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## Monetary Policy

[Home](#) > [Monetary Policy](#) > [Monetary Policy Measures](#) > [Principal Terms and Conditions](#) >

Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)

# Principal Terms and Conditions of the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)

[日本語](#)

March 16, 2020

Revision : April 27, 2020

May 22, 2020

December 18, 2020

March 19, 2021

June 18, 2021

## 1. Purpose

Given the impact of the novel coronavirus (COVID-19) on economic activity, these terms and conditions prescribe the principles for the Bank of Japan's special funds-supplying operations to facilitate financing (i.e., an open market operation through which the Bank provides loans that are made against eligible collateral within the sum of the value of private debt pledged as the standing pool of eligible collateral and the amounts outstanding of loans made by eligible counterparties to small and medium-sized firms in response to COVID-19) as a temporary measure, with a view to doing its utmost to ensure smooth financing of the private sector and maintaining stability in financial market through appropriate market operations.

## **2. Location of Operations**

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

## **3. Eligible Counterparties**

(1) Eligible counterparties shall, pursuant to the Bank's relevant rules, be selected from financial institutions, etc. (prescribed in Article 37, paragraph 1 of the Bank of Japan Act [Act No. 89, 1997]) and the Development Bank of Japan Inc. that satisfy the following requirements.

- (a) To have a current account at the Bank.
- (b) 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 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 one year.

## **6. Loan Rates**

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

## **7. Counterparties**

Counterparties of each loan are eligible counterparties selected pursuant to 3. that wish to be counterparties for the loan.

## **8. Maximum Amount of Loans for Each Counterparty**

The maximum amount of loans for each counterparty shall be the sum of the following (1) and (2). However, it shall not exceed the unused value of total standing pool of eligible collateral pledged to the Bank at the time of loan disbursement.

- (1) The total collateral value of debt (corporate bonds, dematerialized commercial paper issued by domestic corporations, dematerialized commercial paper issued by foreign corporations with guarantees, asset-backed securities, dematerialized asset-backed commercial paper, bonds issued by real estate investment corporations, dematerialized commercial paper issued by real estate investment corporations, bills drawn by companies, bills drawn by real estate investment corporations, commercial paper, electronically recorded monetary claims on companies, electronically recorded monetary claims on real estate investment corporations, loans on deeds to companies [including those denominated in the U.S. dollar], loans on deeds to real estate investment corporations, and beneficial interests of a trust in housing loans), which is pledged to the Bank by each counterparty as the standing pool of eligible collateral at the time of loan disbursement
- (2) The sum of the amounts prescribed in the following (a) and (b) among the amount outstanding of loans made by each counterparty to small and medium-sized firms in response to COVID-19 at the time determined pursuant to the relevant rules of the Bank
  - (a) The amount outstanding of loans which each counterparty makes through the guarantee by the credit guarantee corporations or the program to reduce or exempt interest rates, both of which are based on the government's budgetary measures
  - (b) The amount outstanding of loans of which loan conditions are equivalent to those of loans prescribed in (a)

## **9. Deadline for New Application for Loans**

The period for new application for loans shall end on March 31, 2022.

## **10. Date of Loan Disbursement, Amount of Loans, etc.**

Taking account of conditions in financial markets, the Bank shall determine specifics necessary for lending at each loan disbursement, including its date and amount.

## **11. Collateral**

- (1) The Bank shall accept eligible collateral from counterparties in advance.
- (2) 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 today and shall be valid through March 31, 2022. To the loans that are disbursed on or before March 31, 2022, these terms and conditions shall be applied until their maturities.