

# Debt Management Report 2020



The Government Debt Management  
and the State of Public Debts

Financial Bureau, Ministry of Finance, JAPAN

2020

# Debt Management Report

The Government Debt Management and the State of Public Debts

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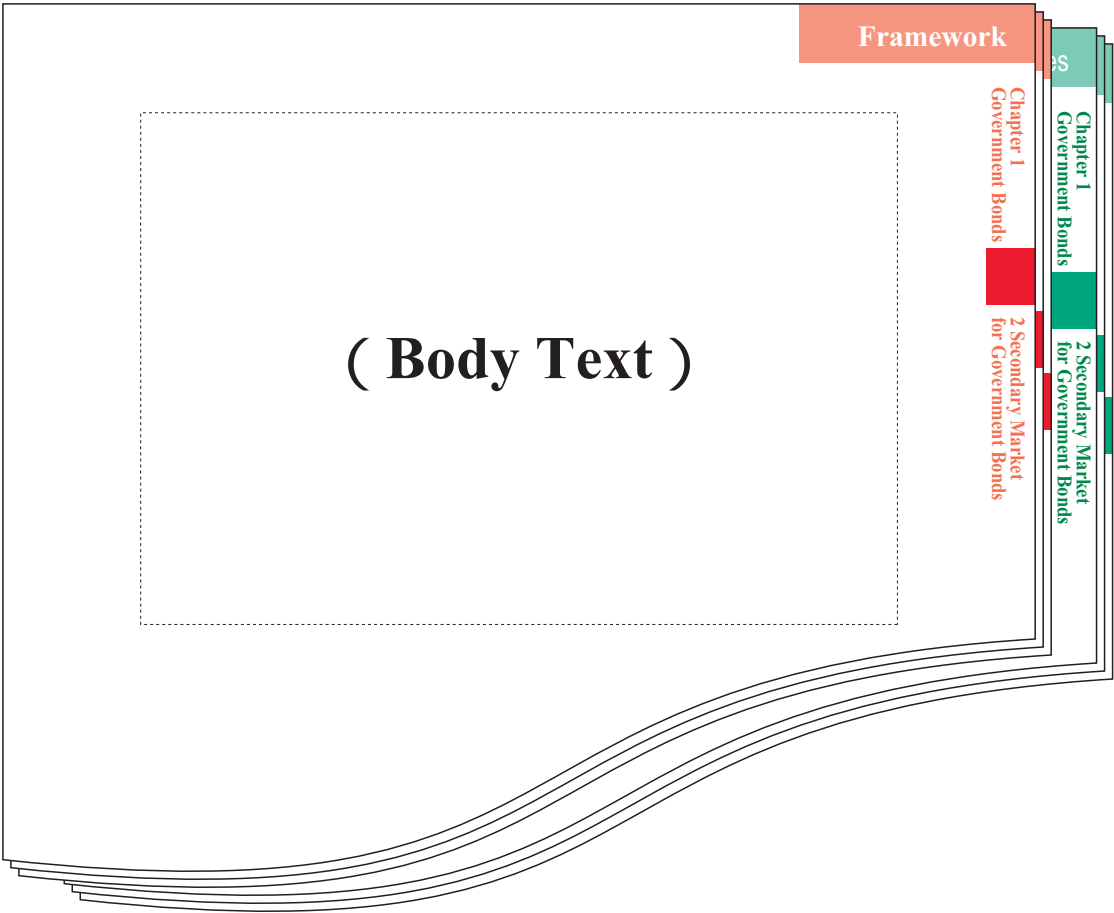
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# Preface

## 1 About “Debt Management Report”

The objective of the “Debt Management Report,” which has been published since 2004, is to provide readers across a wide spectrum spanning domestic and foreign markets, government affairs, and research, etc., with the opportunity of gaining a deeper understanding of Japan’s debt management policy. This report, though focusing on Japanese Government Bond (JGB) management policy as debt management policy, covers issues involving public debts in general.

To begin with, Part I, headed “FY2020 Debt Management Policies,” discusses the recent trends in the JGB market, as well as various latest policies, specifically in relation to the JGB Issuance Plan for this fiscal year.

Part II, headed “Framework,” concerns itself with the fundamental mechanism of public debts and debt management policy in general.

Lastly, Part III, the “Appendices,” lists all materials that did not fit into the previous part; this section should be used with reference to Part II “Framework.”

In this latest report as well, we provide a lot of cross-references including some that link Part II “Framework” with Part III “Appendices” so that readers will be able to quickly access the information that they want. Your comments are highly appreciated for further improvements of this report.

## 2 What is Debt Management Policy?

### (1) Overview

Under the FY2020 budget (April-March), the central government plans to issue JGBs worth 153.5 trillion yen, posting an increase of 4.7 trillion yen from the initial level for FY2019. Construction Bonds and Special Deficit-Financing Bonds to provide General Account revenues decline by 0.1 trillion yen from the initial level for the previous year to 32.6 trillion yen. On the other hand, JGBs outstanding at the end of FY2019 totaled as much as 977.8 trillion yen.

The government raises funds with Financing Bills and Borrowings as well as JGBs. If including Financing Bills and Borrowings, outstanding government debts except government-guaranteed debt came to 1,114.5 trillion yen. Moreover, the government gives guarantees to Incorporated Administrative Agencies in order for them to carry out funding to implement public projects, and the government-guaranteed debt totals 36.2 trillion yen (The figures are at the end of FY2019).

The government's fundraising amount or flow has become enormous. Outstanding debts on stock basis have been increasing persistently. Government debt management affects not only the choice of financial assets of economic entities such as corporations and households, but also the flow of funds on a macro-scale, which eventually would influence interest rates. In turn, changes in market interest rates influence government funding activities and the activities of every economic entity.

Based on these points, the government, while trying to mitigate fiscal burden, implements JGB issuance, absorption, distribution and redemption measures to allow government debts (JGBs, Financing Bills, Borrowings, Government-Guaranteed Debt and Subsidy Bonds) to be smoothly accepted at each stage of the national economy. These measures represent "debt management policy." In Japan, based on the following basic goals for JGB Management Policy, the government carefully implements "communications with the market" through various meetings for the development and operation of the JGB Issuance Plan, tries to base JGB issuance fully on market needs and tackles the diversification of JGB holders:

- (1) Ensuring the smooth and secure issuance of Japanese Government Bonds
- (2) Minimizing medium- to long-term fundraising costs

Meanwhile, any excessive response to temporary or short-term changes in market demand could affect the market's transparency and predictability for market participants, leading to a rise in medium- to long-term fundraising costs. In Japan where massive government debt issuance is expected for the future, therefore, the government will try to issue JGBs more stably and transparently while identifying medium- to long-term demand trends.

The "Guidelines for Public Debt Management," published by the International Monetary Fund and the World Bank in 2001, describes sovereign debt management as "the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding" and the objective of sovereign debt management as "to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk."

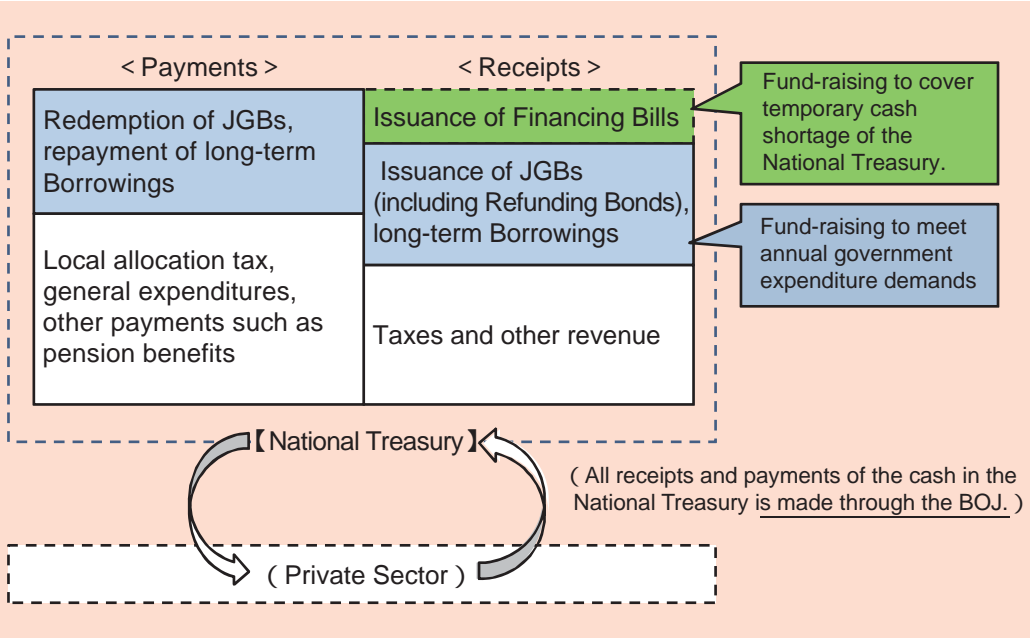


(2) Framework of “Government Funding Activities”

Government expenditures in a year should basically be covered by tax and other revenues in the year. To satisfy expenditure demand that cannot be covered by such revenues, however, the government issues JGBs or carries out Borrowings ( ). The government also issues Financing Bills to cover temporary cash shortages for daily cash management of the National Treasury. The following discusses the framework of these government fundraising activities.

Unlike JGBs, Borrowings are a form of funding that does not involve the issuing of securities.

Fig.1 National Treasury Receipts and Payments



The central government budget consists of the General Account and 13 Special Accounts (as of April 1, 2020), and all receipts and payments in these accounts are managed through the Bank of Japan (BOJ). As follows, the government smoothly implements spending under the budget by using JGBs and Borrowings to satisfy expenditure demand that cannot be covered by tax and other revenues and by issuing Financing Bills to cover temporary cash shortages of the National Treasury.

A. JGBs and Borrowings to meet annual government expenditure demand

The government issues JGBs or carries out Borrowings to satisfy expenditure demand that cannot be covered by tax and other revenues and books funds raised through JGBs and Borrowings as revenues. The government smoothly implements budget spending by raising funds in this way as necessary.

In addition to planning the government debt management policy, the Financial Bureau of the Ministry of Finance implements the policy through conducting JGB auctions, issuance and redemption, and auctions for Borrowings.

B. Financing Bills to cover temporary cash shortage of the National Treasury

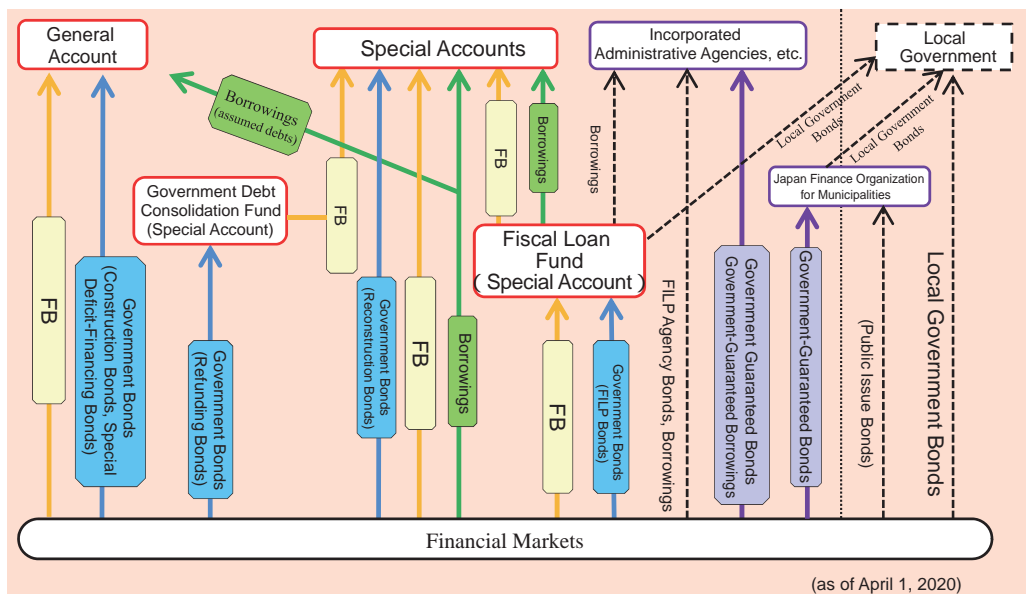
Government ministries, agencies or special accounts carry out a lot of fiscal activities every day. All the receipts and payments are made through the BOJ for their integrated handling

in the National Treasury. As explained in section A, the government raises funds with JGBs and Borrowings to meet expenditure demand that cannot be covered by tax and other revenues. However, the government sees temporary cash shortages and surpluses due to lags of day-to-day receipts and payments of National Treasury funds. The Financial Bureau of the Ministry of Finance makes adjustments through the issuance of Financing Bills in the case of shortage, and through the temporary use of the treasury surplus in the case of surplus (“Cash Management in the National Treasury”) ( ).

