

October 4, 2013

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.

The amendment was made to accept electronically recorded monetary claims as eligible collateral for the Bank's provision of credit with a view to further facilitating the Bank's money market operations, and to reflect the Bank's 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 "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas" (see Attachment 4).

## Amendment to "Guidelines on Eligible Collateral"

- Paragraph 2. (3) shall be amended as follows.

### **(3) Utilizing Market Information**

To utilize market mechanism, the Bank shall make effective use of market information, such as ratings by rating agencies in assessing the eligibility of collateral, market prices in calculating collateral prices, and public information in evaluating the creditworthiness of corporate bonds, dematerialized commercial paper issued by domestic corporations, dematerialized commercial paper issued by foreign corporations with guarantees, bills drawn by companies, commercial paper (excluding asset-backed commercial paper and commercial paper issued by real estate investment corporations), electronically recorded monetary claims on companies, loans on deeds to companies (hereinafter collectively referred to as "corporate debt obligations"), asset-backed securities, dematerialized asset-backed commercial paper, asset-backed commercial paper, bonds issued by real estate investment corporations, dematerialized commercial paper issued by real estate investment corporations, bills drawn by real estate investment corporations, commercial paper issued by real estate investment corporations, electronically recorded monetary claims on real estate investment corporations, and loans on deeds to real estate investment corporations.

*(In the Japanese original, paragraph 4. (1) (c) has been amended. However, the English translation has not been affected.)*

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

#### 1-3. STRIPS

A residual maturity of:

(1)	} (No change)	
(2)		

(3) more than 5 years and up to 10 years	96 <u>97</u> % of market price
(4) more than 10 years and up to 20 years	96 <u>95</u> % of market price
(5) (No change)	
(6) more than 30 years	90 <u>89</u> % of market price

**1-4. Inflation-Indexed Bonds**

A residual maturity of:

(1) up to 1 year	92 <u>90</u> % of market price
(2) more than 1 year and up to 5 years	92 <u>90</u> % of market price
(3) more than 5 years and up to 10 years	90 <u>89</u> % of market price
(4) more than 10 years and up to 20 years	90 <u>87</u> % of market price
(5) more than 20 years and up to 30 years	88 <u>86</u> % of market price
(6) more than 30 years	87 <u>83</u> % of market price

**2. Government-Guaranteed Bonds**

A residual maturity of:

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

**3. (No change)**

**4. Municipal Bonds**

A residual maturity of:

(1) } (2) }	(No change)	
(3) more than 5 years and up to 10 years		96 <u>97</u> % of market price
(4) more than 10 years and up to 20 years		96 <u>95</u> % of market price

(5) (No change)

(6) more than 30 years 9391% of market price

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

### Bonds

A residual maturity of:

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

(3) more than 5 years and up to 10 years 9596% of market price

(4) more than 10 years and up to 20 years 9594% of market price

(5) (No change)

(6) more than 30 years 9290% of market price

## 6. Corporate Bonds

A residual maturity of:

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

(3) more than 5 years and up to 10 years 9596% of market price

(4) more than 10 years and up to 20 years 9594% of market price

(5) (No change)

(6) more than 30 years 9290% of market price

7. }  
8. } (No change)

## 9. Asset-Backed Securities

A residual maturity of:

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

(3) more than 5 years and up to 10 years 9596% of market price

- (4) more than 10 years and up to 20 years 9594% of market price
- (5) (No change)
- (6) more than 30 years 9290% of market price

10. (No change)

**11. Bonds Issued by Real Estate Investment Corporations**

A residual maturity of:

- (1) } (No change)
- (2) }
- (3) more than 5 years and up to 10 years 9596% of market price
- (4) more than 10 years and up to 20 years 9394% of market price
- (5) more than 20 years and up to 30 years 9493% of market price
- (6) (No change)

12. (No change)

**13. Foreign Government Bonds**

A residual maturity of:

- (1) } (No change)
- (2) }
- (3) more than 5 years and up to 10 years 9596% of market price
- (4) more than 10 years and up to 20 years 9594% of market price
- (5) (No change)
- (6) more than 30 years 9290% of market price

