Amendments to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided, with a view to further facilitating the Bank's money market operations, to expand the range of eligible collateral for loans on deeds to the government (including government's special accounts) and those with government guarantees, and to accept loans on deeds to municipal governments as eligible collateral for the Bank's provision of credit (see Attachment).

In addition, the Policy Board also decided to continue to accept, when the amendments become effective, "loans on deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax" as collateral eligible as "loans on deeds to the government (including government's special accounts)," and "loans on deeds to the Deposit Insurance Corporation with government guarantee" and "loans on deeds to the Bank's Shareholdings Purchase Corporation with government guarantee" eligible as "loans on deeds with government guarantees," regardless of the provision in paragraph 4.(3).

Amendments to "Guidelines on Eligible Collateral"

Paragraph 4.(3) shall be amended as follows.

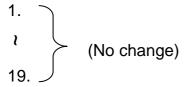
(3) Procedures for Eligibility Assessment

As for collateral other than government bonds (excluding treasury bills), bills bills treasury discount (treasury and financing bills). government-guaranteed bonds, and municipal bonds issued through public offering, loans on deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax, loans on deeds to the Deposit Insurance Corporation with government guarantee, and loans on deeds to the Banks' Shareholdings Purchase Corporation with government guarantee, the Bank shall assess the eligibility upon request of a financial institution that maintains a current account with the Bank (such institution hereinafter referred to as the "counterpart financial institution"). In the case of corporate debt obligations, the creditworthiness of obligors shall be evaluated in accordance with Guidelines on Credit Ratings of Companies (Policy Board Decision on October 13, 2000).

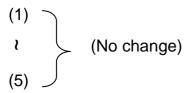
Table 1 shall be amended as follows.

Table 1

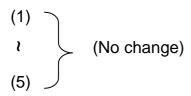
Categories of Collateral and Collateral Prices



20. Loans on Deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax Government (including Government's Special Accounts)



21. Loans on Deeds to the Deposit Insurance Corporation with Government Guarantees



22. Loans on Deeds to the Banks' Shareholdings Purchase Corporation with Government Guarantee Municipal Governments

(Special Provision)
(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 Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds, but excluding Treasury Bills)	(No change)
Loans on Deeds to Real	
Estate Investment	
Corporations	J

Government's Special | requirements: Account for the Allotment of Local Allocation Tax and Local Transfer Tax Government (including Government's Special Accounts)

Loans on Deeds to the Deposit Insurance Corporation with Government Guarantees

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

Loans on Deeds to the Loans on deeds satisfying the following

- (1) Loans on deeds to be deemed appropriate in light of the method of determining lending conditions, such as the auction procedures, and other relevant factors.
- (2) Loans on deeds with a residual maturity of up to 10 years (those with a maturity date falling in the same month of the tenth year are included).

Loans on Deeds to **Municipal Governments**

Loans on deeds satisfying the following requirements:

- (1) Loans on deeds to be deemed appropriate in light of the method of determining lending conditions, such as the auction procedures, debtor's issuance record of publicly-offered bonds, and other relevant factors.
- (2) Loans on deeds with a residual maturity of up to 10 years (those with a maturity date falling in the same month of the tenth year are included).

(Supplementary Provision)

These amendments shall become effective on the day designated by the Governor, which shall be no later than April 30, 2009.