### (3) Debts with Public Characteristics

Besides government debts, there are several forms of public debts including local government bonds and debt of Incorporated Administrative Agencies, etc. Such public debt would affect government debt management through the market interest rate formation mechanism.

Fig.2 Public Debts (Conceptional Diagram) ( ~ )



Based on what was described above, the chart below provides an overview of the various elements of public debts and lists the relevant reference points in this report.

The term “revenue” shall refer to all the income in one fiscal year and the term “income” shall mean received funds that serve as the source of payment to meet the demands arising on the various levels of the State. Financing Bills, which are issued to manage the National Treasury, are not counted as revenue, since Financing Bills are redeemed with the revenue of the same fiscal year.

The shaded area represents government debts.

In addition to these debts, there are government bonds that are held by the Bank of Japan as a means of open market operations.

The Government-Guaranteed Bonds issued by the Japan Finance Organization for Municipalities, are issued only for refunding of Government-Guaranteed Bonds converted from the former Japan Finance Corporation for Municipal Enterprises.

**Fig.3 Various Elements of Public Debts and Relevant Reference Points in This Report**

			Topics inside this report (for details, see Contents)		
				(Framework)	(Appendices)
Public Debts	Government Debts	General Bonds	1 Trends of JGB Market in FY2019 P10 2 JGB Issuance Plan for FY2020 P14 3 Revisions to JGB Issuance Plan for FY2020 P25 4 Diversification of JGB Investor Base P28	Chapter 1 1 Primary Market for Government Bonds P38 2 Secondary Market for Government Bonds P64 3 Debt Management Systems P77 4 Taxation of Government Bonds P93	Chapter 1 1 Primary Market for Government Bonds P116 2 Secondary Market for Government Bonds P127 3 Debt Management Systems P143
		FILP Bonds			
		Financing Bills		Chapter 2 1 Financing Bills P98	Chapter 2 1 Financing Bills P156
		Borrowings		Chapter 2 2 Borrowings P100	Chapter 2 2 Borrowings P158
		Government-Guaranteed Debt		Chapter 2 3 Government-Guaranteed Debt P103	Chapter 2 3 Government-Guaranteed Debt P162
		Subsidy Bonds		Chapter 2 4 Subsidy Bonds P106	
	Other Public Debts	Local Government Bonds		Chapter 3 1 Local Government Bonds P108	Chapter 3 1 Local Government Bonds P167
		Debt of Incorporated Administrative Agencies, etc.		Chapter 3 2 Debt of Incorporated Administrative Agencies, etc. P112	Chapter 3 2 Debt of Incorporated Administrative Agencies, etc. P170

## Column 1 JGB Yields

Japanese government bond is a bond the government issues by promising to pay a certain amount of money after a certain period of time. The MOF presets a coupon and maturity for a JGB issuance. While the JGB par value (an amount that a JGB holder will receive upon redemption) remains unchanged, a JGB price at which market participants buy fluctuates depending on the conditions, including supply and demand. For example, a JGB with a par value of 100 yen may be priced at 95 yen, below the par value, or at 105 yen, above the par value. JGB yield is an annual percentage rate of return on a JGB based on the purchase price.

In the case a market participant buys a JGB with the par value of 100 yen, for example, the investment return includes the following:

- (1) An annual interest income (an income gain represented by a coupon), and
- (2) A gap between the par value and the purchase price (capital gain or loss) that is annualized.

The JGB yield is represented by the following equation.

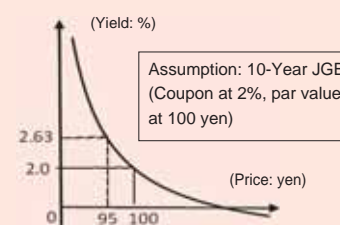
**Fig.c1-1 Calculating yield**

$$\text{Yield} = \frac{\text{(1) Annual interest income (yen)} + \frac{\text{(2) Par value (100 yen) - Purchase price (yen)}}{\text{Maturity (years)}}}{\text{Purchase price (yen)}} \times 100$$

(Before tax, simple interest, %)

The annual interest income in (1) is fixed by the coupon determined upon issuance and will remain unchanged until redemption. However, the purchase price in (2) fluctuates depending on the purchase timing. Therefore, the JGB yield fluctuates. The right graph (Fig. c1-2) indicates the relationship between the JGB price and yield in the above equation for a 10-Year JGB that has a 2% coupon and a per value of 100 yen. As the purchase price falls (from 100 yen to 95 yen), the yield rises (from 2.0% to 2.63%). Conversely, as the price rises (from 95 yen to 100 yen), the yield declines (from 2.63% to 2.0%).

**Fig.c1-2 Relationship between yield and price**



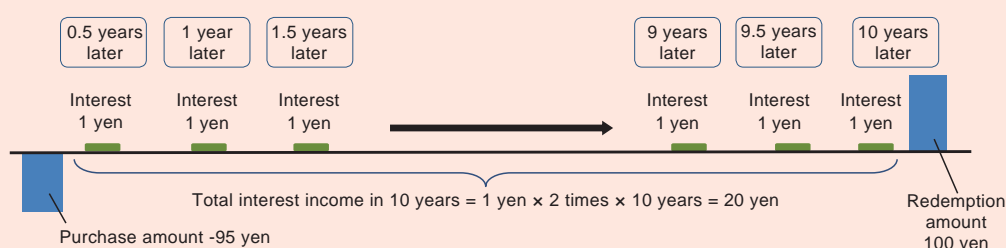
Note: The figure is for illustrative purposes only.

The figure below (Fig. c1-3) shows a cash flow indicating fund receipts and payments from purchasing to redemption for a 10-Year JGB that has a 2% coupon

and a per value of 100 yen. If an investor buys the 10-Year JGB at a price of 95 yen and holds it until its redemption, for example, the investor will get a total investment return of 25 yen including the interest income of 20 yen and the gap of 5 yen between the par value and the purchase price. The annual yield (simple interest) comes to about 2.63% with the interest income of 2 yen and the capital gain of 0.5 yen.

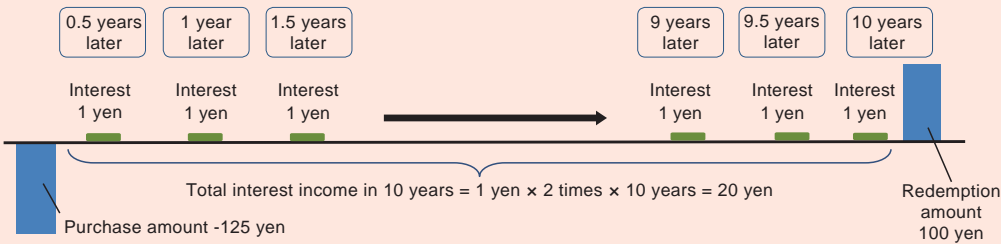
**Fig.c1-3 Bond investment cash flow**

**(10-Year JGB priced at 95 yen that has a 2% coupon and a per value of 100 yen)**



In recent years, JGB yields in the short- to medium-term zone have been negative. If an investor buys the 10-Year JGB at a price of 125 yen and holds it until its redemption, for example, the combination of an interest income (20 yen) and the gap (-25 yen) between the par value and the purchase price will bring about a loss (-5 yen). On an annual basis, the combination of an annual interest income (2 yen) and the annual capital loss (-2.5 yen) brings about a yield (simple interest) of about -0.40%.

**Fig.c1-4 Bond investment cash flow**  
**(10-Year JGB priced at 125 yen that has a 2% coupon and a per value of 100 yen)**



If an investor buys a JGB with a negative yield and holds it until its redemption, a combination of the interest income and the redemption amount will slip below the purchase amount, bringing about a loss. If the investor can sell the JGB at a higher price than the purchase price before its redemption, however, the investor will eventually get a gain.

Besides the “simple interest” as described above, the yield may take the form of “compound interest” reflecting the reinvestment of the interest income.

# FY 2020 Debt Management Policies

This part provides the most recent updates on  
FY 2020 Debt Management Policy.



# 1 Trends of JGB Market in FY2019

## (1) Review

In FY2019, interest rates dropped globally as major central banks enhanced their monetary easing towards summer amid growing concerns that escalating protectionist trade policies would affect trade and production over a long term. Later towards the year-end, bond markets turned weak. As the Novel Coronavirus (COVID-19) outbreak expanded throughout the world from the turn of the year, however, interest rates wildly fluctuated, destabilizing bond markets. Although the JGB market followed European and U.S. market trends, interest rate fluctuations were relatively narrower under the BOJ's continued policy of "Quantitative and Qualitative Monetary Easing with Yield Curve Control."

In April, bond markets in Japan and other countries weakened in response to improvements in economic indicators in major countries. In May, however, buying pressure increased in bond markets as the U.S. government's offer to raise tariffs on Chinese and Mexican imports coincided with a growing fear of the United Kingdom's possible exit from the European Union without agreement. From early June, bond markets remained firm as speculation about U.S. interest rate cuts led market participants to grow conscious of potential additional monetary easing in Japan and Europe.

In July, bond markets leveled off as market participants enhanced a wait-and-see attitude ahead of month-end Japanese, U.S. and European monetary policy meetings. After the U.S. Federal Reserve Board at an attention-attracting meeting of the Federal Open Market Committee decided on interest rate cuts to insure against downside risks while leaving its economic assessment unchanged, U.S.-China trade disputes intensified from August to early September, leading bond markets in Japan and other countries to firm further. Then, the U.S. benchmark long-term interest rate slipped below 1.5% for the first time in 38 months and the 10-year JGB yield sank to minus 0.295%, close to the record low of minus 0.3% posted in July 2016. Interest rates rose back later as BOJ Governor KURODA Haruhiko checked any excessive drop of super long-term interest rates and the United States and China indicated their compromise at trade talks. Toward late September, however, bond buying outpaced selling again. Factors cited behind the dominant bond buying included market participants' consciousness of political uncertainties over the impeachment of U.S. President Donald Trump and speculation about the BOJ's additional monetary easing following the BOJ's plan to reexamine economic and price trends at its next monetary policy meeting.

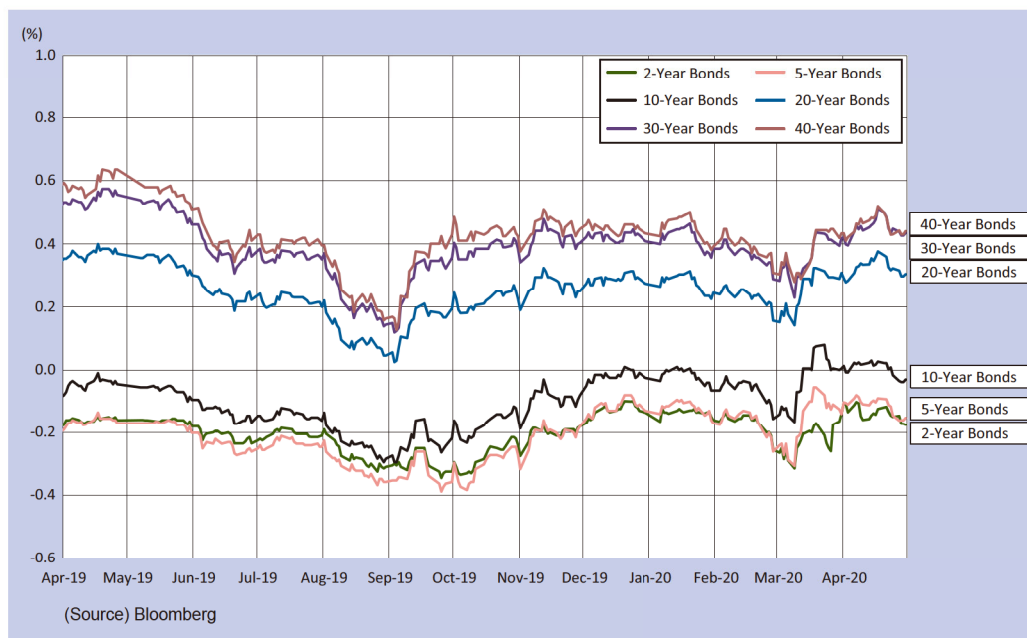
Later toward the year-end, a view that a low interest rate environment would be prolonged grew in response to the Federal Open Market Committee's indication of an end insurance rate cuts accompanied by a decision at its meeting in late October to cut interest rates for the third consecutive meeting. However, bond markets weakened as investors eased their risk-off attitude against the backdrop of expected progress in U.S.-China trade talks and the fading of uncertainties about the United Kingdom's exit from the European Union after the ruling party's landslide victory in a front-loaded general election. Then, the BOJ further reduced the size of JGB purchase operations in the super long-term zone and indicated a cut in the frequency of such operations, with early autumn speculation fading away about the BOJ's enhancement of its monetary easing through the strengthening of its negative interest rate policy, exerting upward pressure on long-term interest rates in Japan.

