

October 7, 2011

Bank of Japan

Amendment to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided to make amendments to the following guidelines and rules. The decision was made based on a regular review of the appropriateness of collateral prices and purchasing/selling prices in light of recent financial market developments, with a view to maintaining the soundness of the Bank's assets as well as efficiency in market participants' use of collateral.

1. "Guidelines on Eligible Collateral" (see Attachment 1).
2. "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements" (see Attachment 2).
3. "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" (see Attachment 3).
4. "Collateral Guidelines on Eligible Foreign Bonds" (see Attachment 4).
5. "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas" (see Attachment 5).

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 Floating-Rate Bonds, STRIPS, Inflation-Indexed Bonds, and Treasury Bills) and Treasury Discount Bills (Treasury Bills and Financing Bills)

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (4) } (No change)
- (5) more than 20 years and up to 30 years ~~96~~95% of market price
- (6) (No change)

1-2. (No change)

1-3. STRIPS

A residual maturity of:

- (1) } (No change)
- 1 } (No change)
- (4) } (No change)

- (5) more than 20 years and up to 30 years 9493% of market price
- (6) more than 30 years 9392% of market price

1-4. Inflation-Indexed Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (4) }

- (5) more than 20 years and up to 30 years 8988% of market price
- (6) (No change)

2. Government-Guaranteed Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (4) }

- (5) more than 20 years and up to 30 years 9594% of market price
- (6) (No change)

3. (No change)

4. Municipal Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (4) }

- (5) more than 20 years and up to 30 years 9594% of market price
- (6) (No change)

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

A residual maturity of:

(1) }
ι } (No change)
(4) }

(5) more than 20 years and up to 30 years

9493% of market price

(6) (No change)

6. Corporate Bonds

A residual maturity of:

(1) }
ι } (No change)
(4) }

(5) more than 20 years and up to 30 years

9493% of market price

(6) (No change)

7. }
8. } (No change)

9. Asset-Backed Securities

A residual maturity of:

(1) }
ι } (No change)
(4) }

(5) more than 20 years and up to 30 years

9493% of market price

(6) (No change)

10. (No change)

11. Bonds Issued by Real Estate Investment Corporations

A residual maturity of:

- | | | | |
|---|---|-------------|--------------------------------|
| (1) | } | (No change) | |
| ι | | | |
| (3) | | | |
| (4) more than 10 years and up to 20 years | | | 94 <u>93</u> % of market price |
| (5) more than 20 years and up to 30 years | | | 90 <u>91</u> % of market price |
| (6) more than 30 years | | | 89 <u>91</u> % of market price |

12. (No change)

13. Foreign Government Bonds

A residual maturity of:

- | | | | |
|---|---|-------------|--------------------------------|
| (1) | } | (No change) | |
| ι | | | |
| (4) | | | |
| (5) more than 20 years and up to 30 years | | | 94 <u>93</u> % of market price |
| (6) (No change) | | | |

14. International Financial Institution Bonds

A residual maturity of:

- | | | | |
|---|---|-------------|--------------------------------|
| (1) | } | (No change) | |
| ι | | | |
| (4) | | | |
| (5) more than 20 years and up to 30 years | | | 94 <u>93</u> % of market price |
| (6) (No change) | | | |

- | | | | |
|-----|---|-------------|--|
| 15. | } | (No change) | |
| ι | | | |
| 17. | | | |

18. Loans on Deeds to Companies

A residual maturity of:

(1) }
(2) } (No change)

(3) more than 3 years and up to 5 years

8580% of outstanding
principal balance

(4) }
(5) } (No change)

19. Loans on Deeds to Real Estate Investment Corporations

A residual maturity of:

(1) }
(2) } (No change)

(3) more than 3 years and up to 5 years

8580% of outstanding
principal balance

(4) }
(5) } (No change)

20. Loans on Deeds to the Government (including Government's Special Accounts)

A residual maturity of:

(1) (No change)

(2) more than 1 year and up to 3 years

9495% of outstanding
principal balance

(3) }
(4) } (No change)
(5) }

21. Loans on Deeds with Government Guarantees

A residual maturity of:

(1) (No change)

(2) more than 1 year and up to 3 years

9495% of outstanding
principal balance

(3) }
4 } (No change)
(5) }

22. (No change)

(Special Provision)

(No change)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2011.

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

- Table 1 shall be amended as follows.

Table 1

Margin Ratios

1. Securities purchased by the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds and Inflation-Indexed Bonds)

A residual maturity of:

(a)	}	(No change)
ι		
(c)		

(d) more than 10 years and up to 20 years	4.020 <u>1.021</u>
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(e) (No change)

(f) more than 30 years	4.029 <u>1.032</u>
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(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	4.009 <u>1.003</u>
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(b) more than 1 year and up to 5 years	4.013 <u>1.007</u>
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(c) more than 5 years and up to 10 years	4.020 <u>1.014</u>
--	--------------------

(d) more than 10 years and up to 20 years	4.020 <u>1.021</u>
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(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	1.039 <u>1.038</u>
(b) more than 1 year and up to 5 years	1.043 <u>1.042</u>
(c) more than 5 years and up to 10 years	1.051 <u>1.050</u>
(d) (No change)	
(e) more than 20 years and up to 30 years	1.068 <u>1.067</u>
(f) more than 30 years	1.068 <u>1.070</u>

2. Securities sold by the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds and Inflation-Indexed Bonds)

A residual maturity of:

(a)	} (No change)	
(b)		
(c)		
(d) more than 10 years and up to 20 years		0.981 <u>0.980</u>
(e) (No change)		
(f) more than 30 years		0.972 <u>0.969</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year	0.992 <u>0.998</u>
(b) more than 1 year and up to 5 years	0.988 <u>0.994</u>
(c) more than 5 years and up to 10 years	0.981 <u>0.987</u>
(d) more than 10 years and up to 20 years	0.981 <u>0.980</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	0.964 <u>0.965</u>
(b) more than 1 year and up to 5 years	0.960 <u>0.961</u>

(c) more than 5 years and up to 10 years	0.954 <u>0.955</u>
(d) (No change)	
(e) more than 20 years and up to 30 years	0.940 <u>0.941</u>
(f) more than 30 years	0.940 <u>0.938</u>

- Table 2 shall be amended as follows.

