Guidelines on Eligible Collateral

Bank of Japan/Central Bank of Japan

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The Bank of Japan is the central bank of Japan.

Opening Remarks by Governor KURODA at the TCFD Summit 2021 (via Climate Change) (via webcast)

1. Loans on deeds to be deemed appropriate in light of the method of determining lending conditions, such as

   - Loans on deeds to real estate investment corporations satisfying the following requirements:
     (1) those deemed appropriate in light of creditworthiness of the debtor corporation and other relevant factors, including the fact that the corporation is rated A or higher by an eligible rating agency.

2. Those deemed appropriate in light of the method of determining lending conditions, such as the auction procedures, and other relevant factors.

3. Electronically recorded monetary claims satisfying the following requirements:
   - (1) Those deemed appropriate in light of creditworthiness of the debtor investment corporations and other relevant factors.
   - (2) Those satisfying either of the following requirements:
     - Those for which electronic records are made by eligible recording institutions.
     - Those for which the original maturity of up to 1 year.

4. Bonds issued by real estate investment corporations satisfying the following requirements:
   - (1) Those deemed appropriate in light of creditworthiness and other relevant factors.
   - (2) Those rated A or higher by at least two rating agencies which the Bank considers to be appropriate (hereinafter referred to as the “counterpart financial institution”). In the case of debt obligations issued by counterpart financial institutions (excluding those guaranteed by the government), those guaranteed by counterpart financial institutions (excluding those deemed eligible without such guarantee) and those guaranteed by the Bank (such institution hereinafter referred to as the “counterpart financial institution”). In the case of debt obligations issued by counterpart financial institutions (excluding those guaranteed by the government), those guaranteed by counterpart financial institutions (excluding those deemed eligible without such guarantee) and those guaranteed by the Bank (such institution hereinafter referred to as the “counterpart financial institution”).

   - (3) Principal investment objects of debtor investment corporations should be real estate, a leasehold of real estate, superficies of real estate, asset-backed securities backed by these assets or real estate-related assets which are deemed corresponding to these assets.

   - (4) Treasury Discount Bills (Treasury Bills and Financing Bills) and those issued by domestic corporations or that deemed to have similar characteristics.

   - (5) Treasury Discount Bills (Treasury Bills and Financing Bills) and those guaranteed by counterpart financial institutions.

5. Structured Commercial Paper Issued by Real Estate Investment Corporations

   - (1) Those deemed appropriate in light of creditworthiness and other relevant factors.

   - (2) ABCP should be rated a-1 by an eligible rating agency.

   - (3) Rating of asset-backed securities

   - (4) Structure of ABCP

6. Government Guarantees

   - (1) General Eligibility Standards for Collateral
     - (a) Creditworthiness
     - (b) Maintaining the Soundness of the Bank's Assets
     - (c) Safety and soundness of the financial system

   - (2) Electronically Recorded Monetary Claims with Government Guarantees
     - (a) Electronically recorded monetary claims which the Bank considers as having similar functioning to bills comprising the monetary base or those having similar characteristics

   - (3) Dematerialized Commercial Paper Issued by Real Estate Investment Corporations
     - (a) Commercial paper issued by real estate investment corporations, electronically recorded monetary claims on real estate investment corporations, electronically recorded monetary claims on commercial paper issued by real estate investment corporations, electronically recorded monetary claims on the government (including those guaranteed by counterpart financial institutions)

7. Other

   - (1) Repayment of principal and interest should be judged as certain by the Bank in light of various factors, including the security interest on it.

   - (2) In addition to i), ii), and iii), there should be no obstacles to Bank's exercising of its rights including the security interest.

   - (3) Theoretical price fluctuations over the period of time necessary for the Bank to exercise its rights.

   - (4) Prices, face values, or outstanding principal balances by the margins calculated through (a) to (c) below.

   - (5) Theoretical price fluctuations over the period of time necessary for the Bank to exercise its rights.