

March 19, 2024

Bank of Japan

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

At the Monetary Policy Meeting held on March 18 and 19, 2024, the Policy Board of the Bank of Japan made the decisions listed from 1. to 17. below, in accordance with the changes in the monetary policy framework.

In line with these Policy Board decisions, the Bank made the decision listed in 18. below.

The Bank will notify each eligible counterparty of the amendment to other rules related to these Policy Board decisions separately, after necessary preparations are completed.

1. The Bank shall change the interest rates stipulated in Paragraph 4. (3) and (4) of the "Principal Terms and Conditions of Complementary Deposit Facility" to +0.1 percent per annum on March 21, 2024.
2. The Bank shall amend the "Principal Terms and Conditions of Complementary Deposit Facility" (see Attachment 1).
3. The Bank shall abolish the "Special Rules regarding Calculation of Interest of Complementary Deposit Facility for Money Reserve Funds, etc." and the "Special Rules regarding Calculation of Interest of Complementary Deposit Facility for New Institutions" when the procedure for calculating the interest for the reserve maintenance period starting on March 16, 2024, is completed.
4. The Bank shall amend the "Principal Terms and Conditions of the Interest Scheme to Promote Lending" (see Attachment 2).

5. The Bank shall amend the "Principal Terms and Conditions for the Outright Purchase/Sale of Japanese Government Bonds" (see Attachment 3).
6. The Bank shall abolish the "Temporary Rules regarding Funds-Supplying Operations against Pooled Collateral" on March 20, 2024.
7. The Bank shall amend the "Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral" (see Attachment 4). With regard to the loans disbursed under these terms and conditions -- through which an unlimited amount of funds has been provided since September 27, 2022 -- the Bank will take account of financial market conditions and provide an appropriate amount, starting from March 21, 2024.
8. The Bank shall abolish the "Principal Terms and Conditions for Outright Purchases of CP and Corporate Bonds" at the end of the month in which the amount of CP and corporate bonds purchased under these terms and conditions becomes zero.
9. The Bank shall amend the "Principal Terms and Conditions for Purchases of ETFs and J-REITs" (see Attachment 5).
10. The Bank shall abolish the "Special Rules for Purchases of ETFs to Support Firms Proactively Investing in Physical and Human Capital" today.
11. The Bank shall amend the "Special Rules for Lending of ETFs" (see Attachment 6).
12. The Bank shall amend the "Principal Terms and Conditions for the Loan Support Program" (see Attachment 7).

13. The Bank shall amend the "Principal Terms and Conditions for the Fund-Provisioning Measure to Stimulate Bank Lending Conducted through the Loan Support Program" (see Attachment 8).
14. The Bank shall amend the "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth and the Fund-Provisioning Measure to Stimulate Bank Lending" (see Attachment 9).
15. The Bank shall amend the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (see Attachment 10).
16. The Bank shall amend the "Principal Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses" (see Attachment 11).
17. The Bank shall amend the "Temporary Rules regarding the Eligibility Standards for Loans on Deeds to Companies Denominated in the U.S. Dollar" (see Attachment 12).
18. The Bank shall abolish the "Detailed Rules on Eligibility Criteria for Indices regarding Purchases of ETFs to Support Firms Proactively Investing in Physical and Human Capital" today.

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

- Paragraph 4. shall be amended as follows (full amendment).

4. Interest Rate

The interest rate shall be 0.1 percent per annum.

- Paragraph 5. shall be amended as follows (full amendment).

5. Calculation of Interest

The interest each institution receives for each reserve maintenance period (as defined in Article 7, Paragraph 3 of the Law) for which interest is calculated (hereinafter referred to as the "Designated Reserve Maintenance Period" or "DRMP") shall be the amount obtained by multiplying aggregated excess reserve balances and the interest rate stipulated in Paragraph 4. (excluding the case where the aggregated excess reserve balances are negative). Aggregated excess reserve balances are the sum of the amount of CABs each day during the DRMP less the product of the amount of required reserve per day (as defined in Article 2, Paragraph 2 of the Law) of the institution during the DRMP and the number of days of this period.

- Paragraph 6. shall be deleted.

- Paragraph 7. shall be amended as follows.

