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 based on a regular review of the appropriateness of collateral prices and margin ratios 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).
4. The Bank shall amend the "Collateral Guidelines on Eligible Foreign Bonds" (see Attachment 4).
5. The Bank shall amend the "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas" (see Attachment 5).
Amendment to "Guidelines on Eligible Collateral"

- 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) up to 1 year  9899% of market price
   - (2) more than 1 year and up to 5 years  9899% of market price
   - (3) more than 5 years and up to 10 years  9798% of market price

1-2. Floating-Rate Bonds

   A residual maturity of:

   - (1) up to 1 year  9899% of market price
   - (2) more than 1 year and up to 5 years  9899% of market price
   - (3) more than 5 years and up to 10 years  9798% of market price
(4) more than 10 years and up to 20 years 9697% of market price

1-3. STRIPS
A residual maturity of:
(1) (No change)
(3)
(4) more than 10 years and up to 20 years 9596% of market price
(5) (No change)
(6) more than 30 years 9091% of market price

1-4. Inflation-Indexed Bonds
A residual maturity of:
(1) up to 1 year 9193% of market price
(2) more than 1 year and up to 5 years 9493% of market price
(3) more than 5 years and up to 10 years 9395% of market price
(4) more than 10 years and up to 20 years 9494% of market price
(5) more than 20 years and up to 30 years 9093% of market price
(6) more than 30 years 8890% of market price

2. Government-Guaranteed Bonds
A residual maturity of:
(1) (No change)
(3)
(4) more than 10 years and up to 20 years 9596% of market price
(5) more than 20 years and up to 30 years 9495% of market price
(6) (No change)

3. (No change)
4. Municipal Bonds
A residual maturity of:
(1) (No change)
(3) 
(4) more than 10 years and up to 20 years 9596% of market price
(5) more than 20 years and up to 30 years 9495% of market price
(6) (No change)

5. Fiscal Investment and Loan Program (FILP) Agency Bonds
A residual maturity of:
(1) (No change)
(3) 
(4) more than 10 years and up to 20 years 9495% of market price
(5) more than 20 years and up to 30 years 9394% of market price
(6) (No change)

6. Corporate Bonds
A residual maturity of:
(1) (No change)
(3) 
(4) more than 10 years and up to 20 years 9495% of market price
(5) more than 20 years and up to 30 years 9394% of market price
(6) (No change)

7. (No change)

8. (No change)
9. Asset-Backed Securities
A residual maturity of:

(1) [No change]

(3) [No change]

(4) more than 10 years and up to 20 years 94.95% of market price
(5) more than 20 years and up to 30 years 93.94% of market price
(6) (No change)

10. (No change)

11. Bonds Issued by Real Estate Investment Corporations
A residual maturity of:

(1) [No change]

(3) [No change]

(4) more than 10 years and up to 20 years 94.95% of market price
(5) more than 20 years and up to 30 years 93.94% of market price
(6) (No change)

12. (No change)

13. Foreign Government Bonds
A residual maturity of:

(1) [No change]

(3) [No change]

(4) more than 10 years and up to 20 years 94.95% of market price
(5) more than 20 years and up to 30 years 93.94% of market price
(6) (No change)
A residual maturity of:
(1) (No change)
(3) (No change)
(4) more than 10 years and up to 20 years \(94\%\) of market price
(5) more than 20 years and up to 30 years \(94\%\) of market price
(6) (No change)

15. (No change)
17. (No change)

18. Electronically Recorded Monetary Claims on Companies
A residual maturity of:
(1) (No change)
(3) (No change)
(4) more than 5 years and up to 7 years \(80\%\) of outstanding principal balance
(5) (No change)

19. Electronically Recorded Monetary Claims on Real Estate Investment Corporations
A residual maturity of:
(1) (No change)
(3) (No change)
(4) more than 5 years and up to 7 years \(80\%\) of outstanding principal balance
(5) (No change)
20. (No change)

21.

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

   A residual maturity of:
   
   (1) (No change)
   
   (2) more than 1 year and up to 3 years  9594% of outstanding principal balance
   
   (3)
   
   (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.)

23. **Loans on Deeds to Companies**

   A residual maturity of:
   
   (1)
   
   (2) (No change)
   
   (3)
   
   (4) more than 5 years and up to 7 years  8075% of outstanding principal balance
   
   (5) (No change)

24. **Loans on Deeds to Real Estate Investment Corporations**

   A residual maturity of:
   
   (1)
   
   (2) (No change)
   
   (3)
(4) more than 5 years and up to 7 years \( \underline{80\%} \) of outstanding principal balance

(5) (No change)

25. (No change)

26. (No change)

27. Loans on Deeds to Municipal Governments
A residual maturity of:
(1) (No change)
(2) more than 1 year and up to 3 years \( \underline{95\%} \) of outstanding principal balance

(3) (No change)

(4) (No change)

(5) more than 7 years and up to 10 years \( \underline{80\%} \) 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:

(2) (No change)

(Supplementary Provision)
These amendments shall become effective on a date designated by the Governor, which shall be within a month after the day of the implementation of the second phase of the new BOJ-NET project.
Amendment to "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements"

- Table shall be amended as follows.