In early January, stock price falls, bond price hikes and the yen's appreciation came in response to growing tensions in the Middle East but were short-lived. As concerns about the COVID-19 infection expansion grew from late January to the end of FY2019, investors' risk-off attitude increased again. From late February, particularly, the financial environment rapidly deteriorated as inflationary expectations declined due to a rise in the number of market participants anticipating a global recession and a rapid decline in crude oil prices. Central banks then introduced monetary easing measures one after another, leading the U.S. benchmark long-term interest rate to fall to a record low close to 0.3% temporarily. In contrast, concerns about an increase in government bond issuance accompanying fiscal authorities' large-scale economic stimulus packages and asset sales to secure cash reserves worked to push up interest rates. In the meantime, the 10-Year JGB yield fell to minus 0.2% before rising to 0.095%, the highest level in about 16 months, posting wild fluctuations.

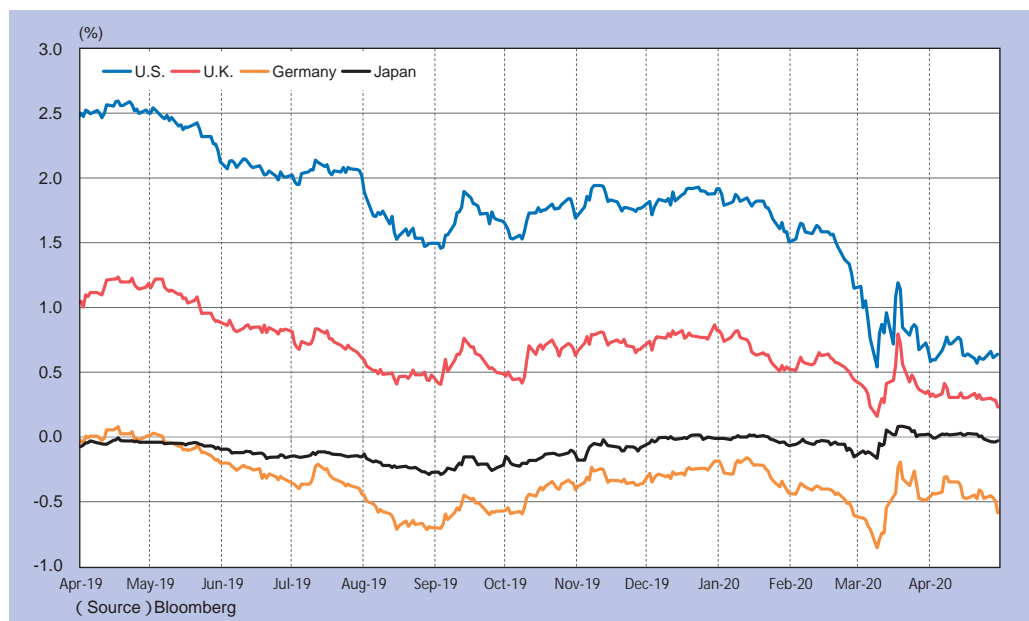
After Japan entered FY2020 on April 1, the government declared a state of emergency for seven major prefectures on April 7 and for the whole of Japan on April 16. As trading remained inactive due to a further fall in market participants' risk tolerance amid the spread of split operations and working remotely, the BOJ increased the frequency of JGB purchase operations, successfully leading the 10-Year JGB yield to remain around 0%.

While each country has mobilized all possible policies in the face of the critical conditions, the external environment surrounding the JGB market contains various points to check, including whether policies could be normalized without turbulences after the end of the COVID-19 outbreak. The JGB market trend including these points should be closely watched.

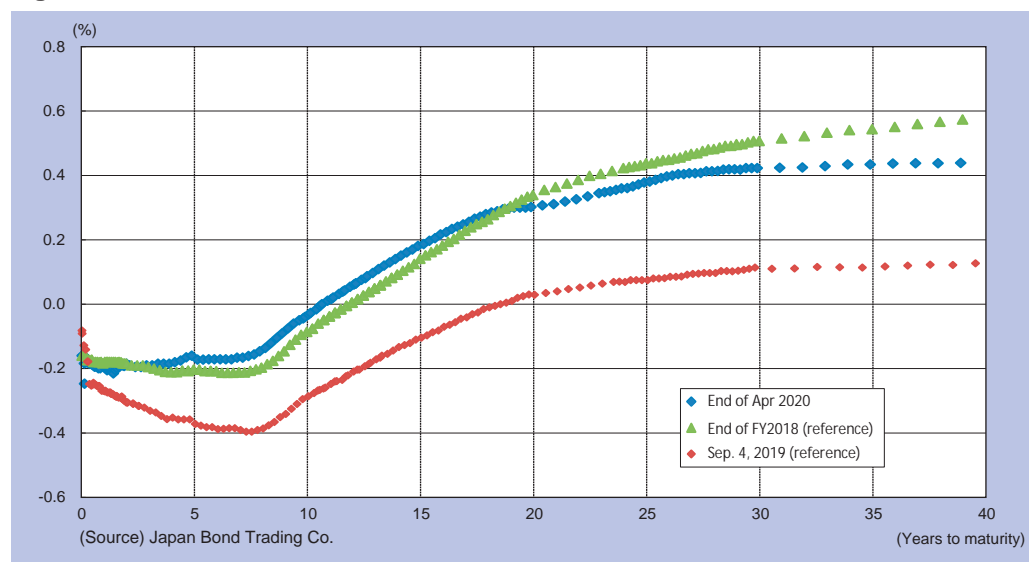
Fig.1-1 JGB Yield Trends by Maturity



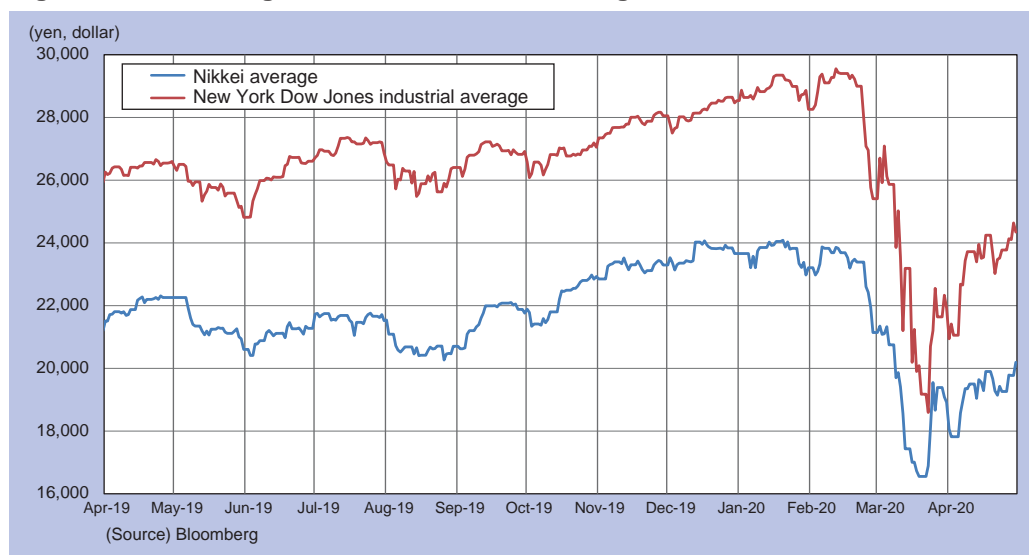
**Fig.1-2 10-Year Government Bond Yields (U.S., U.K., Germany, Japan)**



**Fig.1-3 Yield Curve Trends**



**Fig.1-4 Nikkei Average and NY Dow Jones Average Trends**



## (2) Investor Trends

Under expectations that the BOJ's Quantitative and Qualitative Monetary Easing with Yield Curve Control policy would be prolonged, investors have shifted their funds not only to longer-term JGBs but also to local government bond, FILP agency bond, corporate bond and other credit markets, as well as foreign bond markets.

Japanese investors selected European and non-sovereign bonds among foreign bonds in a few years before increasing U.S. bond purchases again in FY2019. They saw U.S. bonds as attractive apparently because dollar fundraising costs declined thanks to the Federal Reserve Board's insurance rate cuts responding to growing uncertainties about the future world economy amid the escalating U.S.-China trade disputes and because U.S. interest rates had more room to fall amid expectations that the monetary environment would grow more accommodative globally.

Since the turn of the year, meanwhile, policy interest rates in major countries have fallen to record lows due to the growing risk of a global recession accompanying the expansion of the COVID-19 outbreak, while Japanese investors have been required to remain alert to potential credit market destabilization. The investment environment for Japanese investors has been growing severer.

**Fig.1-5 10-Year U.S. and France Government Bond Yield Trends with Hedge Cost Considered**



## 2 JGB Issuance Plan for FY2020

### (1) Announcement of JGB Issuance Plan for FY2020

Japan has the worst fiscal conditions among major developed countries, including outstanding general JGBs estimated at about 906.0 trillion yen for the end of FY2020 and outstanding long-term central and local government debts at 1,125 trillion yen. It is getting more important for the Japanese government to adequately implement JGB Management Policy to secure the market's stable absorption of JGBs.

On December 20, 2019, the Japanese government publicly announced the JGB Issuance Plan for FY2020 in line with a Cabinet decision on the draft FY2020 government budget.

When developing the JGB Issuance Plan for FY2020 where JGB issues including Refunding Bonds will total 153.5 trillion yen, the government held careful dialogues with market participants through the Meeting of JGB Market Special Participants and some other dialogue sessions and has formulated JGB Issuance Plans for each bond issuance method, paying attention to investors' needs and market trends.

### (2) Overview of Discussions at Various Panels

The Advisory Council on Government Debt Management at its meeting in October 2019 started discussions for the development of the JGB Issuance Plan for FY2020. It then discussed the significance of JGB issuance based on a medium- to long-term demand trend and a medium- to long-term view on investors' JGB demand.

- It was pointed out that while the market's functioning has almost been lost, how to make use of the super long-term zone the market's functioning remains effective is very important.
- It was noted that with regard to the short- to medium-term zone under negative yield, the market's functioning still remains for foreign investors since JGBs for such tenors are relatively cheap for them.

At the Meeting of JGB Market Special Participants (primary dealers) and the Meeting of JGB Investors in November 2019, participants discussed details of the JGB Issuance Plan for FY2020. Main opinions were as follows:

- An increase in issuance should be considered for 40-Year Bonds. The yield curve for 40-Year Bonds for the past six to 12 months is flatter than for 10-Year Bonds, indicating stronger demand for 40-Year Bonds than indicated by their issuance amount. So, 40-Year Bonds can afford to be increased.
- Liquidity enhancement auctions are suitable for a cut in issuance. Issuance amounts for such auctions for bonds maturing in 5 to 15.5 years can afford to be reduced as needs for such auctions have been lost due to the Bank of Japan's relaxation of requirements for its Securities Lending Facility.

Based on discussions at these panels, the government has developed the JGB Issuance Plan for FY2020.

### (3) Scheduled Issuance Amount of JGBs

Ref: II Chapter 1 1(1)  
“JGBs by Legal Grounds  
of Issuance” (P38)

#### A. Breakdown by legal grounds

Under the FY2020 budget, the MOF plans to increase the JGB issuance amount by 4.7 trillion yen from the initial level for FY2019 to a very high level of 153.5 trillion yen.

A breakdown of the FY2020 JGB issues shows that Construction Bonds and Special Deficit-Financing Bonds issues to provide revenues for the General Account Budget have been reduced by 0.1 trillion yen from the initial level for FY2019 to 32.6 trillion yen. Aiming at financing reconstruction projects for recovering from the Great East Japan Earthquake, Reconstruction Bonds are issued as bridging finance until Special Taxes for Reconstruction and other revenues are receivable to the government. In FY2020, the government is planning to issue Reconstruction Bonds worth 0.9 trillion yen, down 0.0 trillion yen from the initial level for the previous year. The FILP Bonds issuance amount is determined not only by the scale of new lending under the Fiscal Loan Program but also by the financial position of the overall Fiscal Loan Fund. The FY2020 FILP Bonds issuance amount is set at 12.0 trillion yen, unchanged from the initial level for the previous year. Refunding Bonds are issued to refund the General Bonds that were issued in the past and are due to mature, accounting for a majority of total annual JGB issues. In FY2020, the Refunding Bonds issuance amount is planned to increase by 4.8 trillion yen from the initial level of the previous year to 108.0 trillion yen.

