

Amendment to "Guidelines on Eligible Collateral"

- Paragraph 2. (3) shall be amended as follows.

(3) Utilizing Market Information

To utilize market mechanism, the Bank shall make effective use of market information, such as ratings by rating agencies in assessing the eligibility of collateral, market prices in calculating collateral prices, and public information in evaluating the creditworthiness of corporate bonds, dematerialized commercial paper issued by domestic corporations, dematerialized commercial paper issued by foreign corporations with guarantees, bills drawn by companies, commercial paper (excluding asset-backed commercial paper), loans on deeds to companies (hereinafter collectively referred to as "corporate debt obligations"), asset-backed securities, dematerialized asset-backed commercial paper, and asset-backed commercial paper.

- Table 1 shall be amended as follows.

Table 1

Categories of Collateral and Collateral Prices

1.	}	(No change)
6.		

7. Dematerialized commercial paper <u>issued by domestic corporations</u>	(No change)
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8. <u>Dematerialized commercial paper issued by foreign corporations with guarantees</u>	<u>95% of face value</u>
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8-9.	}	(No change)
4819.		

(Special Provision)	
Among the collateral listed from 1 to 4412 above, bonds whose principal balance may decrease due to prepayments before the final maturity date such as pass-through bonds;	(No change)

- Table 2 shall be amended as follows.

Table 2

Eligibility Standards for Each Category of Collateral

Collateral Category	Eligibility Standard
Government Bonds (including STRIPS and Inflation-Indexed Bonds) }	(No change)
Corporate Bonds	
Dematerialized commercial paper <u>issued by domestic corporations</u> Bills drawn by companies Commercial paper (excluding asset-backed commercial paper)	Dematerialized commercial paper <u>issued by domestic corporations</u> , Bills and Commercial paper satisfying the following requirements: (1) Those deemed appropriate in light of relevant conditions including the creditworthiness of an obligor; (2) Those with an original maturity of up to 1 year.
<u>Dematerialized commercial paper issued by foreign corporations with guarantees</u>	<u>Dematerialized commercial paper issued by foreign corporations with guarantees satisfying the following requirements:</u> <u>(1) That deemed appropriate in light of relevant conditions including the creditworthiness of a guarantor;</u> <u>(2) That with an original maturity of up to 1 year.</u>
Asset-backed Securities }	(No change)
Loans on Deeds to the Banks' Shareholdings Purchase Corporation with Government Guarantee	
(Special Provision)	(No change)

(Supplementary Provision)

These amendments shall become effective on March 16, 2005.