

March 31, 2020

Bank of Japan

## **Establishment of "Amount of Cash Collateral for Lending of ETFs"**

The Bank of Japan shall establish the "Amount of Cash Collateral for Lending of ETFs" (see Attachment), which shall become effective on April 1, 2020.

This rule stipulates the margin ratio to be used to calculate the amount of cash collateral the trustee shall accept as the trust property from counterparties in advance; the margin is determined based on a review 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.

### **Amount of Cash Collateral for Lending of ETFs**

With regard to the Bank's lending of beneficiary interests in index-linked exchange-traded funds (hereinafter referred to as "ETFs") conducted based on the "Special Rules for Lending of ETFs" (Policy Board Decision on December 19, 2019), the amount of cash collateral the trustee shall accept as the trust property from counterparties in advance shall be calculated by multiplying market prices of ETFs to be lent by 108%.