

December 7, 2023

Bank of Japan

Treatment of Japan Climate Transition Bonds in the Bank's Market Operations

Japan Climate Transition Bonds to be issued as new financial instruments in February 2024 and thereafter fall within the definition of "Japanese government bonds with coupons" as prescribed in the "Principal Terms and Conditions for the Outright Purchase/Sale of Japanese Government Bonds," the "Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements," and 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," and the definition of "ordinary government bonds" as prescribed in the "Guidelines on Eligible Collateral."

Therefore, in the Bank's market operations, Japan Climate Transition Bonds will be treated in the same manner as those already issued as "Japanese government bonds with coupons" and "ordinary government bonds." For further details on the treatment of Japan Climate Transition Bonds in the Bank's outright purchases of Japanese government bonds, please see its release on December 7, 2023, entitled "Outline of Outright Purchases of Japanese Government Securities."

Japan Climate Transition Bonds can also be treated as "investment or loans by counterparties that contribute to Japan's actions to address climate change" as prescribed in the "Principal Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses."