

Operational Changes to the Securities Lending Facility

The Bank of Japan will implement the following operational changes to the Security Lending Facilities, in order to ease stress in the Japanese government security (JGS) market with a view to further facilitating the Bank's money market operations as well as contributing to smooth settlement of JGSs.

1. Additional offer in the morning

The Facility could become available twice a day as shown in the following timetable. The effective date will be announced by around the end of May.

(a) Timetable

	Current schedule (once a day)	New schedule (twice a day)	
		Offer in the morning	Offer in the afternoon
Accepting requests for offer	9:00 a.m.- 1:00 p.m.	9:00 a.m.-11:15 a.m.	0:30 p.m.-1:15 p.m.
Offer	2:00 p.m.	11:50 a.m.	1:50 p.m.
Bid submission cut-off time	2:30 p.m.	0:15 p.m.	2:15 p.m.
Notification of respective result to counterparties	Around 2:45 p.m.	Around 0:30 p.m.	Around 2:30 p.m.
Payment and settlement	Around 2:45 p.m.- 3:30 p.m. ¹	Around 0:30 p.m.- 1:15 p.m.	Around 2:30 p.m.- 3:30 p.m. ¹

Note: 1. On days when the operating hours of the BOJ-NET JGB Services are extended, the payment and settlement time is also extended accordingly.

(b) Upper limit to the amount of sales per issue

	Current upper limit	New upper limit	
		Offer in the morning	Offer in the afternoon
Upper limit to the amount of sales per issue	The amount outstanding of the Bank's holdings or 200 billion JPY, whichever is smaller	Same	Same but excluding the amount sold in the morning

2. Increase in the frequency of release of "Japanese Government Bonds held by the Bank of Japan"

Beginning with the data as of May 9 to be released on May 13, the frequency of release of "Japanese Government Bonds held by the Bank of Japan" will be increased.

	Current policy	New policy
Frequency of release	Every month	Every ten days
Timing of release	The amount outstanding as of the last business day of each month is released in the evening of two business days later.	The amount outstanding as of the 10th and 20th calendar days ² and the last business day of each month will be released in the evening of two business days later.

Note: 2. If the 10th or 20th calendar day falls on a holiday or weekend, the amount outstanding as of the previous business day will be released.

3. Continuous use of the Facility

With a view to improving the predictability regarding continuous use of the Facility, the Bank announces the rules on the consecutive sales transactions³ per issue with the same counterparty as follows. This will be effective from the offer made on April 21, 2014.

Rules on consecutive sales transactions per issue
In principle, counterparties will be permitted to consecutively purchase the same issue from the Bank for a maximum of five business days. ⁴ The Bank may extend the period for consecutive sales transactions per issue when deemed necessary in light of the conditions of financial markets.

Notes: 3. This rule is not applicable to roll-over transactions subject to fails charge in accordance with market practice.

4. Securities sold under the Facility shall be repurchased on the next business day.

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