

September 21, 2016

Bank of Japan

Amendment to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held on September 20 and 21, 2016, 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).
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 "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).
6. The Bank shall amend the "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas of the 2016 Kumamoto Earthquake" (see Attachment 6).

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

(6) more than 30 years

9394% of market price

1-2. (No change)

1-3. STRIPS

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (4) }

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

9495% of market price

(6) more than 30 years

9192% of market price

1-4. Inflation-Indexed Bonds

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9091% of market price

2. Government-Guaranteed Bonds

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9293% of market price

3. (No change)

4. Municipal Bonds

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9293% of market price

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

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9192% of market price

6. Corporate Bonds

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9192% of market price

7. }
8. } (No change)

9. Asset-Backed Securities

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9192% of market price

10. (No change)

11. Bonds Issued by Real Estate Investment Corporations

A residual maturity of:

(1) }
ι } (No change)
(5) }

(6) more than 30 years

9192% of market price

12. (No change)

13. Foreign Government Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9192% of market price

14. International Financial Institution Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9192% of market price

- 15. } (No change)
- ι } (No change)
- 17. }

18. Electronically Recorded Monetary Claims on Companies

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (3) }
- (4) more than 5 years and up to 7 years
- (5) (No change)

7580% of outstanding principal balance

19. Electronically Recorded Monetary Claims on Real Estate Investment Corporations

A residual maturity of:

- (1) }
 - 2
 - (3) }
- (No change)

(4) more than 5 years and up to 7 years 7580% of outstanding principal balance

(5) (No change)

- 20. }
 - 21. }
- (No change)

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 9495% of outstanding principal balance

- (3) }
 - (4) }
- (No change)

(5) more than 7 years and up to 10 years 7580% 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
 - (3) }
- (No change)

(4) more than 5 years and up to 7 years 7580% 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 7580% of outstanding principal balance

(5) (No change)

25. }
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 9495% of outstanding principal balance

(3) }
(4) } (No change)

(5) more than 7 years and up to 10 years 7580% of outstanding principal balance
(Those with maturity date falling in the same month of the tenth year are included.)

(Special Provision)

(No Change)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2016.

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

- Table shall be amended as follows.

Table

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) up to 1 year	4.003 <u>1.002</u>
(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	4.013 <u>1.012</u>
(d) more than 10 years and up to 20 years	4.020 <u>1.019</u>
(e) more than 20 years and up to 30 years	4.031 <u>1.035</u>
(f) more than 30 years	4.054 <u>1.064</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	4.003 <u>1.002</u>
(b) (No change)	
(c) more than 5 years and up to 10 years	4.010 <u>1.009</u>
(d) more than 10 years and up to 20 years	4.014 <u>1.013</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	1.034 <u>1.029</u>
(b) more than 1 year and up to 5 years	1.037 <u>1.032</u>
(c) more than 5 years and up to 10 years	1.029 <u>1.026</u>
(d) more than 10 years and up to 20 years	1.037 <u>1.034</u>
(e) more than 20 years and up to 30 years	1.049 <u>1.050</u>
(f) more than 30 years	1.072 <u>1.080</u>

2. Securities sold by the Bank

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

A residual maturity of:

(a) up to 1 year	0.998 <u>0.999</u>
(b) more than 1 year and up to 5 years	0.995 <u>0.996</u>
(c) more than 5 years and up to 10 years	0.988 <u>0.989</u>
(d) more than 10 years and up to 20 years	0.981 <u>0.982</u>
(e) more than 20 years and up to 30 years	0.970 <u>0.968</u>
(f) more than 30 years	0.951 <u>0.943</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	0.998 <u>0.999</u>
(b) (No change)	
(c) more than 5 years and up to 10 years	0.991 <u>0.992</u>
(d) more than 10 years and up to 20 years	0.987 <u>0.988</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	0.968 <u>0.972</u>
(b) more than 1 year and up to 5 years	0.966 <u>0.969</u>

(c) more than 5 years and up to 10 years	0.972 <u>0.975</u>
(d) more than 10 years and up to 20 years	0.966 <u>0.968</u>
(e) more than 20 years and up to 30 years	0.956 <u>0.955</u>
(f) more than 30 years	0.937 <u>0.931</u>

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2016.

