March 20, 2015
Bank of Japan
Financial Markets Department

Operational Changes to the Securities Lending Facility

The Bank of Japan will implement the following operational changes to the Security Lending Facilities, in order to ease stress in the Japanese government security (JGS) market with a view to further facilitating the Bank's money market operations as well as contributing to smooth settlement of JGSs. The following changes will be effective from the offer made on March 23, 2015.

1. Upper limit to the amount of sales per issue

Upper limit to the amount of sales per issue will be raised as follows.

	Offer in the morning	Offer in the afternoon
Current policy	The amount outstanding of the Bank's holdings or 200 billion JPY, whichever is smaller	Same but excluding the amount sold in the morning
New policy	The amount outstanding of the Bank's holdings or 400 billion JPY, whichever is smaller	Same but excluding the amount sold in the morning

2. Continuous use of the Facility

The number of business days permitted for consecutive sales transactions[1] per issue with the same counterparty will be extended as follows.

Current policy	In principle, counterparties will be permitted to consecutively purchase the same issue from the Bank for a maximum of five business days.[2] The Bank may extend the period for consecutive sales transactions per issue when deemed necessary in light of the conditions of financial markets.
New policy	In principle, counterparties will be permitted to consecutively purchase the same issue from the Bank for a maximum of fifteen business days.[2] The Bank may extend the period for consecutive sales transactions per issue when deemed necessary in light of the conditions of financial markets.

Notes: 1. This rule is not applicable to roll-over transactions subject to fails charge in accordance with market practice.

2. Securities sold under the Facility shall be repurchased on the next business day.

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