

Relaxation of the Terms and Conditions for the Securities Lending Facility

The Bank of Japan, as stated in the "Introduction of Supplementary Measures for Quantitative and Qualitative Monetary Easing" released today, decided to extend the number of business days permitted for consecutive sales transactions¹ per issue with the same counterparty for Japanese government bonds (JGBs) with coupons under the Securities Lending Facility (SLF) as follows, in order to secure market liquidity of JGBs. This relaxation will be effective for the offer made on or after January 4, 2016.

Current policy	In principle, counterparties will be permitted to consecutively purchase the same issue of JGBs with coupons from the Bank for a maximum of <u>15 business days</u> . ²
New policy	In principle, counterparties will be permitted to consecutively purchase the same issue of JGBs with coupons from the Bank for a maximum of <u>50 business days</u> . ²

Notes: 1. This rule is not applicable to roll-over transactions subject to fails charge in accordance with market practice.

2. The Bank may extend the period for consecutive sales transactions per issue when deemed necessary in light of the conditions of financial markets.

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