7.6. Exception

If the Bank specifically deems it practically necessary in order to conduct money market operations smoothly, in accordance with the purpose of the complementary deposit facility, the Bank can make exceptions to the terms and conditions stipulated from Paragraph 2. to Paragraph 6.5. above.

(Supplementary Provision)

The amendment shall become effective on April 16, 2024, and shall be applied to the calculation of interest for the reserve maintenance period starting on or after that day.

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

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. }
 2. }
- (No change)

3. Interest payment under these terms and conditions shall be suspended from the reserve maintenance period starting on April 16, 2024.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024.

Amendment to "Principal Terms and Conditions for the Outright Purchase/Sale of Japanese Government Bonds"

- Paragraph 5. shall be amended as follows.

5. Method for Auctions

- (1) Method for Japanese government bonds excluding floating-rate bonds and inflation-indexed bonds

The Bank shall purchase/sell Japanese government bonds using one of these methods.

- (a) (No change)

- (b) Fixed-rate method

The Bank shall purchase/sell at the fixed-rate calculated for each purchase/sale by adding the yield spread for each issue, which the Bank determines in accordance with the guideline for ~~monetary~~ market operations (including the guideline for outright purchases of Japanese government bonds), to the benchmark yield.

- (2) (No change)

(Supplementary Provision)

The amendment shall become effective on March 21, 2024.

Amendment to "Principal Terms and Conditions for Funds-Supplying Operations against Pooled Collateral"

- Paragraph 6. shall be amended as follows.

6. Loan Rates

Interest rates shall be determined by one of the following methods.

(1) (No change)

(2) Interest rates on the loans shall be ~~the Bank's target for the uncollateralized overnight call rate stipulated in the guideline for money market operations on the day of disbursement of the loan~~determined for each loan based on the guideline for market operations (including the guideline for outright purchases of Japanese government bonds), taking into account market prices of Japanese government bonds for each maturity.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024. To the loans that are disbursed under the terms and conditions prior to the amendment, the prior terms and conditions shall be applied until their maturities.

Amendment to "Principal Terms and Conditions for Purchases of ETFs and J-REITs"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. }
 2. }
- (No change)

3. No purchases of ETFs and J-REITs shall be conducted under these terms and conditions on or after March 19, 2024.

(Supplementary Provision)

The amendment shall become effective today.

Amendment to "Special Rules for Lending of ETFs"

- Paragraph 1. shall be amended as follows.

1. Purpose

With regard to the Bank's lending of beneficiary interests in index-linked exchange-traded funds (hereinafter referred to as "ETFs"), with the aim of further facilitating the purchases of ETFs, the Bank shall apply the special rules, in addition to the "Principal Terms and Conditions for Purchases of ETFs and J-REITs" (Policy Board Decision on April 4, 2013, hereinafter referred to as the "Principal Terms and Conditions") ~~and the "Special Rules for Purchases of ETFs to Support Firms Proactively Investing in Physical and Human Capital" (Policy Board Decision on March 15, 2016).~~

- Paragraph 9. shall be amended as follows.

9. Collateral

(1) (No change)

(2) The interest rate applied to cash collateral that counterparties have supplied shall be ~~the rate stipulated in Paragraph 4. (4) of the "Principal Terms and Conditions of Complementary Deposit Facility" (Policy Board Decision on January 29, 2016)~~ determined based on the Bank's relevant rules, taking account of factors such as financial market conditions.

(3) (No change)

- Paragraph 10. shall be amended as follows.

10. Cash Collateral Managed by the Trustee

(1) (No change)

(2) The amount of cash collateral managed by the trustee pursuant to (1) shall not be included in the current account balance at the Bank regarding the calculation of the ~~applied~~ interest rate stipulated in Paragraph ~~4.5.~~ of the "Principal Terms and Conditions of Complementary Deposit Facility." (Policy Board Decision on January 29, 2016).

(Supplementary Provision)

The amendment concerning Paragraph 1. shall become effective today, and that concerning Paragraph 9. and 10. shall become effective on March 21, 2024.

Amendment to "Principal Terms and Conditions for the Loan Support Program"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through ~~June~~March 30~~31, 2029~~2028.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024.