**Fig.1-6 JGB Issuance Plan for FY2020 (Breakdown by Legal Grounds)( ~ )**  
( Unit: billion yen )

	FY2019 (Initial) (a)	FY2020 (Initial) (b)	(b) - (a)
Newly-issued Bonds	32,660.5	32,556.2	104.3
Construction Bonds	6,952.0	7,110.0	158.0
Special Deficit-Financing Bonds	25,708.5	25,446.2	262.3
Reconstruction Bonds	928.4	924.1	4.3
FILP Bonds	12,000.0	12,000.0	
Refunding Bonds	103,140.4	107,981.8	4,841.4
For matured Reconstruction Bonds	1,808.0	1,693.2	114.8
Total	148,729.3	153,462.1	4,732.8

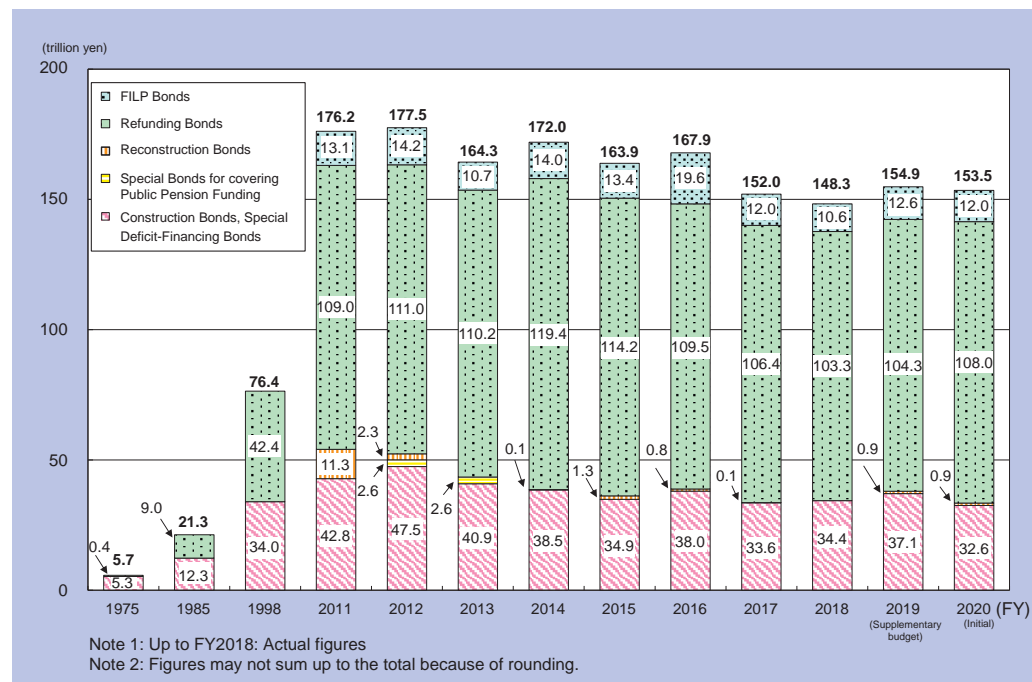
Figures may not sum up to total because of rounding.

Buy-backs from the market in FY2020 will be determined based on the MOF's discussion with market participants and market conditions.

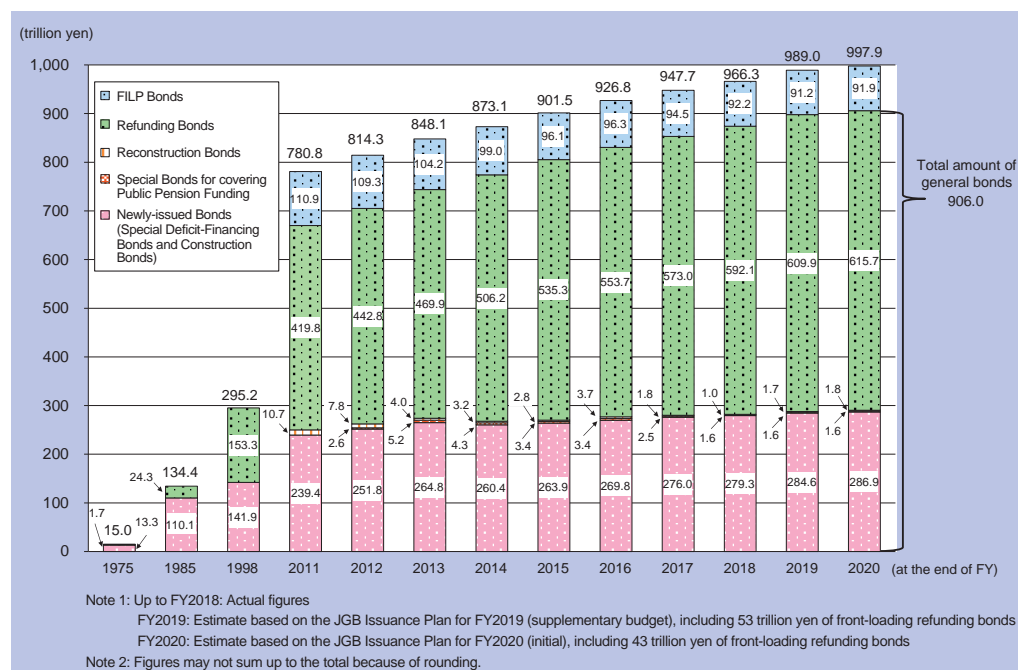
The maximum amount of front-loading issuance of Refunding Bonds in FY2020 is 43 trillion yen.



**Fig.1-7 Historical Changes in JGB Total Issuance Amount**



**Fig.1-8 Historical Changes in Outstanding Amount of JGB**



## B. Breakdown by Issuance Methods

The FY2020 JGB issuance amount of 153.5 trillion yen required for the budget as mentioned in the previous section is categorized by three issuance methods: “JGB market issuance,” “Sales for Households” and “BOJ Rollover.”

Of the “JGB market issuance” accounting for most of the total JGB issuance, the calendar-based JGB Market Issuance amount ( ) is cut by 0.6 trillion yen from the initial level for the previous year to 128.8 trillion yen.

The JGB issuance amount for Non-Price Competitive Auction II, etc., which has included the planned amount for Non-Price Competitive Auction II ( , ) and the revenue from JGB issuance at prices above par value since the supplementary budget for FY2017, is put at 8.0 trillion yen for FY2020.

Sales for Households, which widely fluctuates depending on interest rate and other trends, is set at 4.8 trillion yen, up 0.1 trillion yen from the initial level for FY2019, with current sales conditions taken into account.

“BOJ Rollover” is put at 2.2 trillion yen, unchanged from the initial level for the previous year, based on the total JGB issuance amount and market conditions.

The calendar-based JGB Market Issuance refers to the amount (par value) of JGBs planned to be regularly issued through scheduled auctions from April to next March.

Non-Price Competitive Auction II (Ref: II Chapter 1 1 (3) “Methods of Issuance” (P43)).

The issuance amount for Non-Price Competitive Auction II is determined by deducting an amount representing the impact of a cut in the upper bid limit for Non-Price Competitive Auction II from 7% of the JGB Market Issuance amount for JGBs subject to the auction (40-Year, 30-Year, 20-Year, 10-Year, 5-Year, 2-Year Bonds and 10-Year Inflation-Indexed Bonds) (After the supplementary budget for FY2019, results will be reflected).

Figures may not sum up to total because of rounding.

“Adjustment between fiscal years” refers to leveling-off of issuance amount between fiscal years through front-loading issuance and deferred issuance in the accounting adjustment term. (Ref: II Chapter 1 1(1) “JGBs by Legal Grounds of Issuance” (P38)).

**Fig.1-9 JGB Issuance Plan for FY2020 (Breakdown by Financing Methods) ( , )**  
(Unit: billion yen)

	FY2019 (Initial) (a)	FY2020 (Initial) (b)	(b) - (a)
JGB Market Issuance (Calendar Base)	129,400.0	128,800.0	600.0
Non-Price Competitive Auction II, etc.	8,564.0	7,988.4	575.6
Adjustment between fiscal years	3,865.3	9,673.7	5,808.4
Subtotal (financed in the market)	141,829.3	146,462.1	4,632.8
Sales for Households	4,700.0	4,800.0	100.0
BOJ Rollover	2,200.0	2,200.0	
Total	148,729.3	153,462.1	4,732.8

#### (4) JGB Issuance Plan Based on Market Trends and Needs

The maturity composition of the calendar-based JGB market issuance amount is determined with market needs and trends taken into account, covering maturities from the short term to the super long term, based on government debt management policy requirements.

The FY2020 JGB Issuance Plan increased the issuance amount for 40-Year Bonds while decreasing the issuance amount for bonds maturing in 5 to 15.5 years for Liquidity Enhancement Auctions, for which needs have declined, with the low interest rate environment and market needs taken into account.

As a result, the average maturity of outstanding JGBs (stock basis) at the end of FY2020 is estimated at nine years and four months.

Zones and each zone's issuance amount for Liquidity Enhancement Auctions, the issuance amount for Inflation-Indexed Bonds, etc. will be flexibly adjusted in response to the market environment and investment needs, based on discussions with market participants (Fig. 1-11).

Fig.1-10 Market Issuance Plan by JGB Types for FY2020 ( ~ )

( Unit: trillion yen )

	FY2019 (Initial)		FY2020 (Initial)		
	(per time)	(total ; a)	(per time)	(total ; b)	(b) - (a)
40-Year ( )	0.4 × 6times	2.4	0.5 × 6times	3.0	0.6
30-Year	0.7 × 12times	8.4	0.7 × 12times	8.4	
20-Year	0.9 × 12times	10.8	0.9 × 12times	10.8	
10-Year	2.1 × 12times	25.2	2.1 × 12times	25.2	
5-Year	1.9 × 12times	22.8	1.9 × 12times	22.8	
2-Year	2.0 × 12times	24.0	2.0 × 12times	24.0	
TBs(1-Year) ( )	1.8 × 12times	21.6	1.8 × 12times	21.6	
10-Year Inflation Indexed ( )	0.4 × 4times	1.6	0.4 × 4times	1.6	
Liquidity Enhancement Auction ( )		12.6		11.4	1.2
Total		129.4		128.8	0.6

In FY2020, 40-Year Bonds will be issued in May, July, September, November, January and March.

The total issuance of T-Bills, combining Treasury Bills (TB) and Financing Bills (FB), is planned at 1.9 trillion yen per issue.