**14. International Financial Institution Bonds**

A residual maturity of:

- (1) } (No change)
- (2) }
- (3) more than 5 years and up to 10 years 9596% of market price

- |   |                                |
|---|--------------------------------|
| (4) more than 10 years and up to 20 years | 95 <u>94</u> % of market price |
| (5) (No change)                           |                                |
| (6) more than 30 years                    | 92 <u>90</u> % of market price |

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

**18. Electronically Recorded Monetary Claims on Companies**

A residual maturity of:

- |  |   |
|--|---|
| <u>(1) up to 1 year</u>  | <u>96% of outstanding principal balance</u> |
| <u>(2) more than 1 year and up to 3 years</u>  | <u>90% of outstanding principal balance</u> |
| <u>(3) more than 3 years and up to 5 years</u>   | <u>80% of outstanding principal balance</u> |
| <u>(4) more than 5 years and up to 7 years</u>   | <u>75% of outstanding principal balance</u> |
| <u>(5) more than 7 years and up to 10 years</u><br><u>(Those with maturity date falling in the same month of the tenth year are included.)</u> | <u>65% of outstanding principal balance</u> |

**19. Electronically Recorded Monetary Claims on Real Estate Investment Corporations**

A residual maturity of:

- |  |   |
|--|---|
| <u>(1) up to 1 year</u>                        | <u>96% of outstanding principal balance</u> |
| <u>(2) more than 1 year and up to 3 years</u>  | <u>90% of outstanding principal balance</u> |
| <u>(3) more than 3 years and up to 5 years</u> | <u>80% of outstanding principal balance</u> |

<u>(4) more than 5 years and up to 7 years</u>	<u>75% of outstanding principal balance</u>
<u>(5) more than 7 years and up to 10 years</u> <u>(Those with maturity date falling in the same month of the tenth year are included.)</u>	<u>65% of outstanding principal balance</u>

**20. Electronically Recorded Monetary Claims on the Government (including Government's Special Accounts)**

A residual maturity of:

<u>(1) up to 1 year</u>	<u>97% of outstanding principal balance</u>
<u>(2) more than 1 year and up to 3 years</u>	<u>95% of outstanding principal balance</u>
<u>(3) more than 3 years and up to 5 years</u>	<u>90% of outstanding principal balance</u>
<u>(4) more than 5 years and up to 7 years</u>	<u>85% of outstanding principal balance</u>
<u>(5) more than 7 years and up to 10 years</u> <u>(Those with maturity date falling in the same month of the tenth year are included.)</u>	<u>80% of outstanding principal balance</u>

**21. Electronically Recorded Monetary Claims with Government Guarantees**

A residual maturity of:

<u>(1) up to 1 year</u>	<u>97% of outstanding principal balance</u>
<u>(2) more than 1 year and up to 3 years</u>	<u>95% of outstanding principal balance</u>
<u>(3) more than 3 years and up to 5 years</u>	<u>90% of outstanding principal balance</u>



<u>(4) more than 5 years and up to 7 years</u>	<u>85% of outstanding principal balance</u>
<u>(5) more than 7 years and up to 10 years</u> <u>(Those with maturity date falling in the same month of the tenth year are included.)</u>	<u>80% of outstanding principal balance</u>

**22. Electronically Recorded Monetary Claims on Municipal Governments**

A residual maturity of:

<u>(1) up to 1 year</u>	<u>97% of outstanding principal balance</u>
<u>(2) more than 1 year and up to 3 years</u>	<u>94% of outstanding principal balance</u>
<u>(3) more than 3 years and up to 5 years</u>	<u>85% of outstanding principal balance</u>
<u>(4) more than 5 years and up to 7 years</u>	<u>85% of outstanding principal balance</u>
<u>(5) more than 7 years and up to 10 years</u> <u>(Those with maturity date falling in the same month of the tenth year are included.)</u>	<u>75% of outstanding principal balance</u>

**1823. Loans on Deeds to Companies**

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 3 years	<u>9490%</u> of outstanding principal balance
(3) more than 3 years and up to 5 years	<u>8580%</u> of outstanding principal balance
(4) (No change)	
(5) more than 7 years and up to 10 years (Those with maturity date falling in the same month	<u>7065%</u> of outstanding principal balance

of the tenth year are included.)

