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Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake (Invalid)

Bank of Japan/Central Bank of Japan

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Monetary Policy

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Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake (Invalid)

日本語

April 28, 2016

Revision : January 31, 2017

January 23, 2018

January 23, 2019

March 16, 2020

1. Purpose

The terms and conditions prescribe the principles for the Bank of Japan's funds-supplying operation to support financial institutions in disaster areas, i.e., fixed-rate loans to financial institutions in disaster areas that are made against eligible collateral by way of open market operations within the maximum amount determined by the Bank. This operation is introduced with the aim of supporting financial institutions in disaster areas in their initial response efforts in meeting the demand for funds for restoration and rebuilding by conducting appropriate money market operations.

*Definitions in the terms and conditions

- Financial institutions:
Financial institutions as defined in Article 37, Paragraph 1 of the Bank of Japan Act, Act No. 89, 1997.
- Disaster areas:
Areas designated under the Disaster Relief Act, Act No. 118, 1947, with regard to the 2016 Kumamoto Earthquake.

2. Location of Operations

The Bank's Head Office (Operations Department) or its branches.

3. Eligible Counterparties

(1) Eligible counterparties shall, pursuant to the relevant rules of the Bank, be selected from those satisfying the following requirements:

- To satisfy either of the following requirements.
 - Financial institutions with business offices in disaster areas that conduct lending.
 - Central organizations of financial cooperatives (the Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank, and the Norinchukin Bank, hereinafter the same) whose member financial institutions have business offices that conduct lending in disaster areas.
- To have a current account at the Bank.
- To be deemed sufficiently creditworthy in light of its capital condition and other relevant information obtained through the Bank's on-site examinations and so forth.

(2) If the Bank specifically deems it necessary in order to conduct money market operations smoothly, it can implement such measures as an exclusion of the institution in question from eligible counterparties.

4. Form of Loans

Loans shall be provided in the form of electronic lending.

5. Duration of Loans

The duration of each loan shall be within 1 year.

6. Loan Rates

The interest rate on loans shall be 0 percent per annum.

7. Counterparties and Amount of Each Loan

Counterparties of each loan are eligible counterparties selected pursuant to 3. that wish to be counterparties for the loan. The amount extended to each counterparty for each loan is the amount the counterparty wishes to borrow, provided that it shall not exceed the maximum amount of loan prescribed in 8. and the unused value of the total standing pool of eligible collateral pledged to the Bank.

8. Maximum Amount of Loan

- The total amount of loans shall not exceed 300 billion yen.
- The Bank shall determine the maximum amount of loans to each counterparty, taking into account each counterparty's total amount of lending outstanding at business offices in disaster areas (for central organizations of financial cooperatives, the amount of lending outstanding in disaster areas made by both the central organization and its member financial institutions shall be aggregated).

9. Deadline for New Application for Loans

The period for new application for loans shall end on June 30, 2020.

10. Date of Loan Disbursement, etc.

Taking account of conditions in financial markets, the Bank shall determine, at each operation, necessary specifications, such as dates of loan disbursement.

11. Collateral

- The Bank shall accept eligible collateral from counterparties in advance.
- The "[Guidelines on Eligible Collateral](#)" (Policy Board Decision on October 13, 2000) and the "[Collateral Guidelines on Eligible Foreign Bonds](#)" (Policy Board Decision on May 22, 2009) shall apply to the collateral for the loans.

Supplementary Provision

- These terms and conditions shall become effective as soon as the preparatory work with regard to funds-supplying operation to support financial institutions in disaster areas is completed, and a specific effective date shall be determined by the Governor.
- These terms and conditions shall be valid through June 30, 2020. To the loans that are disbursed on or before June 30, 2020, these terms and conditions shall be applied until the maturity of the loans.
- When it revises the list of eligible counterparties, the Bank shall not apply paragraph 8. (1) until all the loans disbursed to the counterparties on the previous list fully mature.

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News

- > Oct. 8, 2021 Monetary Policy
[Amendment to "Prices of Eligible Collateral" \(PDF 159KB\)](#)
- > Oct. 6, 2021 Announcements
[Speech by Governor KURODA at the 58th Japan-U.S. Business Conference \(Hopes for the Japanese and U.S. Business Communities: Economic Recovery from the COVID-19 Crisis and Efforts to Address Climate Change\) \(via webcast\)](#)
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