**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) up to 1 year	0.998 <u>0.999</u>
(2) more than 1 year and up to 5 years	0.995 <u>0.996</u>
(3) more than 5 years and up to 10 years	0.988 <u>0.989</u>
(4) more than 10 years and up to 20 years	0.981 <u>0.982</u>
(5) more than 20 years and up to 30 years	0.970 <u>0.968</u>
(6) more than 30 years	0.951 <u>0.943</u>

2. Floating-Rate Bonds

A residual maturity of:

(1) up to 1 year	0.998 <u>0.999</u>
(2) (No change)	
(3) more than 5 years and up to 10 years	0.991 <u>0.992</u>
(4) more than 10 years and up to 20 years	0.987 <u>0.988</u>

3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year	0.968 <u>0.972</u>
(2) more than 1 year and up to 5 years	0.966 <u>0.969</u>
(3) more than 5 years and up to 10 years	0.972 <u>0.975</u>
(4) more than 10 years and up to 20 years	0.966 <u>0.968</u>
(5) more than 20 years and up to 30 years	0.956 <u>0.955</u>
(6) more than 30 years	0.937 <u>0.931</u>

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2016.

Amendment to "Collateral Guidelines on Eligible Foreign Bonds"

- Table shall be amended as follows.

Table

Eligibility Standards and Collateral Prices

1. (No change)

2. Collateral Prices

A residual maturity of:

(1) up to 1 year	888 7% of market price (yen equivalent)
(2) more than 1 year and up to 5 years	888 7% of market price (yen equivalent)
(3) more than 5 years and up to 10 years	888 7% of market price (yen equivalent)
(4) more than 10 years and up to 20 years	888 7% of market price (yen equivalent)
(5) more than 20 years and up to 30 years	888 7% of market price (yen equivalent)
(6) (No change)	

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2016.

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)
- i } (No change)
- (e) }

(f) more than 30 years 9192% of market price

Bills 8281% of face value

Electronically Recorded Monetary Claims

- (a) Electronically Recorded Monetary Claims on Normal-Class Borrowers
 - i) up to 1 year 8281% of outstanding principal balance

- ii) } (No change)
- i } (No change)
- v) }

(b) (No Change)

Loans on Deeds

(a) Loans on Deeds to Normal-Class Borrowers

i) up to 1 year 8281% of outstanding
principal balance

ii) }
iii) } (No change)
iv) }
v) }

(b) (No Change)

(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 8485% of outstanding
principal balance

(c) }
(d) } (No change)

(e) more than 7 years and up to 10 years 6570% 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 8485% of outstanding
principal balance

(c) }
(d) } (No change)

(e) more than 7 years and up to 10 years 6570% 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

Electronically Recorded Monetary Claims

(a) up to 1 year 8281% of outstanding
principal balance

(b) }
c } (No change)
(e) }

Loans on Deeds

(a) up to 1 year 8281% of outstanding
principal balance

(b) }
c } (No change)
(e) }

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2016.

**Amendment to "Temporary Rules regarding the
Eligibility Standards for Debt of Companies in
Disaster Areas of the 2016 Kumamoto Earthquake"**

- 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)
- ι } (No change)
- (e) }
- (f) more than 30 years

9192% of market price

Bills

8281% of face value

Electronically Recorded Monetary Claims

(a) Electronically Recorded Monetary Claims on Normal-Class Borrowers

- i) up to 1 year 8281% of outstanding principal balance

- ii) } (No change)
- ι } (No change)
- v) }

(b) (No Change)

Loans on Deeds

(a) Loans on Deeds to Normal-Class Borrowers

i) up to 1 year 8281% of outstanding
principal balance

ii) }
iii) } (No change)
iv) }
v) }

(b) (No Change)

(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 8485% of outstanding
principal balance

(c) }
(d) } (No change)

(e) more than 7 years and up to 10 years 6570% 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 8485% of outstanding
principal balance

(c) }
(d) } (No change)

(e) more than 7 years and up to 10 years 6570% 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

Electronically Recorded Monetary Claims

(a) up to 1 year 8281% of outstanding
principal balance

(b) }
c } (No change)
(e) }

Loans on Deeds

(a) up to 1 year 8281% of outstanding
principal balance

(b) }
c } (No change)
(e) }

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2016.