**1924. 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 9490% of outstanding principal balance
- (3) more than 3 years and up to 5 years 8580% of outstanding principal balance
- (4) (No change)
- (5) more than 7 years and up to 10 years 7065% of outstanding principal balance  
(Those with maturity date falling in the same month of the tenth year are included.)

**2025. Loans on Deeds to the Government (including Government's Special Accounts)**

A residual maturity of:

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

**2126. Loans on Deeds with Government Guarantees**

A residual maturity of:

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

**2227. Loans on Deeds to Municipal Governments**

A residual maturity of:

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

(3) more than 3 years and up to 5 years 9085% of outstanding principal balance

(4) (No change)

(5) more than 7 years and up to 10 years 8075% of outstanding principal balance  
(Those with maturity date falling in the same month of the tenth year are included.)

(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; 9594% of market price

(2) (No change)

- Table 2 shall be amended as follows.

Table 2

**Eligibility Standards for Each Category of Collateral**

Collateral Category	Eligibility Standard
<p>Government Bonds (including Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds, but excluding Treasury Bills)</p> <p>Foreign Government Bonds</p> <p>International Financial Institution Bonds</p>	<p>(No change)</p>
<p><u>Electronically Recorded Monetary Claims on Companies</u></p>	<p><u>Electronically recorded monetary claims satisfying the following requirements:</u></p> <p><u>(1) Those for which electronic records are made by electronic monetary claim recording institutions which the Bank considers appropriate (hereinafter referred to as "eligible recording institutions").</u></p> <p><u>(2) Those satisfying either of the following requirements:</u></p> <p><u>(a) Electronically recorded monetary claims which the Bank considers as having</u></p>

	<p><u>similar functioning to bills in light of sanctions against nonpayment and other relevant factors (hereinafter referred to as "bill-like electronically recorded monetary claims") satisfying the following requirements:</u></p> <ul style="list-style-type: none"> <li><u>i) Those deemed appropriate in light of relevant conditions including the creditworthiness of an obligor;</u></li> <li><u>ii) Those with an original maturity of up to 1 year.</u></li> </ul> <p><u>(b) Those other than bill-like electronically recorded monetary claims satisfying the following requirements:</u></p> <ul style="list-style-type: none"> <li><u>i) Those deemed appropriate in light of creditworthiness of the debtor corporation and other relevant factors, including the fact that the corporation is rated A or higher by an eligible rating agency.</u></li> <li><u>ii) Those with a residual maturity of up to 10 years (those with maturity date falling in the same month of the tenth year are included).</u></li> </ul>
<p><u>Electronically Recorded Monetary Claims on Real Estate Investment Corporations</u></p>	<p><u>Electronically recorded monetary claims satisfying the following requirements:</u></p> <ul style="list-style-type: none"> <li><u>(1) Those for which electronic records are made by eligible recording institutions.</u></li> <li><u>(2) Those satisfying either of the following requirements:</u> <ul style="list-style-type: none"> <li><u>(a) Bill-like electronically recorded monetary</u></li> </ul> </li> </ul>

	<p><u>claims satisfying the following requirements:</u></p> <p>i) <u>Those deemed appropriate in light of creditworthiness of debtor investment corporations and other relevant factors.</u></p> <p>ii) <u>Those with an original maturity of up to 1 year.</u></p> <p>(b) <u>Those other than bill-like electronically recorded monetary claims satisfying the following requirements:</u></p> <p>i) <u>Those deemed appropriate in light of creditworthiness of debtor investment corporations and other relevant factors such as being rated AA or higher by an eligible rating agency.</u></p> <p>ii) <u>Those with a residual maturity of up to 10 years (those with a maturity date falling in the same month of the tenth year are included).</u></p> <p>(3) <u>Principal investment objects of debtor investment corporations should be real estate, a leasehold of real estate, superficies of real estate, asset-backed securities backed by these assets or real estate-related assets which are deemed corresponding to these assets.</u></p>
<p><u>Electronically Recorded Monetary Claims on the Government (including Government's Special</u></p>	<p><u>Electronically recorded monetary claims satisfying the following requirements:</u></p> <p>(1) <u>Those for which electronic records are made by eligible recording institutions.</u></p>

