

Change in the Treatment of the Reduction in the Bank of Japan's  
Repurchase Amount under the Securities Lending Facility

The Bank of Japan decided to implement measures regarding the Securities Lending Facility (SLF), including an expansion of the issues of Japanese government bonds (JGBs) applicable to the relaxed conditions for the reduction in the Bank's repurchase amount, from the viewpoint of improving liquidity in the JGB market.<sup>1</sup>

1. JGB Issues Applicable to the Relaxed Conditions for the Reduction in the Repurchase Amount under the SLF

The Bank will expand the JGB issues that are applicable to the reduction in the repurchase amount under the SLF in the case where the reduction is deemed to contribute to improving liquidity in the JGB market as follows.

	Before	After
Issues applicable to the relaxed conditions for the reduction in the repurchase amount	The cheapest-to-deliver (CTD) issues <sup>2</sup>	10-year JGB issues <sup>3</sup> maturing in and after 2031 of which the share of the Bank's holdings in the market exceeds 80 percent

2. Upper Limit on the Reduction of the Repurchase Amount under the SLF

When judging whether the reduction in the repurchase amount contributes to improving liquidity in the JGB market, the Bank, as before,<sup>4</sup> continues to mainly take into account

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<sup>1</sup> This change will be applied from the SLF to be offered on July 1, 2025.

<sup>2</sup> The first and second CTD issues of 10-year JGB futures in the nearest two contract months.

<sup>3</sup> Japan Climate Transition Bonds, inflation-indexed bonds, and floating-rate bonds are excluded. When the remaining maturity of the issues approaches five years, those issues will be removed from the list of issues that are applicable to the reduction in the repurchase amount under the SLF in the case where the reduction is deemed to contribute to improving liquidity in the JGB market.

<sup>4</sup> For further details, please refer to "Treatment of the Reduction in the Amount of the Cheapest-to-Deliver Issues Repurchased by the Bank of Japan under the Securities Lending Facility" published on January 16, 2025.

the amount outstanding of the applicable issues in the market.<sup>5</sup> It will accept counterparties' requests in principle until the amount outstanding of each of the applicable issues in the market recovers to about 1.5 trillion yen.<sup>6</sup>

	Before	After
Upper limit on the reduction	Until the amount outstanding in the market recovers to about 1.2 trillion yen (Issues applicable: the CTD issues)	Until the amount outstanding in the market recovers to about 1.5 trillion yen (Issues applicable: the issues after the change as specified in 1. above)

In implementing the reduction in the repurchase amount, the Bank will take into account the impact on the supply and demand conditions of JGBs. From this perspective, when the Bank approves the reduction that contributes to improving liquidity in the JGB market, the upper limit will be set at about 200 billion yen per month.<sup>7</sup>

For further information, please contact the Market Operations Division, Financial Markets Department (post.fmd7@boj.or.jp).
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<sup>5</sup> The amount outstanding in the market is defined as the amount outstanding issued by the government minus the amount outstanding held by the Bank.

<sup>6</sup> Among the issues applicable after the change as specified in 1. above, issues whose amount outstanding in the market is less than 1.5 trillion yen are 10-year JGBs #362, #364, #366, #367, #368, and #369 at present.

<sup>7</sup> The maximum amount of approval for the reduction upon a counterparty's request will be the same as before at about 100 billion yen per time.