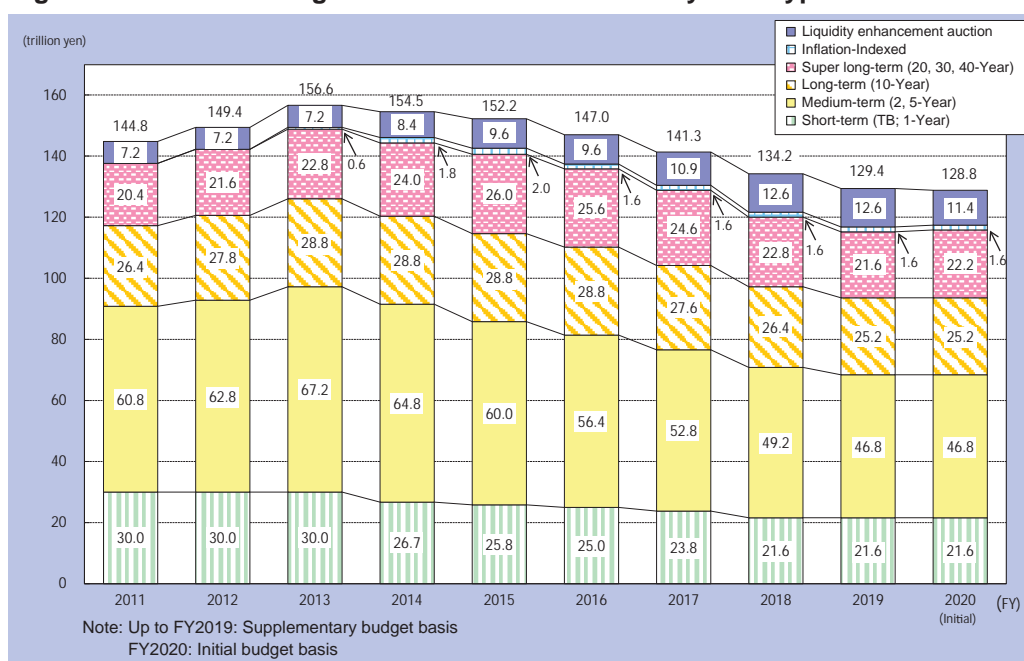
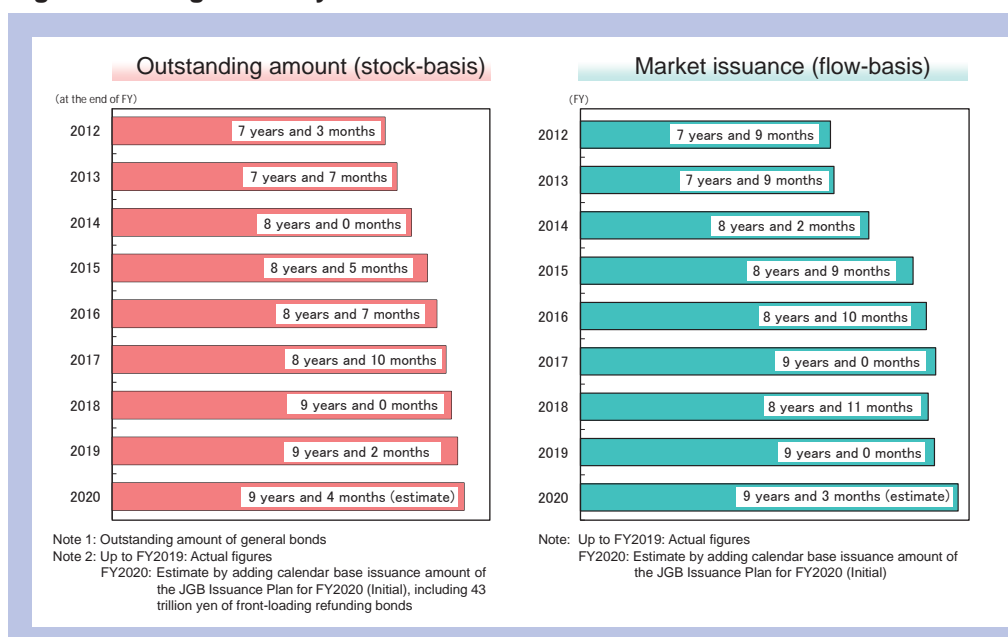
10-Year Inflation-Indexed Bonds will be issued in May, August, November and February. The size of 10-Year Inflation-Indexed Bonds issuance will be made flexibly, based on market conditions and discussion with market participants.

Zone-by-zone issuance amounts and other details of Liquidity Enhancement Auctions are flexibly adjusted in response to the market environment and investment needs based on discussions with market participants.

**Fig.1-11 Issuance Amounts by Zones for Liquidity Enhancement Auctions**

(Unit: trillion yen)

	FY2019 (Estimate)	FY2020 (Initial)	Compared to FY2019 (Estimate)
15.5-39 years	3.0	3.0	
5-15.5 years	7.2	6.0	1.2
1-5 years	2.4	2.4	
Total	12.6	11.4	1.2

**Fig.1-12 Historical Changes in JGB Market Issuance by JGB Types**

**Fig.1-13 Average Maturity of JGBs**


## Column 2 “Excess Revenue from JGB Issuance at a Price above Par Value” under Negative Interest Rates

### Excess Revenue under Negative Interest Rates

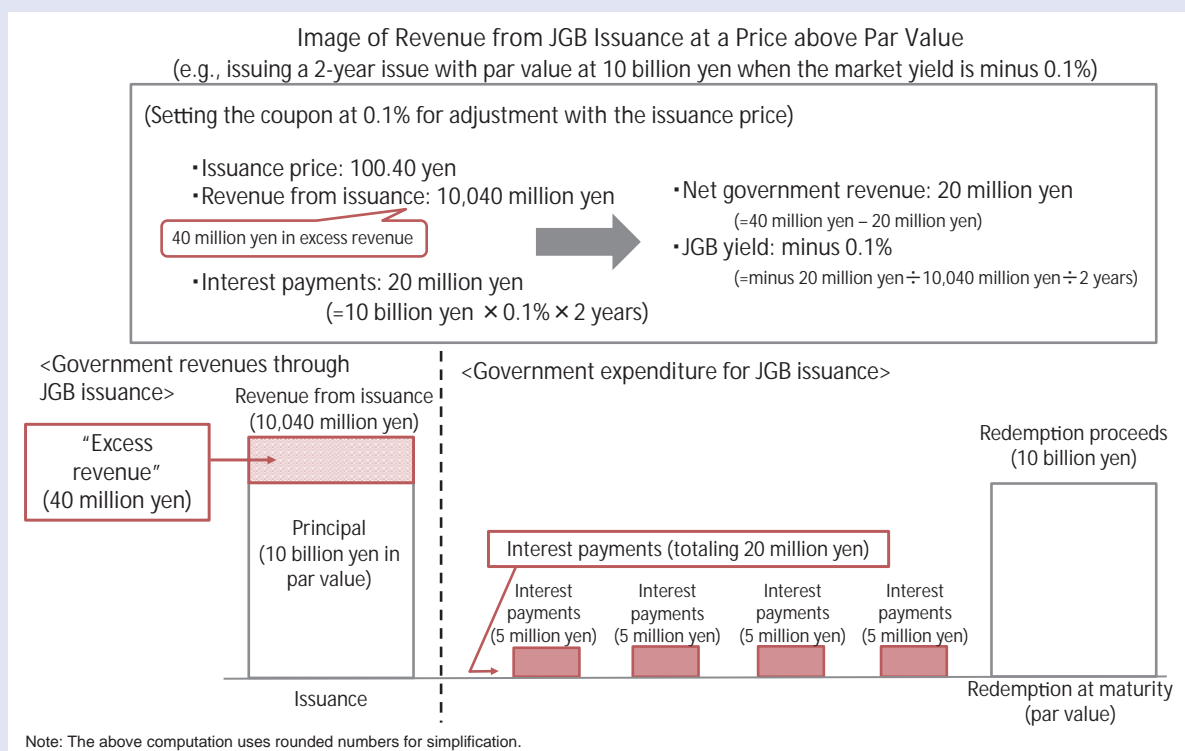
As described in Column 1 “JGB Yields,” the government presets coupons and maturities before issuing JGBs.

A coupon is preset according to a market yield level upon auction. As the minimum coupon is put at 0.1%, however, a market yield upon auction frequently slips below a coupon under current negative interest rates.

If the coupon exceeds the market yield, many market participants may try to buy JGBs yielding high interest income, resulting in a higher issuance price (payments from buyers to the government) set through auction than a par value (government payments upon redemption).

When the market yield on a 2-year issue (with par value at 100 yen) is minus 0.1%, the coupon is set at 0.1% (Fig. c2-1). Then, the issuance price comes at 100.40 yen  $(= (100 + 0.1 \times 2 \text{ years}) \div (100 + \text{minus } 0.1 \times 2 \text{ years}) \times 100)$ . If the issue worth 10,000 million yen at par is issued, government revenue would come to 10,040 million yen, resulting in 40 million yen in “excess revenue.” As government interest payments over 2 years to redemption total 20 million yen, the government’s net revenue would come to 20 million yen, matching 20 million yen  $(= 10,040 \times \text{minus } 0.1\% \times 2 \text{ years})$  meeting the market yield.

Fig.c2-1 Image of Revenue from JGB Issuance at a Price above Par Value



In this way, the issuance price and revenue amount seemingly indicate “excess revenue.” In exchange for the excess revenue, however, the government will have to pay a higher interest (0.1%) than the market yield (minus 0.1%). Over a long term, the “excess revenue” will be reduced, leading the government to receive revenue (or incur costs) meeting the market yield.

### Adequate Debt Management Promotion under Negative Interest Rates

As explained in , the market yield upon auction slips below the coupon in the low interest rate environment, leading revenue from JGB issuance to exceed the par value. As a result, actual JGB issuance revenue exceeds the originally planned JGB issuance revenue amount, bringing about a deviation between planned and actual JGB issuance revenue amounts.

The MOF implements the following measures to correct any deviation between planned and actual JGB issuance revenue amounts.

Since the FY2018 JGB Issuance Plan, the MOF has underestimated the JGB Market Issuance (Calendar Base) based on the par value, taking into account issuance prices' excess over par value in auctions.

The MOF is going to lower the minimum coupon rate now at 0.1% to correct any deviation between the market yield and a coupon upon auction.

As the JGB issuance authority, the MOF will continue its effort to promote adequate debt management through these measures.



## Column 3 Approach on Average Maturity of JGBs (Flow and Stock Basis)

In the Debt Management Policy, the basic principle is to devise an adequate maturity distribution while considering the tradeoff between fundraising costs and refunding risks. In formulating the annual JGB Issuance Plan, the Ministry of Finance had tried to lengthen the average maturity of JGBs in view of low interest rates.

What should be given priority from the viewpoint of the Debt Management Policy to address interest rate hike risks is the average maturity of the outstanding balance of JGBs (stock basis). In the past, however, the government paid attention to the average maturity of the calendar-based JGB issuance (flow basis). One of the reasons was that the flow-basis average maturity was easy to be grasped as statistics.

If the Ministry of Finance continues to draft the annual JGB Issuance Plan for the purpose of lengthening the flow-basis average maturity, however, they may not be able to make flexible responses to temporary demand trends, leading fundraising costs to increase. If market environment changes force the average maturity to be shortened rapidly, market participants may lose confidence in the Debt Management Policy.

As the outstanding balance of JGBs had increased, the influence that a change in the annual flow-basis maturity distribution exerts on the stock-basis average maturity had declined. Even if the flow-basis average maturity is kept at the present level, the stock-basis average maturity is expected to remain stable for the immediate future.

Therefore, the Ministry of Finance currently formulates the JGB Issuance Plan while paying attention to the market needs that have been aware of through various meetings, the structure of the JGB investor base and major investors' debt mix, and assessing a proper level for the stock-basis average maturity without necessarily sticking to lengthening the flow-basis average maturity.

(Reference) Ideas about new super long-term government bonds including 50- and 100-Year Government Bonds

As government debt issuance based on market needs and the diversification of debt issues are key matters of consideration regarding stable Debt Management Policy implementation, the government has issued government bonds with various maturities ranging from 1 to 40 years.

While new super long-term bonds including 50- and 100-Year Government Bonds have attracted attention in the recent low interest rate environment, Japan has been able to raise funds as required by issuing those existing bonds even without resorting to 50- or 100-year bonds.

In general, an increase in super long-term bonds allows the government to avoid the risk of rising interest rates at the time of short-term bond redemption and refunding. However, interest rates on super long-term bonds are higher than on shorter-term ones, leading to a rise in debt service costs. In this way, there is a tradeoff between the risk and costs regarding the issuance of super long-term bonds.

To ensure the smooth, secure issuance of Japanese Government Bonds and minimize medium- to long-term fundraising costs, including super long-term bonds, it is indispensable to issue them in a manner to meet medium- to long-term market needs.

## Column 4 Cost-at-Risk Analysis

### Objective

In October 2019, the government convened a meeting of the Advisory Council on Government Debt Management to launch discussions for drafting the JGB Issuance Plan for FY2020.

Government debt management must deal with various future risks. It is important to properly assess and manage these risks in order to minimize the fundraising cost in the medium-to-long term.

In drafting the annual JGB issuance plan, the Ministry of Finance engages in a dialogue with market participants and additionally uses the results of the Cost-at-Risk (“CaR”) analysis for quantitative examination purposes.

CaR and other quantitative analyses are not the only things used for drafting the JGB issuance plans. It is vital that the JGB issuance plan is formulated on the basis of comprehensive judgment covering investor demand based on dialogue with market participants, the need for maintaining and enhancing market liquidity, and other factors.

### CaR Analysis

The CaR analysis simulates future chronological interest rate fluctuations with a probabilistic interest rate model and measures and assesses the distribution of future interest payment rates arising from JGB Issuance Plans and the outstanding amount of JGBs. The analysis estimates the average of interest payment rates (cost) in the next 10 years and the degree of their fluctuations (risk).