<u>Accounts)</u> <u>Electronically Recorded</u> <u>Monetary Claims with</u> <u>Government Guarantees</u>	<u>(2) Those deemed appropriate in light of the method of determining lending conditions, such as the auction procedures, and other relevant factors.</u> <u>(3) Those with a residual maturity of up to 10 years (those with maturity date falling in the same month of the tenth year are included).</u>
<u>Electronically Recorded</u> <u>Monetary Claims on</u> <u>Municipal Governments</u>	<u>Electronically recorded monetary claims satisfying the following requirements:</u> <u>(1) Those for which electronic records are made by eligible recording institutions.</u> <u>(2) Those deemed appropriate in light of the method of determining lending conditions, such as the auction procedures, debtor's issuance record of publicly-offered bonds, and other relevant factors.</u> <u>(3) Those with a residual maturity of up to 10 years (those with a maturity date falling in the same month of the tenth year are included).</u>
Loans on Deeds to Companies  Loans on Deeds to Municipal Governments	} (No change)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2013. Nevertheless, the amendments regarding electronically recorded monetary claims shall

become effective on a date designated by the Governor, which shall be no later than February 28, 2014.



**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	4.006 <u>1.005</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	4.020 <u>1.023</u>
(e) more than 20 years and up to 30 years	4.029 <u>1.037</u>
(f) more than 30 years	4.038 <u>1.052</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	4.006 <u>1.003</u>
(b) more than 1 year and up to 5 years	4.009 <u>1.005</u>
(c) more than 5 years and up to 10 years	4.012 <u>1.010</u>
(d) more than 10 years and up to 20 years	4.023 <u>1.021</u>

### (3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	<del>1.039</del> <u>1.048</u>
(b) more than 1 year and up to 5 years	<del>1.042</del> <u>1.050</u>
(c) more than 5 years and up to 10 years	<del>1.051</del> <u>1.058</u>
(d) more than 10 years and up to 20 years	<del>1.058</del> <u>1.070</u>
(e) more than 20 years and up to 30 years	<del>1.068</del> <u>1.085</u>
(f) more than 30 years	<del>1.077</del> <u>1.102</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	<del>0.995</del> <u>0.996</u>
(c) more than 5 years and up to 10 years	<del>0.987</del> <u>0.989</u>
(d) more than 10 years and up to 20 years	<del>0.981</del> <u>0.978</u>
(e) more than 20 years and up to 30 years	<del>0.972</del> <u>0.966</u>
(f) more than 30 years	<del>0.965</del> <u>0.953</u>

### (2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	<del>0.995</del> <u>0.998</u>
(b) more than 1 year and up to 5 years	<del>0.992</del> <u>0.996</u>
(c) more than 5 years and up to 10 years	<del>0.989</del> <u>0.991</u>
(d) more than 10 years and up to 20 years	<del>0.978</del> <u>0.980</u>

### (3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	<del>0.964</del> <u>0.956</u>
(b) more than 1 year and up to 5 years	<del>0.961</del> <u>0.955</u>

(c) more than 5 years and up to 10 years	<del>0.954</del> <u>0.948</u>
(d) more than 10 years and up to 20 years	<del>0.948</del> <u>0.938</u>
(e) more than 20 years and up to 30 years	<del>0.940</del> <u>0.927</u>
(f ) more than 30 years	<del>0.933</del> <u>0.915</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	<del>99.5</del> <u>99.6</u> % of market price
(c) more than 5 years and up to 10 years	<del>98.7</del> <u>98.9</u> % of market price
(d) more than 10 years and up to 20 years	<del>98.1</del> <u>97.8</u> % of market price
(e) more than 20 years and up to 30 years	<del>97.2</del> <u>96.5</u> % of market price
(f ) more than 30 years	<del>96.4</del> <u>95.1</u> % of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	<del>99.5</del> <u>99.8</u> % of market price
(b) more than 1 year and up to 5 years	<del>99.2</del> <u>99.6</u> % of market price
(c) more than 5 years and up to 10 years	<del>98.9</del> <u>99.1</u> % of market price