Amendment to "Principal Terms and Conditions for the Fund-Provisioning Measure to Stimulate Bank Lending Conducted through the Loan Support Program"

- Paragraph 5. shall be amended as follows.

5. Duration of Loans

The duration of loans to financial institutions shall be set as within four years.

- Paragraph 9. shall be amended as follows.

9. Rollover of Loans

If the counterparty requests, the Bank shall allow either all or a part of loans to be rolled over on the maturity date ~~of initially disbursed loans~~, provided that the amount of loans shall not exceed the maximum amount (in case there is more than one loan to be rolled over, the amount of loans shall not exceed the sum of the maximum amount of each loan) prescribed below.

- (1) If the average of the month-end amounts outstanding of lending prescribed in 10.(1) regarding newly-disbursed loans (loans other than rollover loans, hereinafter the same) whose date of loan disbursement is the same as the date of rollover (hereinafter referred to as "the average of the month-end amounts outstanding at maturity") is equal to or larger than the average of the month-end amounts outstanding of lending prescribed in 10.(1) regarding ~~initially-disbursed loans~~ to be rolled over (hereinafter referred to as "the average of the month-end

amounts outstanding at the initial loan disbursement"), the maximum amount of loans shall be the amount of repayment of ~~initially-disbursed loans~~ to be rolled over.

(2) If the average of the month-end amounts outstanding at maturity is smaller than the average of the month-end amounts outstanding at the initial loan disbursement, the maximum amount of loans shall be the amount calculated by subtracting the difference between the average of the month-end amounts outstanding at maturity and the average of the month-end amounts outstanding at the initial loan disbursement from the amount of repayment of ~~initially-disbursed loans~~ to be rolled over.

- Paragraph 10. shall be amended as follows.

10. Maximum Amount of Newly-Disbursed Loans

The maximum amount of newly-disbursed loans to each counterparty at each loan disbursement shall be ~~twice as much as~~ the amount calculated by subtracting the amount in (2) from the amount in (1). Housing loans in the trust property of eligible beneficial interest of a trust in housing loans submitted to the Bank as collateral pursuant to the "Collateral Guidelines on Eligible Beneficial Interest of a Trust in Housing Loans" (Policy Board Decision on March 15, 2016) shall be regarded as the counterparty's lending.

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

- Paragraph 11. shall be amended as follows.

11. Prepayment

The counterparty may prepay all or a part of the outstanding amount of loans disbursed on or before March 31, 2024, on an annual basis on a day specified by the Bank.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through ~~June 30, 2029~~ March 31, 2028.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024. To the loans that are disbursed under the terms and conditions prior to the amendment, the prior terms and conditions shall be applied until their maturities.

Amendment to "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth and the Fund-Provisioning Measure to Stimulate Bank Lending"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The special rules shall become effective today and shall be valid through ~~June~~March 30~~31, 2029~~2028.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024.

Amendment to "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas"

- Paragraph 6. shall be amended as follows.

6. Duration of Loans

The duration of each loan shall be within 2one years.

- Paragraph 7. shall be amended as follows.

7. Loan Rates

The interest rate on loans shall be 00.1 percent per annum.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024. To the loans that are disbursed under the terms and conditions prior to the amendment, the prior terms and conditions shall be applied until their maturities.

Amendment to "Principal Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses"

- Paragraph 6. shall be amended as follows.

6. Loan Rates

The interest rate on loans shall be 0.1 percent per annum.

(Supplementary Provision)

The amendment shall become effective on March 21, 2024. To the loans that are disbursed under the terms and conditions prior to the amendment, the prior terms and conditions shall be applied until their maturities.

Amendment to "Temporary Rules regarding the Eligibility Standards for Loans on Deeds to Companies Denominated in the U.S. Dollar"

- Paragraph 1. shall be amended as follows.
 1. In light of facilitating ~~smooth implementation of Quantitative and Qualitative Monetary Easing~~monetary operations, for the time being, loans on deeds to companies denominated in the U.S dollar (USD) shall become eligible collateral, notwithstanding 4. (1) (c) of the "Guidelines on Eligible Collateral" (Policy Board Decision on October 13, 2000).

(Supplementary Provision)

The amendment shall become effective today.