

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 STRIPS and Inflation-Indexed Bonds)

A residual maturity of:

(1) up to 1 year	99% of market price
(2) more than 1 year and up to 5 years	99 98% of market price
(3) more than 5 years and up to 10 years	96% of market price
(4) more than 10 years and up to 20 years	93 94% of market price
(5) more than 20 years	89 90% of market price

1-2. STRIPS

A residual maturity of:

(1) up to 5 years	98 97% of market price
(2) more than 5 years and up to 10 years	95% of market price
(3) more than 10 years and up to 20 years	92 90% of market price
(4) more than 20 years	88 85% of market price

1-3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 5 years	98 97% of market price
(2) more than 5 years and up to 10 years	95% of market price
(3) more than 10 years and up to 20 years	92 90% of market price
(4) more than 20 years	88 85% of market price

2. Financing Bills

99% of market price

3. Government-Guaranteed Bonds

A residual maturity of:

(1) up to 5 years	98 97% of market price
(2) more than 5 years and up to 10 years	95% of market price
(3) more than 10 years and up to 20 years	92 90% of market price
(4) more than 20 years	88 85% of market price

4. Municipal Bonds

A residual maturity of:

(1) up to 5 years	<u>9897%</u> of market price
(2) more than 5 years and up to 10 years	<u>95%</u> of market price
(3) more than 10 years and up to 20 years	<u>9290%</u> of market price
(4) more than 20 years	<u>8885%</u> of market price

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

A residual maturity of:

(1) up to 5 years	<u>9796%</u> of market price
(2) more than 5 years and up to 10 years	<u>9493%</u> of market price
(3) more than 10 years and up to 20 years	<u>9185%</u> of market price
(4) more than 20 years	<u>8780%</u> of market price

6. Corporate Bonds

A residual maturity of:

(1) up to 5 years	<u>9796%</u> of market price
(2) more than 5 years and up to 10 years	<u>9493%</u> of market price
(3) more than 10 years and up to 20 years	<u>9185%</u> of market price
(4) more than 20 years	<u>8780%</u> of market price

**7. Dematerialized Commercial Paper Issued by
Domestic Corporations**

9695% of face value

**8. Dematerialized Commercial Paper Issued by
Foreign Corporations with Guarantees**

9695% of face value

9. Asset-Backed Securities

A residual maturity of:

(1) up to 5 years	<u>9796%</u> of market price
(2) more than 5 years and up to 10 years	<u>9493%</u> of market price
(3) more than 10 years and up to 20 years	<u>9185%</u> of market price
(4) more than 20 years	<u>8780%</u> of market price

10. Dematerialized Asset-Backed Commercial Paper

9695% of face value

11. Foreign Government Bonds

A residual maturity of:

(1) up to 5 years	<u>9796%</u> of market price
(2) more than 5 years and up to 10 years	<u>9493%</u> of market price
(3) more than 10 years and up to 20 years	<u>9185%</u> of market price
(4) more than 20 years	<u>8780%</u> of market price

12. International Financial Institution Bonds

A residual maturity of:

(1) up to 5 years	<u>9796%</u> of market price
(2) more than 5 years and up to 10 years	<u>9493%</u> of market price
(3) more than 10 years and up to 20 years	<u>9185%</u> of market price
(4) more than 20 years	<u>8780%</u> of market price

13. Bills Drawn by Companies

9695% of face value

14. Commercial Paper

9695% of face value

15. Loans on Deeds to Companies

An original maturity of:

(1) up to 1 year	<u>9695%</u> of outstanding principal balance
(2) more than 1 year and up to 3 years	<u>9287%</u> of outstanding principal balance
(3) more than 3 years and up to 5 years	<u>8580%</u> of outstanding principal balance
(4) more than 5 years and up to 7 years	<u>7565%</u> of outstanding principal balance
(5) more than 7 years and up to 10 years (including maturities within 120 months after the month of issuance)	<u>6050%</u> of outstanding principal balance

16. Loans on Deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax

An original maturity of:

(1) up to 1 year	<u>9796%</u> of outstanding principal balance
(2) more than 1 year and up to 3 years	<u>9490%</u> of outstanding principal balance
(3) more than 3 years and up to 5 years	<u>9085%</u> of outstanding principal balance
(4) more than 5 years and up to 7 years	<u>8075%</u> of outstanding principal balance
(5) more than 7 years and up to 10 years (including maturities within 120 months after the month of issuance)	<u>6560%</u> of outstanding principal balance

17. Loans on Deeds to the Deposit Insurance Corporation with Government Guarantee

An original maturity of:

(1) up to 1 year	<u>9796%</u> of outstanding principal balance
(2) more than 1 year and up to 3 years	<u>9490%</u> of outstanding principal balance
(3) more than 3 years and up to 5 years	<u>9085%</u> of outstanding principal balance
(4) more than 5 years and up to 7 years	<u>8075%</u> of outstanding principal balance
(5) more than 7 years and up to 10 years (including maturities within 120 months after the month of issuance)	<u>6560%</u> of outstanding principal balance