(d) more than 10 years and up to 20 years 97.898.0% of market price

### (3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year 96.395.5% of market price

(b) more than 1 year and up to 5 years 96.095.3% of market price

(c) more than 5 years and up to 10 years 95.294.6% of market price

(d) more than 10 years and up to 20 years 94.693.5% of market price

(e) more than 20 years and up to 30 years 93.792.2% of market price

(f) more than 30 years 92.990.8% 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 100.5100.4% of market price

(c) more than 5 years and up to 10 years 101.3101.1% of market price

(d) more than 10 years and up to 20 years 101.9102.2% of market price

(e) more than 20 years and up to 30 years 102.8103.5% of market price

(f) more than 30 years 103.6104.9% of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year 100.5100.2% of market price

(b) more than 1 year and up to 5 years 100.8100.4% of market price

(c) more than 5 years and up to 10 years 101.1100.9% of market price

(d) more than 10 years and up to 20 years 102.2102.0% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	<del>103.7</del> <u>104.5</u> % of market price
(b) more than 1 year and up to 5 years	<del>104.0</del> <u>104.7</u> % of market price
(c) more than 5 years and up to 10 years	<del>104.8</del> <u>105.4</u> % of market price
(d) more than 10 years and up to 20 years	<del>105.4</del> <u>106.5</u> % of market price
(e) more than 20 years and up to 30 years	<del>106.3</del> <u>107.8</u> % of market price
(f ) more than 30 years	<del>107.1</del> <u>109.2</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, 2013.

**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	<del>0.995</del> <u>0.996</u>
(3) more than 5 years and up to 10 years	<del>0.987</del> <u>0.989</u>
(4) more than 10 years and up to 20 years	<del>0.981</del> <u>0.978</u>
(5) more than 20 years and up to 30 years	<del>0.972</del> <u>0.966</u>
(6) more than 30 years	<del>0.965</del> <u>0.953</u>

**2. Floating-Rate Bonds**

A residual maturity of:

(1) up to 1 year	<del>0.995</del> <u>0.998</u>
(2) more than 1 year and up to 5 years	<del>0.992</del> <u>0.996</u>
(3) more than 5 years and up to 10 years	<del>0.989</del> <u>0.991</u>

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

### **3. Inflation-Indexed Bonds**

A residual maturity of:

(1) up to 1 year ~~0.964~~0.956

(2) more than 1 year and up to 5 years ~~0.961~~0.955

(3) more than 5 years and up to 10 years ~~0.954~~0.948

(4) more than 10 years and up to 20 years ~~0.948~~0.938

(5) more than 20 years and up to 30 years ~~0.940~~0.927

(6) more than 30 years ~~0.933~~0.915

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2013.

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

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

(2) Eligible Collateral

For debtors (drawees in case of bills) stipulated in the following paragraphs, categories of eligible collateral shall be as stipulated in each respective paragraph.

(a) Companies with Business Offices in Disaster Areas

Corporate bonds, bills, electronically recorded monetary claims, and loans on deeds

(b) Municipal Governments in Disaster Areas (including prefectures or cities with all or some of the cities, wards, towns, or villages that are designated as disaster areas, hereinafter the same)

Electronically recorded monetary claims and ~~L~~loans on deeds

(c) Entities Owned by Municipal Governments in Disaster Areas (entities that are wholly-owned by municipal governments in disaster areas and have business offices in disaster areas, hereinafter the same)

Electronically recorded monetary claims and ~~L~~loans on deeds



- Paragraph 3. (1) shall be amended as follows.

