

March 16, 2020  
Bank of Japan

**Establishment of "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Corporate Financing regarding the Novel Coronavirus (COVID-19)"**

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan made the following decisions, with a view to doing its utmost to ensure smooth corporate financing and maintaining stability in financial market, given the impact of the outbreak of the novel coronavirus (COVID-19) on economic activity by conducting appropriate market operations.

Regarding these decisions, please refer to "(Reference) Introduction of the Special Funds-Supplying Operations to Facilitate Corporate Financing regarding the Novel Coronavirus (COVID-19)" as well.

1. The Bank shall establish the "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Corporate Financing regarding the Novel Coronavirus (COVID-19)" (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions of Complementary Deposit Facility" (see Attachment 2).

## **Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Corporate Financing regarding the Novel Coronavirus (COVID-19)**

### 1. Purpose

Given the impact of the novel coronavirus (COVID-19) on economic activity, these terms and conditions prescribe the principles for the Bank of Japan's special funds-supplying operations to facilitate corporate financing (i.e., an open market operation through which the Bank provides loans that are made against eligible collateral within the value of corporate debt pledged as the standing pool of eligible collateral) as a temporary measure, with a view to doing its utmost to ensure smooth corporate financing and maintaining stability in financial market through appropriate market operations.

### 2. Location of Operations

The Bank's Head Office (Operations Department) or its branches.

### 3. Eligible Counterparties

(1) Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions, etc. (prescribed in Article 37, paragraph 1 of the Bank of Japan Act [Act No. 89, 1997]) that satisfy the following requirements.

(a) To have a current account at the Bank.

(b) To be deemed sufficiently creditworthy in light of its capital condition and other relevant information obtained through the Bank's on-site examinations and so forth.

(2) If the Bank specifically deems it necessary in order to conduct market operations smoothly, it can implement such measures as an exclusion of the institution in question from eligible counterparties.

#### 4. Form of Loans

Loans shall be provided in the form of electronic lending.

#### 5. Duration of Loans

The duration of each loan shall be within one year.

#### 6. Loan Rates

The interest rate on loans shall be 0 percent per annum.

#### 7. Counterparties

Counterparties of each loan are eligible counterparties selected pursuant to 3. that wish to be counterparties for the loan.

#### 8. Maximum Amount of Loans for Each Counterparty

The maximum amount of loans for each counterparty is the total collateral value of corporate debt (corporate bonds, dematerialized commercial paper issued by domestic corporations, dematerialized commercial paper issued by foreign corporations with guarantees, bills drawn by companies, commercial paper [excluding asset-backed commercial paper and commercial paper issued by real estate investment corporations], electronically recorded monetary claims on companies, and loans on deeds to companies [including those denominated in the U.S. dollar]), which is pledged to the Bank by each counterparty as the standing pool of eligible collateral at the time of loan disbursement. However, the maximum

amount of loan for each counterparty shall not exceed the unused value of total standing pool of eligible collateral pledged to the Bank at the time of loan disbursement.

#### 9. Deadline for New Application for Loans

The period for new application for loans shall end on September 30, 2020.

#### 10. Date of Loan Disbursement, Amount of Loans, etc.

Taking account of conditions in financial markets, the Bank shall determine specifics necessary for lending at each loan disbursement, including its date and amount.

#### 11. Collateral

- (1) The Bank shall accept eligible collateral from counterparties in advance.
- (2) The "Guidelines on Eligible Collateral" (Policy Board Decision on October 13, 2000) and the "Collateral Guidelines on Eligible Foreign Bonds" (Policy Board Decision on May 22, 2009) shall apply to the collateral for the loans.

#### (Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through September 30, 2020. To the loans that are disbursed on or before September 30, 2020, these terms and conditions shall be applied until their maturities.

**Amendment to "Principal Terms and Conditions of Complementary Deposit Facility"**

- Paragraph 4. shall be amended as follows.

4. Interest Rate

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

- (3) The interest rate applied to the average amount of CAB during the DRMP, subtracted by the amount of required reserve per day during the DRMP and the amount stipulated in (2) above (excluding the case where such amount is negative), shall be 0% per annum up to the amount of the sum of (a), (b) and (c) below.

(a) (No change)

- (b) The average amount of yen-denominated loans under the "Principal Terms and Conditions for the Loan Support Program" (Policy Board Decision on December 20, 2012), the "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Corporate Financing regarding the Novel Coronavirus (COVID-19)" (Policy Board Decision on March 16, 2020), the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on April 28, 2011), and the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake" (Policy Board Decision on April 28, 2016)

during the DRMP.

(c) (No change)

(4) (No change)

(Supplementary Provision)

These amendments shall become effective today and shall be applied to the calculation of interest on and after the reserve maintenance period starting from March 16, 2020.