

June 16, 2023

Bank of Japan

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

At the Monetary Policy Meeting held on June 15 and 16, 2023, the Policy Board of the Bank of Japan made the following decisions.

These decisions are a technical response to the fact that all loans disbursed under the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19) will reach maturity by June 30, 2023, and thus there is no change in the framework of the Complementary Deposit Facility and the Interest Scheme to Promote Lending.

1. The Bank shall amend the "Principal Terms and Conditions of Complementary Deposit Facility" (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions of the Interest Scheme to Promote Lending" (see Attachment 2).

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) subtracted by (d) 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 Financing in Response to 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 March 16, 2020), and the "Principal Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses" (Policy Board Decision on September 22,

2021) during the DRMP.

(c) ~~Of the amount obtained by subtracting the average amount outstanding of loans under paragraph 8. (2) of the "Principal Terms and Conditions of the Special Funds Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)" during the DRMP from~~The amount calculated by multiplying the part of the amount stipulated in (b) above, ~~the amount calculated by multiplying the amount that~~ which exceeds the amount of the sum of yen-denominated loans as of the end of March 2016 under the "Principal Terms and Conditions for the Loan Support Program" and the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on April 28, 2011) prior to the abolishment by a certain ratio specified by the Bank (hereinafter referred to as the "Add-on Ratio"; the Add-on Ratio shall be one when the Benchmark Ratio is above zero and be between zero or more and up to one when the Benchmark Ratio is zero).

(d) (No change)

(4) (No change)

(Supplementary Provision)

The amendment shall become effective on July 1, 2023. The terms and conditions prior to the amendment shall remain applicable to the calculation of interest for the reserve maintenance period starting on June 16, 2023.

Amendment to "Principal Terms and Conditions of the Interest Scheme to Promote Lending"

- Paragraph 2. shall be amended as follows.

2. Eligible Institutions

Institutions shall be the eligible counterparties of the loans listed from (1) to (5) below and shall have no obstacles to become eligible.

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

(3) ~~Loans under the "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)" (Policy Board Decision on March 16, 2020) (hereinafter referred to as "Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)")~~Deletion

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

- Paragraph 3. shall be amended as follows.

3. Applied Interest Rate and Amount to Which Interest is Applied

The amount of CABs corresponding to the loans provided through the

operations listed from Paragraph 2. (1) to (5) above falls under one of the three categories: Category I, II, or III, for which the applied interest rate is 0.2 percent, 0.1 percent, and 0 percent per annum, respectively. The amounts to which interest is applied are listed from (1) to (3) below.

(1) Amount for Category I

~~The average amount of CAB during the reserve maintenance period (as defined in Article 7, paragraph 3 of the Law Concerning Reserve Deposit Requirement System [Law No.135, 1957, hereinafter referred to as the "Law"]) for which interest is calculated (hereinafter referred to as the "Designated Reserve Maintenance Period" or "DRMP") subtracted by the amount of required reserve per day (as prescribed in Article 2, paragraph 2 of the Law) (excluding the case where the subtracted amount is negative), up to the average amount of the smaller of the following (a) or (b) each day during the DRMP~~

~~(a) The amount prescribed in paragraph 8. (1) (a) of the "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)" at the time determined pursuant to the relevant rules of the Bank. If the counterparties are central organizations of financial cooperatives (the Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank, and the Norinchukin Bank), they shall add the amount reported by their member financial institutions as prescribed in paragraph 1. (1) of the "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)" (Policy Board Decision on April 27, 2020).~~

~~(b) The amount outstanding of borrowings under the "Special Funds-~~

~~Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)" subtracted by that under paragraph 8. (2) of the "Principal Terms and Conditions of the Special Funds Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

Zero

(2) Amount for Category II

~~The respective amount for the periods listed in (a) and (b) below~~

~~(a) Up to the DRMP that includes the final maturity date of loans disbursed on or before March 31, 2022 under the "Special Funds Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

~~The average amount of CAB during the DRMP subtracted by the amount of required reserve per day and the amount for Category I (excluding the case where the subtracted amount is negative), up to the average amount each day during the DRMP calculated by subtracting the amount prescribed in (1) (a) from the amount prescribed in (1) (b) (zero in the case where the subtracted amount is negative)~~

~~(b) After the DRMP that includes the final maturity date of loans disbursed on or before March 31, 2022 under the "Special Funds Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

Zero

Zero

(3) Amount for Category III

The average amount of CAB during the reserve maintenance period (as defined in Article 7, paragraph 3 of the Law Concerning Reserve Deposit Requirement System [Law No.135, 1957, hereinafter referred to as the "Law"]) for which interest is calculated (hereinafter referred to as the "Designated Reserve Maintenance Period" or "DRMP") subtracted by the amount of required reserve per day (as prescribed in Article 2, paragraph 2 of the Law), the amount for Category I, and the amount for Category II (excluding the case where the subtracted amount is negative), up to the sum of the average amounts each day during the DRMP listed from (a) to (e) below

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

~~(c) The respective amount for the periods listed in i) and ii) below~~Deletion

~~i) Up to the DRMP that includes the final maturity date of loans disbursed on or before March 31, 2022 under the "Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

~~The amount outstanding of borrowings under paragraph 8. (2) of the "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

~~ii) After the DRMP that includes the final maturity date of loans disbursed on or before March 31, 2022 under the "Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

~~The sum of the amount obtained by subtracting the amount prescribed in (1) (a) from the amount prescribed in (1) (b) (zero in the case where the subtracted amount is negative) and the amount outstanding of borrowings under paragraph 8. (2) of the "Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)"~~

(d) }
(e) } (No change)

(Supplementary Provision)

The amendment shall become effective on July 1, 2023. The terms and conditions prior to the amendment shall remain applicable to the calculation of interest for the reserve maintenance period starting on June 16, 2023.