

October 7, 2014

Bank of Japan

Amendment to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan made the following decisions based on a regular review of the appropriateness of collateral prices and margin ratios 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. The Bank shall amend the "Guidelines on Eligible Collateral" (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements" (see Attachment 2).
3. The Bank shall amend the "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. The Bank shall amend the "Collateral Guidelines on Eligible Foreign Bonds" (see Attachment 4).
5. The Bank shall amend the "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)
- (5) }

(6) more than 30 years 9293% of market price

1-2. Floating-Rate Bonds

A residual maturity of:

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

(3) more than 5 years and up to 10 years 9897% of market price

(4) more than 10 years and up to 20 years 9596% of market price

1-3. STRIPS

A residual maturity of:

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

1-4. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year	90 <u>91</u> % of market price
(2) more than 1 year and up to 5 years	90 <u>91</u> % of market price
(3) more than 5 years and up to 10 years	89 <u>93</u> % of market price
(4) more than 10 years and up to 20 years	87 <u>91</u> % of market price
(5) more than 20 years and up to 30 years	86 <u>90</u> % of market price
(6) more than 30 years	83 <u>88</u> % of market price

2. Government-Guaranteed Bonds

A residual maturity of:

(1)	} (No change)	
ι		
(5)		
(6) more than 30 years		91 <u>92</u> % of market price

3. (No change)

4. Municipal Bonds

A residual maturity of:

(1)	} (No change)	
ι		
(5)		
(6) more than 30 years		91 <u>92</u> % of market price

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

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9091% of market price

6. Corporate Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9091% of market price

- 7. } (No change)
- 8. }

9. Asset-Backed Securities

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9091% of market price

10. (No change)

11. Bonds Issued by Real Estate Investment Corporations

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9091% of market price

12. (No change)

13. Foreign Government Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9091% of market price

14. International Financial Institution Bonds

A residual maturity of:

- (1) } (No change)
- ι } (No change)
- (5) }
- (6) more than 30 years

9091% of market price

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

18. Electronically Recorded Monetary Claims on Companies

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 3 years 9091% of outstanding principal balance
- (3) more than 3 years and up to 5 years 8085% of outstanding principal balance
- (4) more than 5 years and up to 7 years 7580% of outstanding principal balance
- (5) more than 7 years and up to 10 years 6570% of outstanding principal balance
(Those with maturity date falling in the same month of the tenth year are included.)

**19. Electronically Recorded Monetary Claims on
Real Estate Investment Corporations**

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 3 years 9091% of outstanding
principal balance
- (3) more than 3 years and up to 5 years 8085% of outstanding
principal balance
- (4) more than 5 years and up to 7 years 7580% of outstanding
principal balance
- (5) more than 7 years and up to 10 years 6570% of outstanding
principal balance
(Those with maturity date falling in the same month
of the tenth year are included.)

- 20. } (No change)
- 21. }

**22. Electronically Recorded Monetary Claims on
Municipal Governments**

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 3 years 9495% of outstanding
principal balance
- (3) more than 3 years and up to 5 years 8590% of outstanding
principal balance
- (4) (No change)
- (5) more than 7 years and up to 10 years 7580% of outstanding
principal balance
(Those with maturity date falling in the same month
of the tenth year are included.)

23. Loans on Deeds to Companies

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 3 years 9091% of outstanding principal balance
- (3) more than 3 years and up to 5 years 8085% of outstanding principal balance
- (4) more than 5 years and up to 7 years 7580% of outstanding principal balance
- (5) more than 7 years and up to 10 years 6570% of outstanding principal balance
(Those with maturity date falling in the same month of the tenth year are included.)

24. Loans on Deeds to Real Estate Investment Corporations

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 3 years 9091% of outstanding principal balance
- (3) more than 3 years and up to 5 years 8085% of outstanding principal balance
- (4) more than 5 years and up to 7 years 7580% of outstanding principal balance
- (5) more than 7 years and up to 10 years 6570% of outstanding principal balance
(Those with maturity date falling in the same month of the tenth year are included.)

- 25. } (No change)
- 26. }

27. Loans on Deeds to Municipal Governments

A residual maturity of:

- (1) (No change)
- (2) more than 1 year and up to 3 years 9495% of outstanding
principal balance
- (3) more than 3 years and up to 5 years 8590% of outstanding
principal balance
- (4) (No change)
- (5) more than 7 years and up to 10 years 7580% of outstanding
principal balance
(Those with maturity date falling in the same month
of the tenth year are included.)