Fig.c4-1 Framework of CaR Analysis

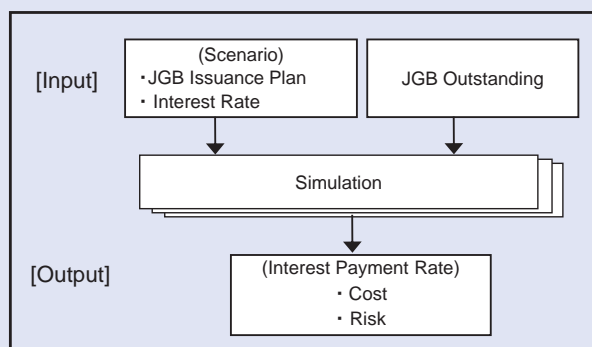
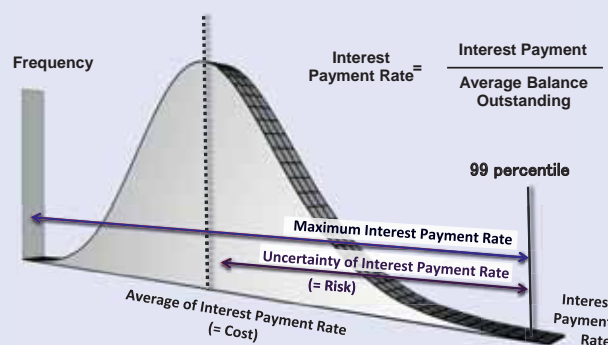


Fig.c4-2 Distribution of Interest Payment Rates (Conceptual Diagram)

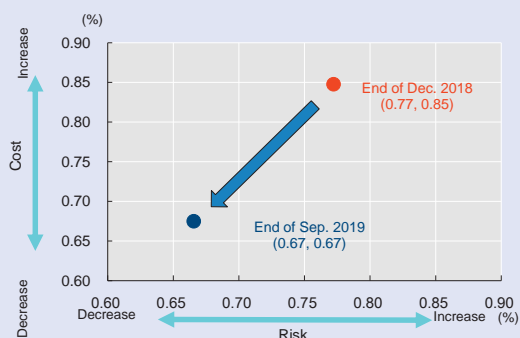


## Cost and Risk Trend

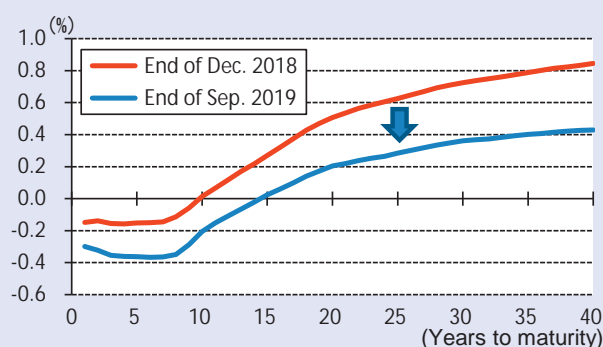
Following is the CaR analysis at a meeting of the Advisory Council on Government Debt Management in October 2019. Fig. c4-3 shows cost and risk estimates based on “the current yield curve (blue line at the end of September 2019)” and “the past yield curve (red line at the end of December 2018).”

The cost and risk estimates based on the current yield curve are lower than those based on the past yield curve. This is attributable to an interest rate environment change in which interest rate and volatility levels generally declined (Fig. c4-4).

**Fig.c4-3 Cost-risk relationship**



**Fig.c4-4 Yield curves**



### [Assumptions]

- Analysis period: 10 years (“at the end of September 2019” : from FY2019, “at the end of December 2018” : from FY2018)
- Interest rate: Simulated based on the level at the end of September 2019 (the end of December 2018) and the volatility over the past 20 years
- Target debt: General Bonds (excluding the Special Bonds for Covering Public Pension Funding and the Reconstruction Bonds)
- Amounts of newly issued Bonds: “Economic Growth Achieved Case” in the Cabinet Office’s “Economic and Fiscal Projections for Medium to Long Term Analysis (July 2019)”
- Amounts of Refunding Bonds: Refunding Bonds based on redemption for each fiscal year

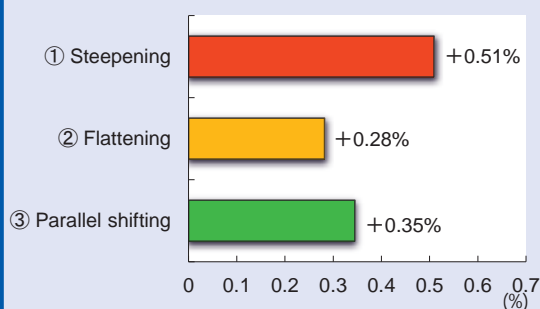
Note: Excluding FILP Bonds and Liquidity Enhancement Auctions. Using the maturity mix of JGBs for Retail Investors on JGB issuance plan for FY2019.

## Impact of Discontinuous Interest Rate Rises on Interest Payment Rates

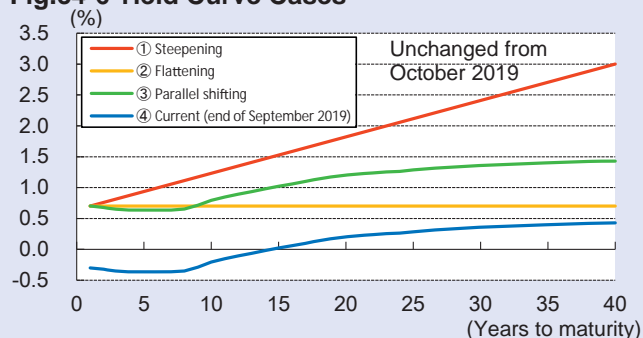
While the above CaR analysis is based on the current low interest rate environment (at the end of September 2019), the impact of discontinuous interest rate rises is required to be checked. The following figures (Figs. c4-5 and c4-6) compare the current interest payment rate ( ) with those for the automatic extensions (steepening, flattening and parallel shifting) of the current yield curve.

Interest payment rates dramatically change depending on yield curve shapes. This point should be taken into account when future JGB issuance is considered.

**Fig.c4-5 Changes in (Average) Interest Payment Rates**



**Fig.c4-6 Yield Curve Cases**



Note: Interest rate assumptions: The current level plus 1% for all maturities for parallel shifting, a 1-year rate for all maturities after parallel shifting for flattening, or a linear interpolation between 1-year rate after parallel shifting and a 40-year rate around 2.3% above the 1-year rate (the historical maximum gap between 1- and 40-year rates) for steepening.

### 3 Revisions to JGB Issuance Plan for FY2020

#### (1) “Emergency Economic Measures ” and Revisions to JGB Issuance Plan for FY2020

The Novel Coronavirus (COVID-19) pandemic has gone rampant throughout the world since the beginning of the year, with infections increasing rapidly mainly in major urban regions in Japan, exerting huge impacts on Japanese and other economies. The world economy now faces the greatest crisis since World War II. In such situation, the Government formulated a package of “Emergency Economic Measures to Cope with COVID-19” worth 117.1 trillion yen on April 20, 2020, to take strong economic policy measures commensurate with the huge magnitude of the pandemic to prevent Japan from returning to a deflationary state, overcome deflation and revitalize the economy, and secure a path to fiscal consolidation through economic revitalization.

In response to the “Emergency Economic Measures to Cope with COVID-19,” the Government formulated the first supplementary budget for FY2020 and the second one to enhance the first one. Based on these supplementary budgets, the JGB Issuance Plan for FY2020 was revised on April 20 and May 27, 2020.

#### (2) Sharp Increases in Total JGB Issuance and JGB Market Issuance Amounts

Under the supplementary budgets, the total amount of JGBs to be issued in FY2020 was increased by 99.8 trillion yen from the initial FY2020 plan to 253.3 trillion yen (Figs. 1-14 and 1-15). The total includes 90.2 trillion yen in newly-issued bonds (special deficit-financing and construction bonds), up 57.6 trillion yen from the initial plan, and 54.2 trillion yen in FILP bonds, up 42.2 trillion yen.

The calendar-based JGB Market Issuance amount was increased by 83.5 trillion yen from the initial plan to 212.3 trillion yen. As for the maturity composition of the amount, the MOF set increases for short- to super long-term zones by taking into account market trends and investor needs for each zone after careful dialogue with the market through such forums as the Meeting of JGB Market Special Participants to minimize the impact on the market (Figs. 1-16 and 1-17).

Specifically, the issuance amount was raised by 1.8 trillion yen for 30-Year Bonds, by 2.7 trillion yen for 20-Year Bonds, by 4.5 trillion yen for 10-Year Bonds, by 5.4 trillion yen for 5-Year Bonds, by 9.0 trillion yen for 2-Year Bonds, by 15.3 trillion yen for 1-Year Treasury Bills and by 45.6 trillion yen for 6-month Treasury Bills. The issuance amount for 10-Year Inflation-Indexed Bonds was cut by 0.8 trillion yen, based on market conditions and discussions with market participants. No change was made in the issuance amounts for 40-Year Bonds and Liquidity Enhancement Auctions.

**Fig.1-14 JGB Issuance Plan for FY2020 (after Supplementary Budget for FY2020)**

<Breakdown by Legal Grounds> (Unit: billion yen)						<Breakdown by Financing Methods> (Unit: billion yen)					
	FY2020 (Initial)	FY2020 (1st Supplementary Budget)	FY2020 (2nd Supplementary Budget)				FY2020 (Initial)	FY2020 (1st Supplementary Budget)	FY2020 (2nd Supplementary Budget)		
	(a)	(b)	(c)	(c) - (a)	(c) - (b)		(a)	(b)	(c)	(c) - (a)	(c) - (b)
Newly-issued Bonds	32,556.2	58,247.6	90,158.9	57,602.7	31,911.4	JGB Market Issuance (Calendar Base)	128,800.0	152,800.0	212,300.0	83,500.0	59,500.0
Construction Bonds	7,110.0	9,439.0	18,738.0	11,628.0	9,299.0	Non-Price Competitive Auction II, etc.	7,988.4	9,054.0	10,062.0	2,073.6	1,008.0
Special Deficit-Financing Bonds	25,446.2	48,808.6	71,420.9	45,974.7	22,612.4	Adjustment between fiscal years	9,673.7	19,699.5	23,902.8	14,229.1	4,203.4
Reconstruction Bonds	924.1	924.1	924.1	-	-	Subtotal Financed in the Market	146,462.1	181,553.5	246,264.8	99,802.7	64,711.4
FILP Bonds	12,000.0	21,400.0	54,200.0	42,200.0	32,800.0	Sales for Households	4,800.0	4,800.0	4,800.0	-	-
Refunding Bonds	107,981.8	107,981.8	107,981.8	-	-	BOJ Rollover	2,200.0	2,200.0	2,200.0	-	-
For matured Reconstruction Bonds	1,693.2	1,693.2	1,693.2	-	-	Total	153,462.1	188,553.5	253,264.8	99,802.7	64,711.4
Total	153,462.1	188,553.5	253,264.8	99,802.7	64,711.4						

- Buy-back program in FY2020 is planned to be implemented based on market conditions and through discussions with market participants.
- The maximum amount of front-loading issuance of Refunding Bonds in FY2020 is 43 trillion yen.

Note 1: Figures may not sum up to the total because of rounding.

Note 2: "JGB Market Issuance (Calendar Base)" refers to JGBs issued at face value by scheduled auctions from April to next March (normal auctions).

Note 3: Non-Price Competitive Auction II is an additional issuance for JGB Market Special Participants after the normal auction (the amount assignable to each Market Special Participant does not exceed 10% of the amount awarded to it in the normal auction), and the price for the additional issuance is equal to the weighted average accepted price in the normal auction.

The amount of Non-Price Competitive Auction II is calculated by multiplying the amount of "JGB Market Issuance (Calendar Base)" (40-Year, 30-Year, 20-Year, 10-Year, 5-Year and 2-Year Bonds) by 7% (the amount reflects the impact of reduction in the maximum issuance amount).

Note 4: "Adjustment between fiscal years" refers to leveling-off of the issuance amount between fiscal years through front-loading issuance and deferred issuance in the accounting adjustment term.

