

December 1, 2009

Bank of Japan

Amendment to “Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral”

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided, in view of recent economic and financial developments, to amend “Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral” with the aim of further enhancing easy monetary conditions (see Attachment).

Amendment to “Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral”

- Paragraph 1. shall be amended as follows.

1. Purpose

These Terms and Conditions prescribe the principles for the Bank of Japan’s funds-supplying operations against pooled collateral (loans that are made against pooled eligible collateral by way of open market operations ~~with loan rates determined by competitive auctions~~), with the aim of facilitating money market operations.

- Paragraph 6. shall be amended as follows.

6. Loan Rates and Collection of Interest

(1) Interest Rates on the Loans

Interest rates shall be determined by one of the following methods.

(a) Interest rates on the loans shall be determined by multiple-rate competitive auctions.

(b) Interest rates on the loans shall be the Bank’s target for the uncollateralized overnight call rate stipulated in the guideline for money market operations on the day of disbursement of the loan.

(2) Collection of Interest

The interest on a loan shall be calculated based on the rate determined by the method described in (1) for the number of days from the first day after the disbursement of the loan up to the maturity date, and the interest shall be collected after the loan reaches maturity.

(Supplementary Provision)

These amendments shall become effective today.