Table 2

Collateral Prices

1. Securities supplied to the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds)

A residual maturity of:

(a) }
 (b) } (No change)
 (c) }

(d) more than 10 years and up to 20 years ~~98.1~~98.0% of market price
 (e) (No change)
 (f) more than 30 years ~~97.2~~96.9% of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year ~~99.2~~99.8% of market price
 (b) more than 1 year and up to 5 years ~~98.8~~99.4% of market price
 (c) more than 5 years and up to 10 years ~~98.1~~98.7% of market price

(d) more than 10 years and up to 20 years 98.198.0% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year 96.396.4% of market price

(b) more than 1 year and up to 5 years 95.996.0% of market price

(c) more than 5 years and up to 10 years 95.295.3% of market price

(d) (No change)

(e) more than 20 years and up to 30 years 93.793.8% of market price

(f) more than 30 years 93.793.5% of market price

2. Securities supplied by the Bank

(1) Japanese Government Securities (excluding Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds)

A residual maturity of:

(a) }
i } (No change)
(c) }

(d) more than 10 years and up to 20 years 101.9102.0% of market price

(e) (No change)

(f) more than 30 years 102.8103.1% of market price

(2) Floating-Rate Bonds

A residual maturity of:

(a) up to 1 year 100.8100.2% of market price

(b) more than 1 year and up to 5 years 101.2100.6% of market price

(c) more than 5 years and up to 10 years 101.9101.3% of market price

(d) more than 10 years and up to 20 years 101.9102.0% of market price

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	103.7 <u>103.6</u> % of market price
(b) more than 1 year and up to 5 years	104.1 <u>104.0</u> % of market price
(c) more than 5 years and up to 10 years	104.8 <u>104.7</u> % of market price
(d) (No change)	
(e) more than 20 years and up to 30 years	106.3 <u>106.2</u> % of market price
(f) more than 30 years	106.3 <u>106.5</u> % of market price

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2011.

**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"**

- Table shall be amended as follows.

Table

Margin Ratios

**1. JGSs (excluding Floating-Rate Bonds
and Inflation-Indexed Bonds)**

A residual maturity of:

- | | | |
|-----|---|-------------|
| (1) | } | (No change) |
| (2) | | |
| (3) | | |

(4) more than 10 years and up to 20 years	0.981 <u>0.980</u>
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(5) (No change)	
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(6) more than 30 years	0.972 <u>0.969</u>
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2. Floating-Rate Bonds

A residual maturity of:

(1) up to 1 year	0.992 <u>0.998</u>
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(2) more than 1 year and up to 5 years	0.988 <u>0.994</u>
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(3) more than 5 years and up to 10 years	0.981 <u>0.987</u>
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(4) more than 10 years and up to 20 years ~~0.981~~0.980

3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year ~~0.964~~0.965

(2) more than 1 year and up to 5 years ~~0.960~~0.961

(3) more than 5 years and up to 10 years ~~0.954~~0.955

(4) (No change)

(5) more than 20 years and up to 30 years ~~0.940~~0.941

(6) more than 30 years ~~0.940~~0.938

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2011.

Amendment to "Collateral Guidelines on Eligible Foreign Bonds"

- Table shall be amended as follows.

Table

Eligibility Standards and Collateral Prices

1. (No change)

2. Collateral Prices

A residual maturity of:

(1) up to 1 year	84 <u>85</u> % of market price (yen equivalent)
(2) more than 1 year and up to 5 years	84 <u>85</u> % of market price (yen equivalent)
(3) more than 5 years and up to 10 years	84 <u>85</u> % of market price (yen equivalent)
(4) } (5) }	(No change)
(6) more than 30 years	82 <u>83</u> % of market price (yen equivalent)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2011.

Amendment to "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas"

- 4.(1) shall be amended as follows.

(1) Debt of Companies with Business Offices in Disaster Areas

Corporate Bonds

- (a) } (No change)
- i } (No change)
- (d) }

(e) more than 20 years and up to 30 years 9493% of market price

(f) (No change)

Bills 8180% of face value

Loans on Deeds

(a) Loans on Deeds to Normal-Class Borrowers

i) up to 1 year 8180% of outstanding principal balance

ii) more than 1 year and up to 3 years 6564% of outstanding principal balance

iii) (No change)

iv) more than 5 years and up to 7 years 4035% of outstanding principal balance

v) (No change)

(b) Loans on Deeds other than (a)

i) (No change)

ii) more than 1 year and up to 3 years 8281% of outstanding
principal balance

iii) }
iv) } (No change)
v) }

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

(3) Entities Owned by Municipal Governments in Disaster Areas

(a) up to 1 year 8180% of outstanding
principal balance

(b) more than 1 year and up to 3 years 6564% of outstanding
principal balance

(c) (No change)

(d) more than 5 years and up to 7 years 4035% of outstanding
principal balance

(e) (No change)

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2011.