18. Loans on Deeds to the Industrial Revitalization Corporation of Japan with Government

Guarantee

An original maturity of:

(1) up to 1 year	9796% of outstanding principal balance
(2) more than 1 year and up to 3 years	9490% of outstanding principal balance
(3) more than 3 years and up to 5 years	9085% of outstanding principal balance
(4) more than 5 years and up to 7 years	8075% of outstanding principal balance
(5) more than 7 years and up to 10 years (including maturities within 120 months after the month of issuance)	6560% of outstanding principal balance

19. Loans on Deeds to the Banks' Shareholdings**Purchase Corporation with Government****Guarantee**

An original maturity of:

(1) up to 1 year	9796% of outstanding principal balance
(2) more than 1 year and up to 3 years	9490% of outstanding principal balance
(3) more than 3 years and up to 5 years	9085% of outstanding principal balance
(4) more than 5 years and up to 7 years	8075% of outstanding principal balance
(5) more than 7 years and up to 10 years (including maturities within 120 months after the month of issuance)	6560% of outstanding principal balance

(Special Provision)

(No change)

(Supplementary Provision)

- (1) These amendments shall become effective on a day designated by the Governor, which shall be no later than October 31, 2005.
- (2) "Categories and Prices of Collateral" prescribed in paragraph 3 shall be reviewed in light of conditions in financial markets about once a year in principle and shall be amended when necessary.

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

- 7. (2) shall be amended as follows.

(2) Margin ratios

Margin ratios shall be as follows;

(a) Securities purchased by the Bank

A residual maturity of:

(i) up to 1 year	4.0031.002
(ii) more than 1 year and up to 5 years	1.006
(iii) more than 5 years and up to 10 years	4.0241.020
(iv) more than 10 years and up to 20 years	1.039
(v) more than 20 years	4.0571.066

(b) Securities sold by the Bank

A residual maturity of:

(i) up to 1 year	0.9970.998
(ii) more than 1 year and up to 5 years	0.994
(iii) more than 5 years and up to 10 years	0.9800.981
(iv) more than 10 years and up to 20 years	0.964
(v) more than 20 years	0.9480.941

- 8. (5) shall be amended as follows.

(5) Collateral prices

Collateral prices shall be as follows;

(a) Securities supplied to the Bank

A residual maturity of:

(i) up to 1 year	99.7 <u>99.8</u> % of market price
(ii) more than 1 year and up to 5 years	99.4% of market price
(iii) more than 5 years and up to 10 years	98.0 <u>98.1</u> % of market price
(iv) more than 10 years and up to 20 years	96.3% of market price
(v) more than 20 years	94.6 <u>93.8</u> % of market price

(b) Securities supplied by the Bank

A residual maturity of:

(i) up to 1 year	400.3 <u>100.2</u> % of market price
(ii) more than 1 year and up to 5 years	100.6% of market price
(iii) more than 5 years and up to 10 years	402.0 <u>101.9</u> % of market price
(iv) more than 10 years and up to 20 years	103.7% of market price
(v) more than 20 years	405.4 <u>106.2</u> % of market price

(Supplementary Provision)

- (1) These amendments shall become effective on a day designated by the Governor, which shall be no later than October 31, 2005.
- (2) "Margin ratios" prescribed in paragraph 7. (2) and "Collateral prices" prescribed in paragraph 8. (5) shall be reviewed in light of conditions in financial markets about once a year in principle and shall be amended when necessary.

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"

- 8. (2) shall be amended as follows.

(2) Margin ratios

Margin ratios shall be as follows;

A residual maturity of:

(i) up to 1 year	0.9970 <u>0.998</u>
(ii) more than 1 year and up to 5 years	0.994
(iii) more than 5 years and up to 10 years	0.9800 <u>0.981</u>
(iv) more than 10 years and up to 20 years	0.964
(v) more than 20 years	0.9480 <u>0.941</u>

(Supplementary Provision)

- (1) These amendments shall become effective on a day designated by the Governor, which shall be no later than October 31, 2005.
- (2) "Margin ratios" prescribed in paragraph 8. (2) shall be reviewed in light of conditions in financial markets about once a year in principle and shall be amended when necessary.

Framework for Revising the Current Bill Purchasing Scheme

	After revision	Current Scheme
Form of transactions	Loans made over the BOJ-NET without using bills or deeds (electronic lending arrangement)	Purchase of bills issued by eligible counterparties
Location of operations	(No change)	At the Head Office (Operations Department) or at all offices of the Bank
Eligible counterparties	(No change)	Selected from financial institutions, domestic and foreign securities companies, securities finance companies, and <i>fanshi</i> companies
Term	(No change)	Within one year
Interest rate	The lending rate is determined by multiple-rate competitive auction	The rate of discount is determined by multiple-rate competitive auction
Collateral	(No change)	Accept eligible collateral pursuant to "Guidelines on Eligible Collateral" as part of the pooled collateral