(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, 2014.

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

- Table shall be amended as follows.

Table

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)	
(b) more than 1 year and up to 5 years	4.005 <u>1.006</u>
(c) more than 5 years and up to 10 years	4.012 <u>1.013</u>
(d) more than 10 years and up to 20 years	4.023 <u>1.020</u>
(e) more than 20 years and up to 30 years	4.037 <u>1.030</u>
(f) more than 30 years	4.052 <u>1.045</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) (No change)	
(b) more than 1 year and up to 5 years	4.005 <u>1.006</u>
(c) (No change)	
(d) more than 10 years and up to 20 years	4.024 <u>1.013</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	1.048 <u>1.032</u>
(b) more than 1 years and up to 5 years	1.050 <u>1.036</u>
(c) more than 5 years and up to 10 years	1.058 <u>1.029</u>
(d) more than 10 years and up to 20 years	1.070 <u>1.037</u>
(e) more than 20 years and up to 30 years	1.085 <u>1.048</u>
(f) more than 30 years	1.102 <u>1.063</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) more than 1 year and up to 5 years	0.996 <u>0.995</u>
(c) more than 5 years and up to 10 years	0.989 <u>0.988</u>
(d) more than 10 years and up to 20 years	0.978 <u>0.981</u>
(e) more than 20 years and up to 30 years	0.966 <u>0.971</u>
(f) more than 30 years	0.953 <u>0.958</u>

(2) Floating-Rate Bonds

A residual maturity of:

(a) (No change)	
(b) more than 1 year and up to 5 years	0.996 <u>0.995</u>
(c) (No change)	
(d) more than 10 years and up to 20 years	0.980 <u>0.988</u>

(3) Inflation-Indexed Bonds

A residual maturity of:

(a) up to 1 year	0.956 <u>0.969</u>
(b) more than 1 year and up to 5 years	0.955 <u>0.967</u>

(c) more than 5 years and up to 10 years	0.948 <u>0.972</u>
(d) more than 10 years and up to 20 years	0.938 <u>0.966</u>
(e) more than 20 years and up to 30 years	0.927 <u>0.956</u>
(f) more than 30 years	0.915 <u>0.944</u>

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2014.

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

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	0.996 <u>0.995</u>
(3) more than 5 years and up to 10 years	0.989 <u>0.988</u>
(4) more than 10 years and up to 20 years	0.978 <u>0.981</u>
(5) more than 20 years and up to 30 years	0.966 <u>0.971</u>
(6) more than 30 years	0.953 <u>0.958</u>

2. Floating-Rate Bonds

A residual maturity of:

(1) (No change)	
(2) more than 1 year and up to 5 years	0.996 <u>0.995</u>
(3) (No change)	
(4) more than 10 years and up to 20 years	0.980 <u>0.988</u>

3. Inflation-Indexed Bonds

A residual maturity of:

(1) up to 1 year	0.956 <u>0.969</u>
(2) more than 1 year and up to 5 years	0.955 <u>0.967</u>
(3) more than 5 years and up to 10 years	0.948 <u>0.972</u>
(4) more than 10 years and up to 20 years	0.938 <u>0.966</u>
(5) more than 20 years and up to 30 years	0.927 <u>0.956</u>
(6) more than 30 years	0.915 <u>0.944</u>

(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2014.

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	86 <u>88</u> % of market price (yen equivalent)
(2) more than 1 year and up to 5 years	86 <u>88</u> % of market price (yen equivalent)
(3) more than 5 years and up to 10 years	86 <u>88</u> % of market price (yen equivalent)
(4) more than 10 years and up to 20 years	84 <u>88</u> % of market price (yen equivalent)
(5) more than 20 years and up to 30 years	84 <u>87</u> % of market price (yen equivalent)
(6) more than 30 years	83 <u>87</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, 2014.

