

August 7, 2015

Bank of Japan

Amendment to "Principal Terms and Conditions for Complementary Lending Facility" in Conjunction with the Forthcoming Implementation of the Second Phase of the New BOJ-NET Project

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided to make the following amendments in conjunction with the forthcoming implementation of the second phase of the new BOJ-NET project.

1. The Bank shall amend the "Principal Terms and Conditions for Complementary Lending Facility" (see Attachment 1).
2. 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 2).
3. The Bank shall amend the "Principal Terms and Conditions of Complementary Deposit Facility as a Temporary Measure to Facilitate Supplying of Funds" (see Attachment 3).

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

- Paragraph 5. shall be amended as follows.

5. Loan Rate and Collection of Interest

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

(3) ~~Loans shall be extended through a discount method, based on the rate determined by the method described in (1), discounted for the number of days from the first day after the disbursement of the loan up to the maturity date.~~ The interest on a loan shall be calculated based on the rate determined by the method described in (1) for the number of days from the first day after the disbursement of the loan up to the maturity date, and the interest shall be collected after the loan reaches maturity.

- Paragraph 9. shall be amended as follows.

9. Exception

If the Bank specifically deems it necessary in order to conduct money market operations smoothly, it can make exceptions to the terms and conditions stipulated in 2, 3, 5 (3), 6, or 8 above, and, for example, set a limit to the amount of loans or reject requests for loans.

(Supplementary Provision)

These amendments shall become effective on the day of the implementation of the second phase of the new BOJ-NET project. With regard to the application of terms and conditions to loans disbursed on the day before the effective date, the provisions prior to these amendments shall remain applicable.

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 6. shall be amended as follows.

6. Repurchase Agreements

Securities sold shall be repurchased on the next business day of the date of sales. ~~When the date of sales is four business days prior to the date of interest payment of the securities, those securities shall be repurchased on the date of interest payment.~~

(Supplementary Provision)

This amendment shall become effective on the day of the implementation of the second phase of the new BOJ-NET project, provided that the Bank obtains approval regarding the amendments to Bank of Japan Regulations concerning the JGB Book-Entry System in accordance with Article 17 of the Act on Book-Entry of Company Bonds, Shares, etc., Act No. 75, 2001, as applied by replacing terms in Article 48. With regard to the application of terms and conditions to sales of Japanese government securities (JGSs) with repurchase agreements to provide a temporary and secondary source of JGSs to the markets before the effective date, the provisions prior to this amendment shall remain applicable.

Amendment to "Principal Terms and Conditions of Complementary Deposit Facility as a Temporary Measure to Facilitate Supplying of Funds"

- Paragraph 1. shall be amended as follows.

1. Purpose

These Terms and Conditions prescribe the principles of payment of interest on current account balances (excluding the balances of ~~current account for simultaneous processing of DVP and collateralization and~~ current account with queuing and offsetting facility) and the special reserve account balances at the Bank of Japan as a temporary measure to facilitate funds-supplying operations with the aim of ensuring stability in financial markets.

(Supplementary Provision)

This amendment shall become effective on the day of the implementation of the second phase of the new BOJ-NET project.