**Fig.1-15 Historical Changes in Total JGB Issuance Amounts (after Supplementary Budget for FY2020)**

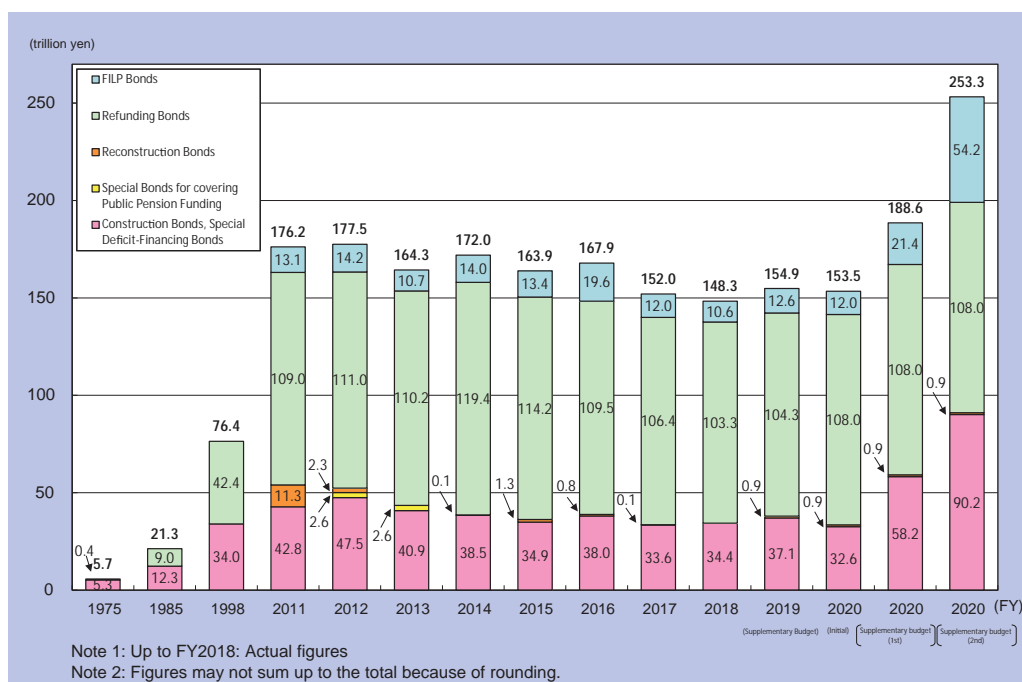


Fig.1-16 Market Issuance Plan by JGB Types for FY2020 (after Supplementary Budget for FY2020)

(Unit: trillion yen)

	FY2020 (Initial)		FY2020 (1st Supplementary Budget)		FY2020 (2nd Supplementary Budget)			
	(per time)	(total ; a)	(per time)	(total ; b)	(per time)	(total ; c)	(c)-(a)	(c)-(b)
40-Year	0.5 × 6 times	3.0	0.5 × 6 times	3.0	0.5 × 6 times	3.0		
30-Year	0.7 × 12 times	8.4	0.7 × 3 times 0.8 × 9 times	9.3	0.7 × 3 times 0.9 × 9 times	10.2	1.8	0.9
20-Year	0.9 × 12 times	10.8	0.9 × 3 times 1.0 × 9 times	11.7	0.9 × 3 times 1.2 × 9 times	13.5	2.7	1.8
10-Year	2.1 × 12 times	25.2	2.1 × 3 times 2.3 × 9 times	27.0	2.1 × 3 times 2.6 × 9 times	29.7	4.5	2.7
5-Year	1.9 × 12 times	22.8	1.9 × 3 times 2.1 × 9 times	24.6	1.9 × 3 times 2.5 × 9 times	28.2	5.4	3.6
2-Year	2.0 × 12 times	24.0	2.0 × 3 times 2.4 × 9 times	27.6	2.0 × 3 times 3.0 × 9 times	33.0	9.0	5.4
TBs		21.6		37.0		82.5	60.9	45.5
10-Year Inflation-Indexed	0.4 × 4 times	1.6	0.3 × 4 times	1.2	0.2 × 4 times	0.8	0.8	0.4
Liquidity Enhancement Auction		11.4		11.4		11.4		
<b>Total</b>		<b>128.8</b>		<b>152.8</b>		<b>212.3</b>	<b>83.5</b>	<b>59.5</b>

Fig.1 Issuance Amounts for TBs

	FY2020 (Initial) (total ; a)	FY2020 (1st Supplementary Budget) (total ; b)	FY2020 (2nd Supplementary Budget) (total ; c)	(c)-(a)	(c)-(b)
TBs (1-Year)	1.8 × 12 times 21.6	1.8 × 3 times 2.4 × 9 times 27.0	1.8 × 3 times 3.5 × 9 times 36.9	15.3	9.9
TBs (6-Month)		10.0	45.6	45.6	35.6

Fig.2 Issuance Amounts by Zones for Liquidity Enhancement Auctions

	FY2020 (Initial) (a)	FY2020 (1st Supplementary Budget) (b)	FY2020 (2nd Supplementary Budget) (c)	(c)-(a)	(c)-(b)
15.5-39 years	3.0	3.0	3.0		
5-15.5 years	6.0	6.0	6.0		
1-5 years	2.4	2.4	2.4		

Note 1: The issuance amount of the latter half of the fiscal year can be changed based on discussions with market participants in response to market circumstances and issuance conditions.

Note 2: The 40-Year bond will be issued in May, July, September, November, January and March.

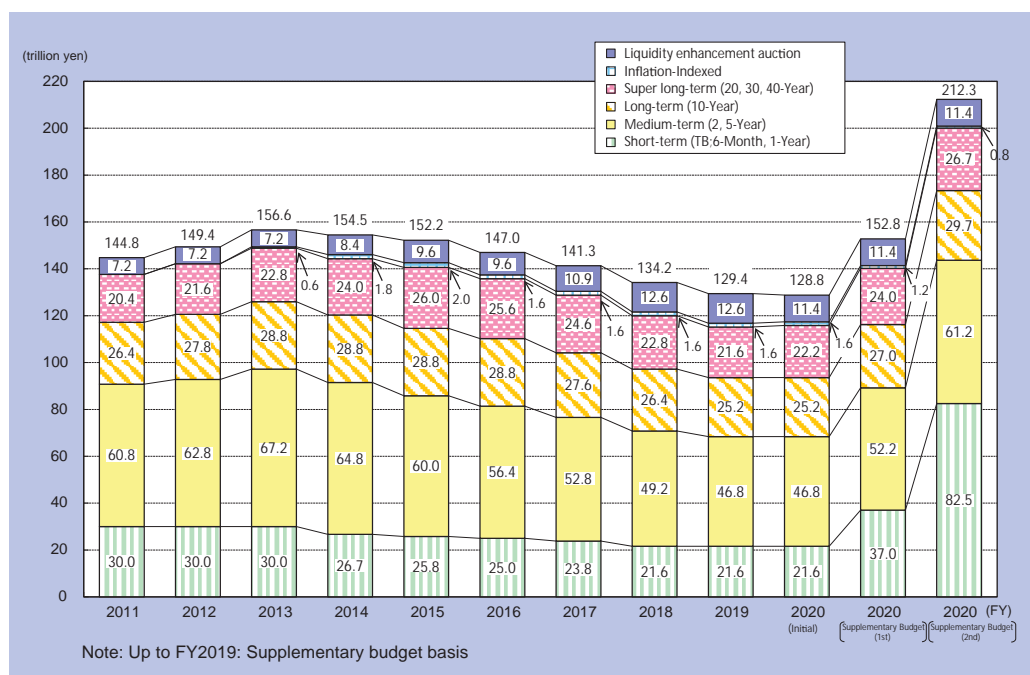
Note 3: Treasury Bills (TBs) are jointly issued with Financing Bills (FBs), under unified names of Treasury Discount Bills (T-Bills). The maturity of TBs, its issuance amount, and the number of auctions may be adjusted in a flexible manner in response to market circumstances and demands of investors, while the maturity and the issuance amount on the table (Figure 1) are set as a basic plan.

Note 4: The 10-Year Inflation-Indexed Bond is planned to be issued in May, August, November and February. The issuance amount may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants.

Note 5: The issuance amount of liquidity enhancement auction and its allocation among each zone may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants, while the issuance amount and zones on the table (Figure2) are set as a basic plan.

Note 6: The floor of the nominal rate on coupon-bearing JGBs is planned to lower from April 2021.

Fig.1-17 Historical Changes in Market Issuance Plan by JGB Types (after Supplementary Budget for FY2020)



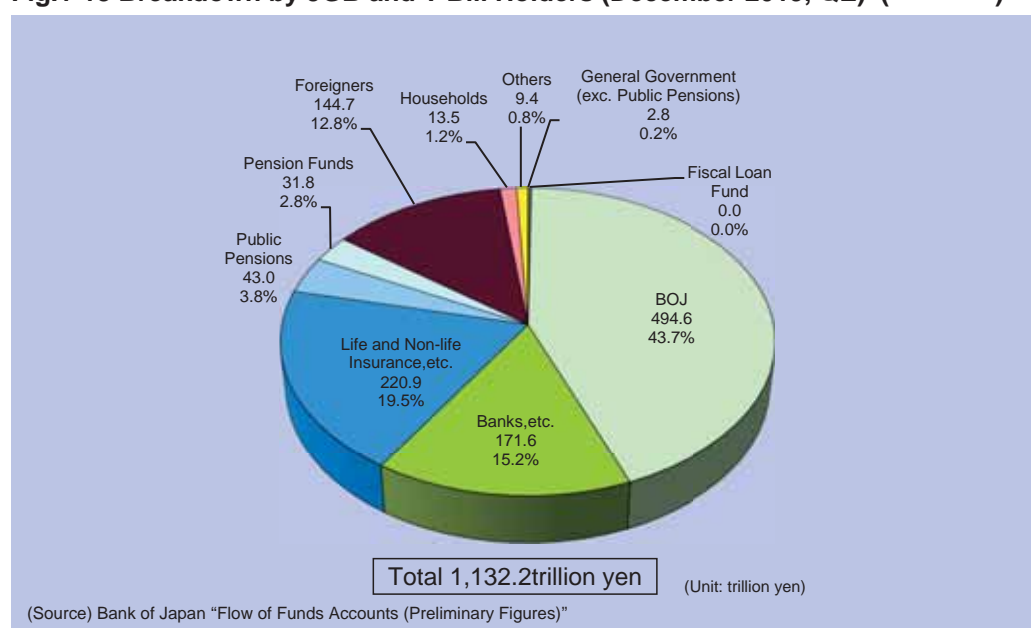


## 4 Diversification of JGB Investor Base

At present, the outstanding amount of JGBs is enormous. Therefore, it has become an important issue to ensure the stable issuance of JGBs by diversifying the investor base.

Specifically, diverse investors JGB holding based on various investment needs is expected to stabilize the market by preventing transactions from going in a single direction even if market conditions change. Therefore, the MOF has made efforts to promote JGB holdings not only by domestic institutional investors such as banks and life insurance companies but also by retail investors and foreign investors.

Fig.1-18 Breakdown by JGB and T-Bill Holders (December 2019, QE) ( ~ )



"T-Bill" is the sum of "Treasury Bills (TBs)" and "Financial Bills (FBs)" with a maturity of 1 year or less and TBs and FBs have been jointly issued since February 2009.

"JGBs" in the figures represent the outstanding balance of JGBs (including FILP bonds) excluding TBs maturing within one year or less.

"Banks, etc." includes "Japan Post Bank", "Securities investment trust" and "Securities Companies."

"Life and Non-life insurance" includes "Japan Post Insurance."

Fig.1-19 Breakdown by JGB Holders ( ~ )

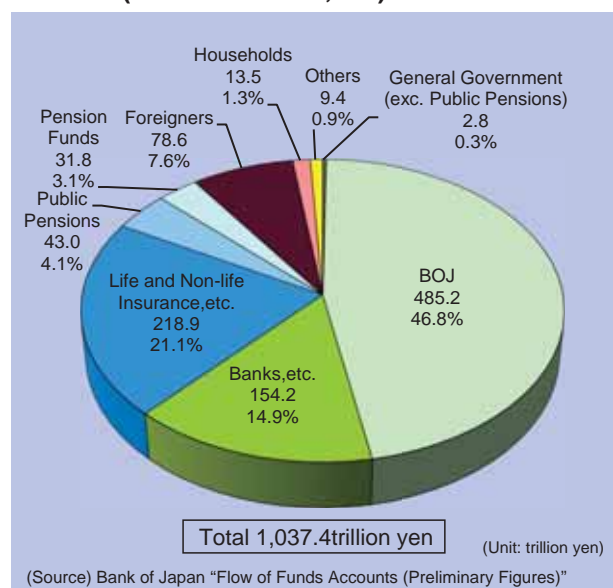
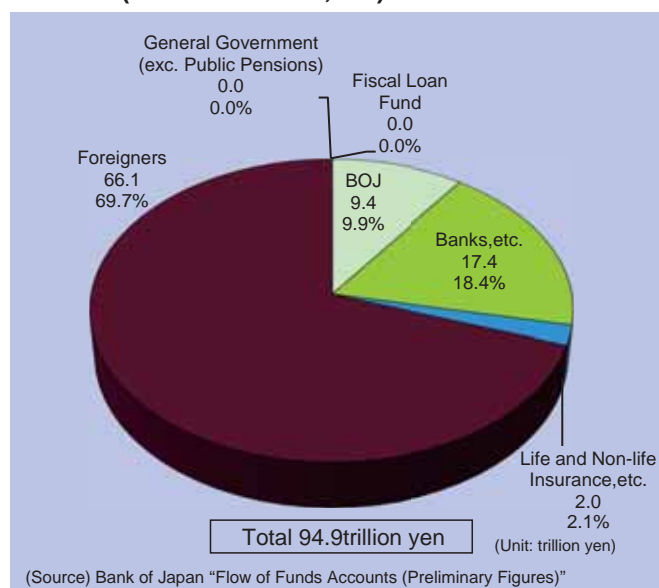


Fig.1-20 Breakdown by T-Bill Holders ( , , )



## (1) JGB Holdings by Retail Investors

Ref: II Chapter 1 1(3)  
“Methods of Issuance”  
(P43)

To promote JGB sales to retail investors, the government introduced 10-Year Floating-Rate Bonds for Retail Investors in March 2003, 5-Year Fixed-Rate Bonds for Retail Investors in January 2006 and 3-Year Fixed-Rate Bonds for Retail Investors in July 2010, and launched the new Over-The-Counter (OTC) sales system in October 2007.