<table>
<thead>
<tr>
<th>Margin Ratios</th>
</tr>
</thead>
</table>

1. **Securities purchased by the Bank**

(1) Japanese Government Securities (excluding Floating-Rate Bonds and Inflation-Indexed Bonds)

A residual maturity of:

(a) 
(b) (No change)

(d) 
(e) more than 20 years and up to 30 years 1.0301.031
(f) more than 30 years 1.0451.054

(2) Floating-Rate Bonds

A residual maturity of:

(a) (No change)
(b) more than 1 year and up to 5 years 1.0061.003
(c) (No change)
(d) more than 10 years and up to 20 years 1.0431.014
(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year 1.0321.034
(b) more than 1 year and up to 5 years 1.0361.037
(c) (No change)
(d) (No change)
(e) more than 20 years and up to 30 years 1.0481.049
(f) more than 30 years 1.0631.072

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)
(d) (No change)
(e) more than 20 years and up to 30 years 0.9740.970
(f) more than 30 years 0.9580.951

(2) Floating-Rate Bonds

A residual maturity of:

(a) (No change)
(b) more than 1 year and up to 5 years 0.9950.998
(c) (No change)
(d) more than 10 years and up to 20 years 0.9880.987

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year 0.9690.968
(b) more than 1 year and up to 5 years 0.9670.966
(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be within a month after the day of the implementation of the second phase of the new BOJ-NET project.
Table shall be amended as follows.

### 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
   - (3) (No change)
   - (4) more than 10 years and up to 20 years
   - (5) more than 20 years and up to 30 years
   - (6) more than 30 years

2. **Floating-Rate Bonds**
   
   A residual maturity of:
   
   - (1) (No change)
   - (2) more than 1 year and up to 5 years
   - (3) (No change)
   - (4) more than 10 years and up to 20 years

### Table

<table>
<thead>
<tr>
<th>Residual Maturity</th>
<th>Margin Ratio (Japanese Government Securities)</th>
<th>Margin Ratio (Floating-Rate Bonds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>more than 20 years and up to 30 years</td>
<td>0.971</td>
<td>0.995</td>
</tr>
<tr>
<td>more than 30 years</td>
<td>0.970</td>
<td>0.998</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.988</td>
</tr>
</tbody>
</table>
3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year \( 0.9690.968 \)
(2) more than 1 year and up to 5 years \( 0.9670.966 \)
(3) \( \begin{align*}
(1) & \quad (No \ change) \\
(5) & \\
(6) & \text{more than 30 years} \quad 0.9440.937 \\
\end{align*} \)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be within a month after the day of the implementation of the second phase of the new BOJ-NET project.
Amendment to "Collateral Guidelines on Eligible Foreign Bonds"

- Table shall be amended as follows.

## Eligibility Standards and Collateral Prices

1. (No change)

2. **Collateral Prices**

   A residual maturity of:
   
   - (1) up to 1 year
   - (4) more than 10 years and up to 20 years
   - (5) more than 20 years and up to 30 years
   - (6) more than 30 years

<table>
<thead>
<tr>
<th>Maturity Range</th>
<th>Collateral Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to 1 year</td>
<td>(No change)</td>
</tr>
<tr>
<td>more than 10 years and up to 20</td>
<td>[87.88% of market price](yen equivalent)</td>
</tr>
<tr>
<td>more than 20 years and up to 30</td>
<td>(No change)</td>
</tr>
<tr>
<td>more than 30 years</td>
<td>(No change)</td>
</tr>
</tbody>
</table>

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be within a month after the day of the implementation of the second phase of the new BOJ-NET project.
Amendment to "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas"

- Paragraph 4. shall be amended as follows.

4. Collateral Prices

For collateral stipulated in 2. (2), the Bank shall, except when the collateral satisfies the standards stipulated in table 2 of the “Guidelines on Eligible Collateral,” apply the following collateral prices.

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

Corporate Bonds

(a) (No change)

(c)

(d) more than 10 years and up to 20 years 94 95% of market price
(e) more than 20 years and up to 30 years 93 94% of market price
(f) (No change)

Bills (No change)

Electronically Recorded Monetary Claims

(a) (No change)

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

(i) up to 1 year 95 94% of outstanding principal balance
Loans on Deeds
(a) (No change)
(b) Loans on Deeds other than (a)
i) up to 1 year $9594\%$ of outstanding principal balance

ii) (No change)

v)

(2) Debt of Municipal Governments in Disaster Areas

Electronically Recorded Monetary Claims
(a) (No change)
(b) more than 1 year and up to 3 years $8584\%$ of outstanding principal balance

(c) (No change)
(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)

Loans on Deeds
(a) (No change)
(b) more than 1 year and up to 3 years $8584\%$ of outstanding principal balance

(c) (No change)
(d) (No change)
(e) more than 7 years and up to 10 years 70.65% of outstanding principal balance (including those with a maturity date falling in the same month of the tenth year)

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

(No change)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be within a month after the day of the implementation of the second phase of the new BOJ-NET project.