

July 12, 2012
Bank of Japan

Amendment to "Principal Terms and Conditions for the Asset Purchase Program"

At the Monetary Policy Meeting held today, the Policy Board decided to adopt the following measures with the view to proceeding with the monetary easing in a continuous manner by steadily increasing the amount outstanding of the Asset Purchase Program.

1. The Bank shall amend the "Principal Terms and Conditions for the Asset Purchase Program" (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions for Outright Purchases of Japanese Government Bonds and Treasury Discount Bills Conducted through the Asset Purchase Program" (see Attachment 2).
3. The Bank shall amend the "Principal Terms and Conditions for Outright Purchases of CP and Corporate Bonds Conducted through the Asset Purchase Program" (see Attachment 3).
4. The Bank shall amend the "Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral Conducted through the Asset Purchase Program" (see Attachment 4).

Amendment to "Principal Terms and Conditions for the Asset Purchase Program"

- 4. shall be amended as follows.

4. Maximum Outstanding Amount of Purchases and Loans

(1) The maximum outstanding amount of financial assets purchased through the Program shall be about ~~40~~45 trillion yen. The maximum outstanding amount of loans provided through the Program shall be about ~~30~~25 trillion yen.

(2) The maximum outstanding amount for each financial asset purchased through the Program shall be as follows.

a. (No change)

b. Treasury discount bills

about ~~4.5~~9.5 trillion yen

c. }
d. } (No change)
e. }
f. }

(Supplementary Provision)

These amendments shall become effective on July 17, 2012. However, the Bank shall not apply the amendment regarding the maximum outstanding amount of loans provided through the Program in paragraph 4. (1) until the actual outstanding amount of loans provided through the Program falls below 25 trillion yen.

Amendment to "Principal Terms and Conditions for Outright Purchases of Japanese Government Bonds and Treasury Discount Bills Conducted through the Asset Purchase Program"

- 7. shall be amended as follows.

7. Method

(1) JGBs

A multiple-price competitive auction shall be conducted for each purchase where counterparties bid "yield spreads," which shall not be negative and are calculated by subtracting the minimum yield of 0.1 percent per annum from the yield at which counterparties desire to sell JGBs and T-Bills to the Bank.

(2) T-Bills

A multiple-price competitive auction shall be conducted for each purchase where counterparties bid yield at which they desire to sell T-Bills to the Bank.

- 8. shall be amended as follows.

8. Purchasing Price

(1) JGBs

The purchasing price for each issue of JGBs or T-Bills is calculated by using the yield obtained by adding the yield spread derived from the method described in item 7. above to the minimum yield.

(2) T-Bills

The purchasing price for each issue of T-Bills is calculated by using the yield derived from the method described in item 7.

(Supplementary Provision)

These amendments shall become effective on July 17, 2012.

Amendment to "Principal Terms and Conditions for Outright Purchases of CP and Corporate Bonds Conducted through the Asset Purchase Program"

- 6. shall be amended as follows.

6. Method

(1) CP

A multiple-price competitive auction shall be conducted for each purchase where counterparties bid yield at which they desire to sell CP to the Bank.

(2) Corporate Bonds

A multiple-price competitive auction shall be conducted for each purchase where counterparties bid "yield spreads," which shall not be negative and are calculated by subtracting the minimum yield of 0.1 percent per annum from the yield at which counterparties desire to sell ~~CP~~ or corporate bonds to the Bank.

- 7. shall be amended as follows.

7. Purchasing Price

(1) CP

The purchasing price for each issue of CP is calculated by using the yield derived from the method of 6.

(2) Corporate Bonds

The purchasing price for each issue of ~~CP~~ or corporate bonds is calculated by using the yield obtained by adding the yield spread derived from the method of 6. to the minimum yield.

(Supplementary Provision)

These amendments shall become effective on July 17, 2012.

Amendment to "Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral Conducted through the Asset Purchase Program"

- 6. shall be amended as follows.

6. Duration of Loans

The maximum Dduration of each loan shall be about ~~3 months~~ or 6 months.

(Supplementary Provision)

This amendment shall become effective on July 17, 2012.