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

Collateral Category	Eligibility Standard
Corporate Bonds Bills	} (No change)
<u>Electronically Recorded Monetary Claims</u>	<p><u>Electronically recorded monetary claims satisfying the following requirements:</u></p> <p>(a) <u>Electronically recorded monetary claims for which electronic records are made by eligible recording institutions.</u></p> <p>(b) <u>Electronically recorded monetary claims on debtors satisfying either of the following requirements:</u></p> <p>i) <u>Debtors that are classified as "normal" borrowers in the latest self-assessment by the financial institution submitting the collateral (electronically recorded monetary claims on debtors satisfying (a), this proviso, and (c), together with those stipulated in (3) shall hereinafter be referred to as "electronically recorded monetary claims on normal-class borrowers").</u></p> <p>ii) <u>Debtors that are rated BBB or higher by an eligible rating agency (including cases where non-guaranteed bonds issued by</u></p>

	<p><u>the debtor are rated BBB or higher) and are deemed eligible in light of creditworthiness and other relevant factors.</u></p> <p>(c) <u>Electronically recorded monetary claims with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).</u></p>
Loans on Deeds	(No change)

- Paragraph 3. (2) shall be amended as follows.

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

~~Loans on deeds with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).~~

<u>Collateral Category</u>	<u>Eligibility Standard</u>
<u>Electronically Recorded Monetary Claims</u>	<p><u>Electronically recorded monetary claims satisfying the following requirements:</u></p> <p>(a) <u>Electronically recorded monetary claims for which electronic records are made by eligible recording institutions.</u></p> <p>(b) <u>Electronically recorded monetary claims with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).</u></p>

<u>Loans on Deeds</u>	<u>Loans on deeds with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).</u>
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- Paragraph 3. (3) shall be amended as follows.

(3) ~~Loans on Deeds to~~Debt of Entities Owned by Municipal Governments in Disaster Areas

~~Loans on deeds satisfying the following requirements:~~

~~(a) Loans on deeds to debtors that are classified as "normal" borrowers in the latest self-assessment by the financial institution submitting the collateral.~~

~~(b) Loans on deeds with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).~~

<u>Collateral Category</u>	<u>Eligibility Standard</u>
<u>Electronically Recorded Monetary Claims</u>	<u>Electronically recorded monetary claims satisfying the following requirements:</u> (a) <u>Electronically recorded monetary claims for which electronic records are made by eligible recording institutions.</u> (b) <u>Electronically recorded monetary claims on debtors that are classified as "normal" borrowers in the latest self-assessment by the financial institution submitting the collateral.</u> (c) <u>Electronically recorded monetary claims</u>

	<u>with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).</u>
<u>Loans on Deeds</u>	<u>Loans on deeds satisfying the following requirements:</u> <u>(a) Loans on deeds to debtors that are classified as "normal" borrowers in the latest self-assessment by the financial institution submitting the collateral.</u> <u>(b) Loans on deeds with a residual maturity of up to 10 years (including those with a maturity date falling in the same month of the tenth year).</u>

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

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

Corporate Bonds

- |                |                                       |                                |
|----------------|---------------------------------------|--------------------------------|
| (a) }<br>(b) } | (No change)                           |                                |
| (c)            | more than 5 years and up to 10 years  | 95 <u>96</u> % of market price |
| (d)            | more than 10 years and up to 20 years | 95 <u>94</u> % of market price |
| (e)            | (No change)                           |                                |
| (f)            | more than 30 years                    | 92 <u>90</u> % of market price |

Bills 8079% of face value

Electronically Recorded Monetary Claims

- (a) Electronically Recorded Monetary Claims on

### Normal-Class Borrowers

<u>i) up to 1 year</u>	<u>79% of outstanding principal balance</u>
<u>ii) more than 1 year and up to 3 years</u>	<u>62% of outstanding principal balance</u>
<u>iii) more than 3 years and up to 5 years</u>	<u>45% of outstanding principal balance</u>
<u>iv) more than 5 years and up to 7 years</u>	<u>35% of outstanding principal balance</u>
<u>v) more than 7 years and up to 10 years</u> <u>(including those with a maturity date falling in the same month of the tenth year)</u>	<u>20% of outstanding principal balance</u>

