day designated by the Governor, which shall be no later than October 31, 2009.