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

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

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

Corporate Bonds

- | | | |
|-----|---|-------------|
| (a) | } | (No change) |
| i | | |
| (e) | | |

(f) more than 30 years

9091% of market price

Bills

7982% of face value

Electronically Recorded Monetary Claims

(a) Electronically Recorded Monetary Claims on Normal-Class Borrowers

- | | |
|--|---|
| i) up to 1 year | <u>79</u> 82% of outstanding
principal balance |
| ii) more than 1 year and up to 3 years | <u>62</u> 67% of outstanding
principal balance |
| iii) more than 3 years and up to 5 years | <u>45</u> 55% of outstanding
principal balance |
| iv) more than 5 years and up to 7 years | <u>35</u> 45% of outstanding
principal balance |
| v) more than 7 years and up to 10 years
(including those with a maturity date falling
in the same month of the tenth year) | <u>20</u> 30% of outstanding
principal balance |

(b) Electronically Recorded Monetary Claims other than (a)

- | | |
|---|--|
| i) up to 1 year | 92 <u>95</u> % of outstanding principal balance |
| ii) more than 1 year and up to 3 years | 79 <u>85</u> % of outstanding principal balance |
| iii) more than 3 years and up to 5 years | 65 <u>75</u> % of outstanding principal balance |
| iv) more than 5 years and up to 7 years | 55 <u>65</u> % of outstanding principal balance |
| v) more than 7 years and up to 10 years
(including those with a maturity date falling in the same month of the tenth year) | 45 <u>55</u> % of outstanding principal balance |

Loans on Deeds

(a) Loans on Deeds to Normal-Class Borrowers

- | | |
|---|--|
| i) up to 1 year | 79 <u>82</u> % of outstanding principal balance |
| ii) more than 1 year and up to 3 years | 62 <u>67</u> % of outstanding principal balance |
| iii) more than 3 years and up to 5 years | 45 <u>55</u> % of outstanding principal balance |
| iv) more than 5 years and up to 7 years | 35 <u>45</u> % of outstanding principal balance |
| v) more than 7 years and up to 10 years
(including those with a maturity date falling in the same month of the tenth year) | 20 <u>30</u> % of outstanding principal balance |

(b) Loans on Deeds other than (a)

- | | |
|--|--|
| i) up to 1 year | 92 <u>95</u> % of outstanding principal balance |
| ii) more than 1 year and up to 3 years | 79 <u>85</u> % of outstanding principal balance |

iii) more than 3 years and up to 5 years	6575 % of outstanding principal balance
iv) more than 5 years and up to 7 years	5565 % of outstanding principal balance
v) more than 7 years and up to 10 years (including those with a maturity date falling in the same month of the tenth year)	4555 % of outstanding principal balance

- Paragraph 4. (2) shall be amended as follows.

(2) Debt of Municipal Governments in Disaster Areas

Electronically Recorded Monetary Claims

(a) (No change)	
(b) more than 1 year and up to 3 years	8485 % of outstanding principal balance
(c) more than 3 years and up to 5 years	7580 % of outstanding principal balance
(d) (No change)	
(e) more than 7 years and up to 10 years (including those with a maturity date falling in the same month of the tenth year)	6570 % of outstanding principal balance

Loans on Deeds

(a) (No change)	
(b) more than 1 year and up to 3 years	8485 % of outstanding principal balance
(c) more than 3 years and up to 5 years	7580 % of outstanding principal balance
(d) (No change)	

(e) more than 7 years and up to 10 years
(including those with a maturity date falling
in the same month of the tenth year) 6570% of outstanding
principal balance

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

(3) Debt of Entities Owned by Municipal Governments in Disaster Areas

Electronically Recorded Monetary Claims

(a) up to 1 year 7982% of outstanding
principal balance

(b) more than 1 year and up to 3 years 6267% of outstanding
principal balance

(c) more than 3 years and up to 5 years 4555% of outstanding
principal balance

(d) more than 5 years and up to 7 years 3545% of outstanding
principal balance

(e) more than 7 years and up to 10 years
(including those with a maturity date falling
in the same month of the tenth year) 2030% of outstanding
principal balance

Loans on Deeds

(a) up to 1 year 7982% of outstanding
principal balance

(b) more than 1 year and up to 3 years 6267% of outstanding
principal balance

(c) more than 3 years and up to 5 years 4555% of outstanding
principal balance

(d) more than 5 years and up to 7 years 3545% of outstanding
principal balance

(e) more than 7 years and up to 10 years (including those with a maturity date falling in the same month of the tenth year)	20 <u>30</u> % of outstanding principal balance
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(Supplementary Provision)

These amendments shall become effective on a date designated by the Governor, which shall be no later than October 31, 2014.