Amendment to "Guidelines on Eligible Collateral"

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided to amend "Guidelines on Eligible Collateral" in order to reflect the conclusion of liquidation matters regarding the Industrial Revitalization Corporation of Japan.

See Attachment for the amended "Guidelines on Eligible Collateral."

Attachment

Amendment to "Guidelines on Eligible Collateral"

O Paragraph 4. (3) shall be amended as follows.

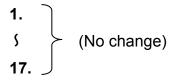
(3) Procedures for Eligibility Assessment

As for collateral other than government bonds, financing bills, government-guaranteed bonds, municipal bonds issued through public offering, loans on deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax, loans on deeds to the Deposit Insurance Corporation with government guarantee, loans on deeds to the Industrial Revitalization Corporation of Japan with government guarantee, and loans on deeds to the Banks' Shareholdings Purchase Corporation with government guarantee, the Bank shall assess the eligibility upon request of a financial institution that maintains a current account with the Bank (such institution hereinafter referred to as the "counterpart financial institution"). In the case of corporate debt obligations, the creditworthiness of obligors shall be evaluated in accordance with Guidelines on Credit Ratings of Companies (Policy Board Decision on October 13, 2000).

O Table 1 shall be amended as follows.

Table 1

Categories of Collateral and Collateral Prices



18. Loans on Deeds to the Industrial Revitalization Corporation of Japan with Government Guarantee

An original maturity of:

(1) up to 1 year	97% of outstanding principal balance
(2) more than 1 year and up to 3 years	93% of outstanding principal balance
(3) more than 3 years and up to 5 years	85% of outstanding principal balance
(4) more than 5 years and up to 7 years	75% of outstanding principal balance
(5) more than 7 years and up to 10 years (including maturities within 120 months after the month of issuance.)	65% of outstanding principal balance

1918. (No change)

O Table 2 shall be amended as follows.

Table 2

Eligibility Standards for Each Category of Collateral

Collateral Category	Eligibility Standard
Government Bonds (including Floating-Rate Bonds, STRIPS, and Inflation-Indexed Bonds) \$ Loans on Deeds to Companies	(No change)
Loans on Deeds to the Government's Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax	(No change)
Loans on Deeds to the Deposit Insurance Corporation with Government Guarantee	
Loans on Deeds to the Industrial Revitalization Corporation of Japan- with Government Guarantee	
Loans on Deeds to the Banks' Shareholdings Purchase Corporation with Government Guarantee	

(Supplementary Provision)

This amendment shall become effective on June 15, 2007.