

July 29, 2016

Bank of Japan

Establishment of "Principal Terms and Conditions for the Sale of Japanese Government Securities with Repurchase Agreements to Provide the Counterparties with Japanese Government Securities to Be Pledged as Collateral for the U.S. Dollar Funds-Supplying Operations"

At the Monetary Policy Meeting held on July 28 and 29, 2016, the Policy Board of the Bank of Japan decided upon following measures. The Bank expects that these measures will further facilitate money market operations and promote financial institutions' and firms' proactive economic activities to strengthen the foundations for economic growth.

1. The Bank shall establish the "Principal Terms and Conditions for the Sale of Japanese Government Securities with Repurchase Agreements to Provide the Counterparties with Japanese Government Securities to Be Pledged as Collateral for the U.S. Dollar Funds-Supplying Operations " (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions for the Loan Support Program" (see Attachment 2).
3. The Bank shall amend the "Special Rules for the U.S. Dollar Lending Arrangement to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (see Attachment 3).

Principal Terms and Conditions for the Sale of Japanese Government Securities with Repurchase Agreements to Provide the Counterparties with Japanese Government Securities to Be Pledged as Collateral for the U.S. Dollar Funds-Supplying Operations

1. Purpose

These Principal Terms and Conditions prescribe the principles for the Bank of Japan's sale of Japanese government securities (JGSs) with repurchase agreements to provide the counterparties of loans pursuant to "Principal Terms and Conditions for U.S. Dollar Funds-Supplying Operations against Pooled Collateral" (Policy Board Decision on May 10, 2010) with JGSs to be pledged as collateral to the Bank.

2. Eligible Counterparties

Of the eligible counterparties selected pursuant to 3. of "Principal Terms and Conditions for U.S. Dollar Funds-Supplying Operations against Pooled Collateral", eligible counterparties shall be selected pursuant to 3. of "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" (Policy Board Decision on April 9, 2004, hereinafter referred to as the "Principal Terms and Conditions for Securities Lending Facility(SLF)").

3. Miscellaneous

- (1) Principal Terms and Conditions for SLF, except for 6, shall be applied.
The exception to 6. shall be determined by the Governor.
- (2) When the Bank repurchases the securities sold on the day after the next business day of the date of sales, 8. of "Principal Terms and

Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements" (Policy Board Decision on September 18, 2002) shall be applied.

(Supplementary Provision)

These terms and conditions shall become effective on the date determined by the Governor and be in effective for the time being.

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

- Paragraph 3. (1) shall be amended as follows.

(1) The maximum outstanding amount of loans under the Growth-Supporting Funding Facility shall be as follows.

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

(d) Loans pursuant to the special rules for the investments and loans stipulated in 2.(2)(c) 4224 billion U.S. dollars

(Supplementary Provision)

This amendment shall become effective today.

Amendment to "Special Rules for the U.S. Dollar Lending Arrangement to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program"

- Paragraph 7. shall be amended as follows.

7. Maximum Amount of Loans

(1) Notwithstanding 9.(1) of the Principal Terms and Conditions, the total amount of loans to each counterparty pursuant to the special rules shall not exceed 42 billion U.S. dollars.

(2) (No change)

(Supplementary Provision)

This amendment shall become effective today.