

March 18, 2016
Bank of Japan

Bilateral Local Currency Swap Agreement with the Reserve Bank of Australia

The Bank of Japan has signed a bilateral local currency swap agreement with the Reserve Bank of Australia, effective as of March 18, 2016. This agreement is designed to enhance the financial stability of the two countries, allowing for the exchange of local currencies between the two central banks of up to AUD 20 billion or JPY 1.6 trillion. The effective period of the facility will be until March 17, 2019.

With the strengthening of economic and financial linkages between Japan and Australia, Japanese financial institutions have been expanding their Australian dollar-based businesses. By utilizing the swap agreement, the Bank of Japan would be prepared to provide liquidity in Australian dollars, should Japanese financial institutions face unexpected difficulties in Australian dollar settlements, and if the Bank judges the liquidity provision to be necessary for ensuring the stability of Japan's financial system.