### (b) Electronically Recorded Monetary Claims other than (a)

<u>i) up to 1 year</u>	<u>92% of outstanding principal balance</u>
<u>ii) more than 1 year and up to 3 years</u>	<u>79% of outstanding principal balance</u>
<u>iii) more than 3 years and up to 5 years</u>	<u>65% of outstanding principal balance</u>
<u>iv) more than 5 years and up to 7 years</u>	<u>55% of outstanding principal balance</u>
<u>v) more than 7 years and up to 10 years</u> <u>(including those with a maturity date falling in the same month of the tenth year)</u>	<u>45% of outstanding principal balance</u>

### Loans on Deeds

#### (a) Loans on Deeds to Normal-Class Borrowers

i) up to 1 year	<del>80</del> <u>79%</u> of outstanding principal balance
ii) more than 1 year and up to 3 years	<del>63</del> <u>62%</u> of outstanding principal balance

	principal balance
iii) } iv) } (No change)	
v) more than 7 years and up to 10 years (including those with a maturity date falling in the same month of the tenth year)	<del>25</del> <u>20</u> % of outstanding principal balance
(b) Loans on Deeds other than (a)	
i) up to 1 year	<del>93</del> <u>92</u> % of outstanding principal balance
ii) more than 1 year and up to 3 years	<del>80</del> <u>79</u> % of outstanding principal balance
iii) } iv) } (No change) v) }	

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

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

Electronically Recorded Monetary Claims

<u>(a) up to 1 year</u>	<u>87% of outstanding principal balance</u>
<u>(b) more than 1 year and up to 3 years</u>	<u>84% of outstanding principal balance</u>
<u>(c) more than 3 years and up to 5 years</u>	<u>75% of outstanding principal balance</u>
<u>(d) more than 5 years and up to 7 years</u>	<u>75% of outstanding principal balance</u>
<u>(e) more than 7 years and up to 10 years</u> <u>(including those with a maturity date falling</u>	<u>65% of outstanding principal balance</u>

in the same month of the tenth year)

Loans on Deeds

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

(c) more than 3 years and up to 5 years 8075% of outstanding  
principal balance

(d) (No change)

(e) more than 7 years and up to 10 years 7065% of outstanding  
principal balance  
(including those with a maturity date falling  
in the same month of the tenth year)

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

(3) Debt of Entities Owned by Municipal Governments in Disaster Areas

Electronically Recorded Monetary Claims

(a) up to 1 year 79% of outstanding  
principal balance

(b) more than 1 year and up to 3 years 62% of outstanding  
principal balance

(c) more than 3 years and up to 5 years 45% of outstanding  
principal balance

(d) more than 5 years and up to 7 years 35% of outstanding  
principal balance

(e) more than 7 years and up to 10 years 20% of outstanding  
principal balance  
(including those with a maturity date falling  
in the same month of the tenth year)

Loans on Deeds

(a) up to 1 year 8079% of outstanding

	principal balance
(b) more than 1 year and up to 3 years	<del>63</del> <u>62</u> % of outstanding principal balance
(c) } (d) }	(No change)
(e) more than 7 years and up to 10 years (including those with a maturity date falling in the same month of the tenth year)	<del>25</del> <u>20</u> % of outstanding principal balance

- Paragraph 5. shall be amended as follows.

5. Special Provisions regarding Bills, Electronically Recorded Monetary Claims on Normal-Class Borrowers, and Loans on Deeds to Normal-Class Borrowers

(1) Maximum Amount of Collateral

For each counterparty, the total amount of bills, electronically recorded monetary claims on normal-class borrowers, and loans on deeds to normal-class borrowers submitted to the Bank pursuant to the eligibility standards stipulated in 3. (1) and (3) shall not exceed the amount calculated by multiplying the total amount of collateral submitted to the Bank, and the percentage set pursuant to the relevant rules of the Bank, which shall not exceed 50 percent.

(2) Evaluation of Creditworthiness

The Bank shall not apply paragraph 4. (3) of the "Guidelines on Eligible Collateral" in evaluating the creditworthiness of debtors of bills, electronically recorded monetary claims on normal-class borrowers, and loans on deeds to normal-class borrowers pursuant to the eligibility standards stipulated in 3. (1) and (3).



(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2013. Nevertheless, the amendments regarding electronically recorded monetary claims shall become effective on a date designated by the Governor, which shall be no later than February 28, 2014.