As sales to retail investors slackened later due to falling interest rates with households' JGB ownership declining, however, the government has continuously promoted public relations activities to improve citizens' understanding of JGBs for Retail Investors and implemented the following sales promotion measures:

- Revisions of the rate-setting formula for JGBs for Retail Investors (10-Year Floating Rate JGBs) (July 2011)
- Unification of the conditions for redemption before maturity (April 2012)
- Introduction of monthly subscription and issuance for 10-Year Floating-Rate and 5-Year Fixed-Rate Bonds for Retail Investors in addition to 3-Year Fixed-Rate Bonds (from December 2013)
- Revision of first interest payment adjustments for JGBs for Retail Investors (May 2016)

To promote retail investors' long-term holdings of JGBs, we plan to revise the fees the MOF pays to intermediaries for JGBs to be offered from September 2020 ( ).

While returns on other financial instruments remained low, the FY2019 issuance amount for JGBs for Retail Investors, for which the minimum interest rate of 0.05% is guaranteed, totaled 5.2 trillion yen. Households' JGB ownership has ceased to decline, leveling in recent years.

Reducing the bond sales fee (3-Year Fixed-Rate: 0.08 yen per 100 yen nominal par; 5-Year Fixed-Rate: 0.11 yen per 100 yen nominal par; 10-Year Floating-Rate: 0.14 yen per 100 yen nominal par), and paying 2/10,000 of the balance of the participant account as the management fee upon payment of interest on JGBs for Retail Investors from the sale in October 2020 (offered in September 2020).

Fig.1-21 Household JGB Holdings Trend

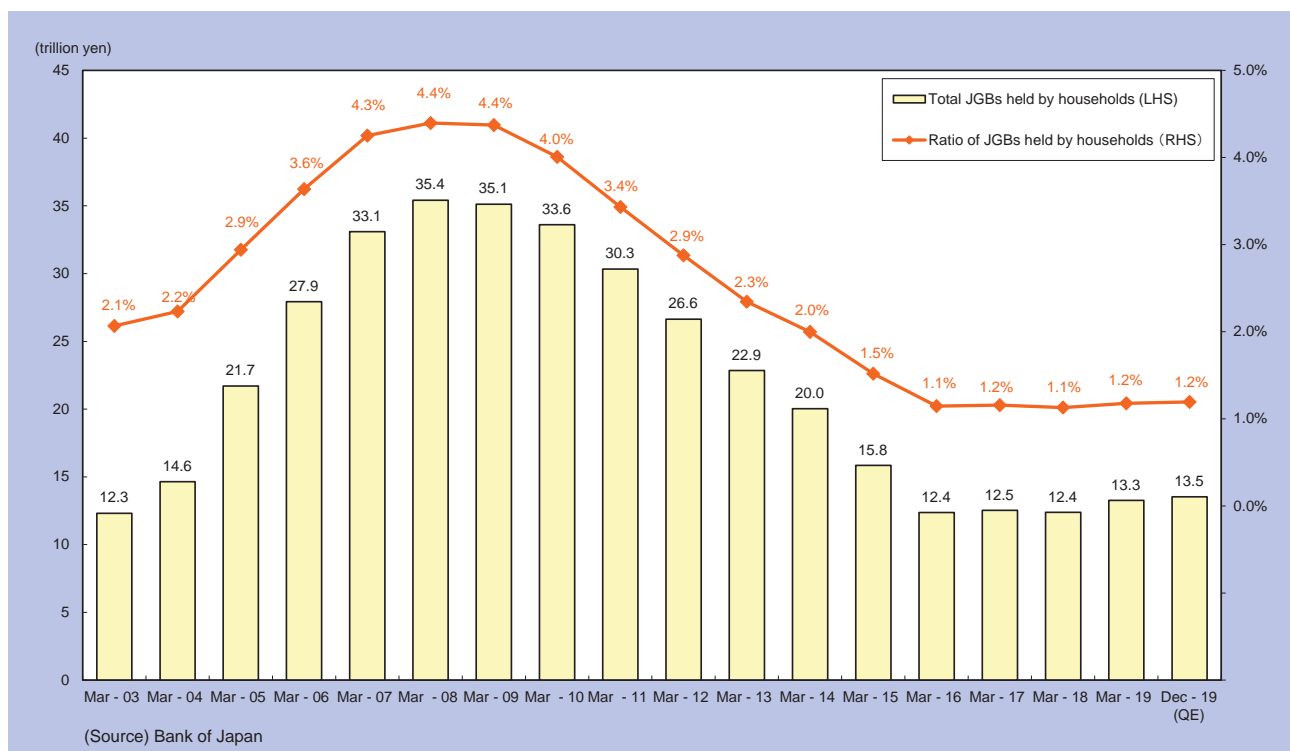




Fig.1-22 Issuance and Redemption of JGBs for Retail Investors

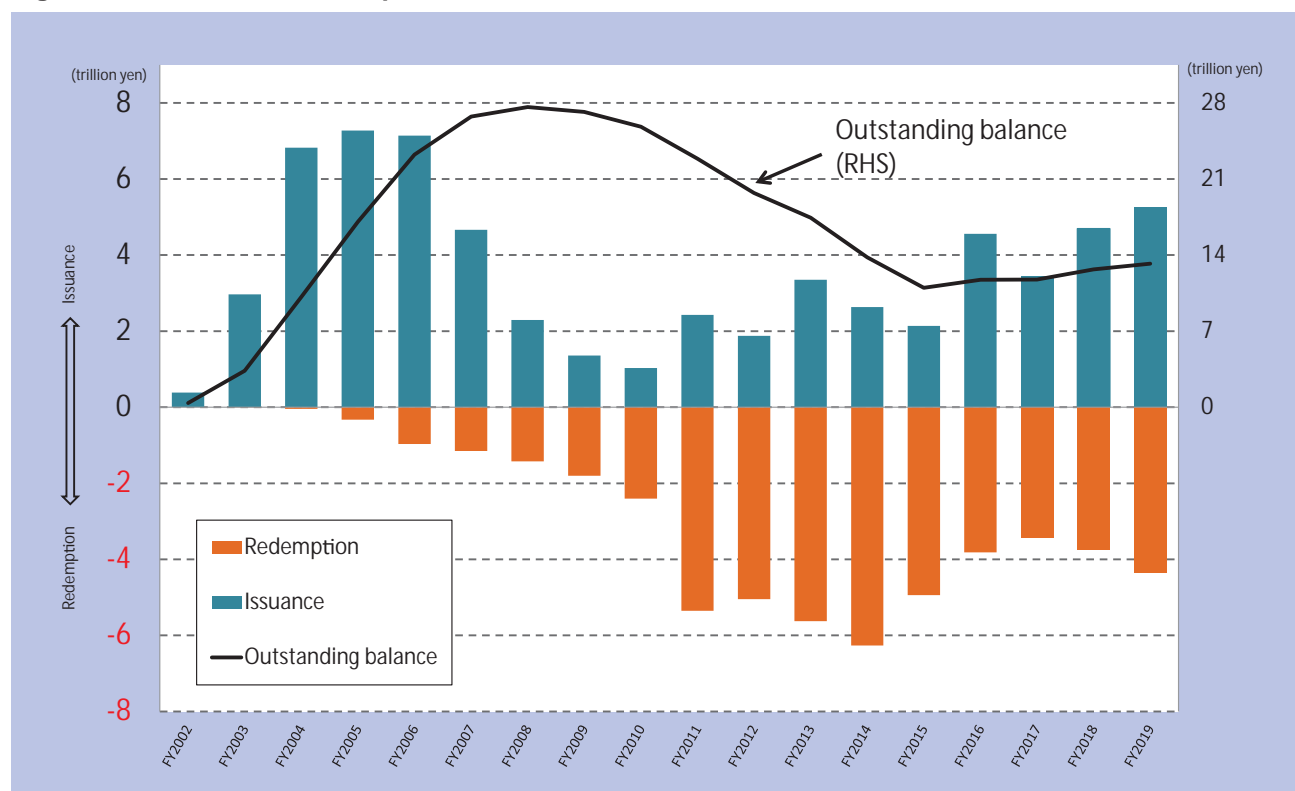
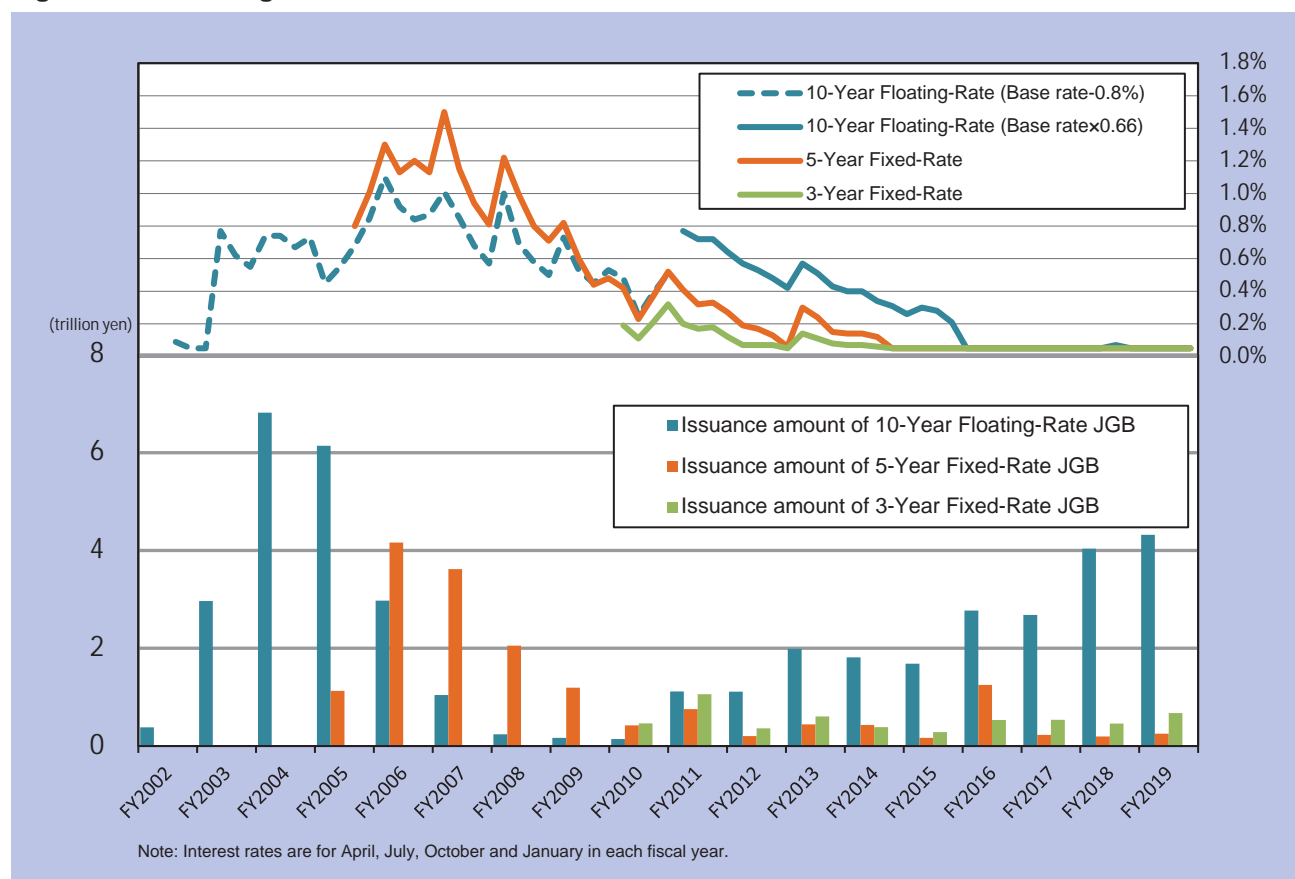


Fig.1-23 Outstanding JGBs for Retail Investors



## (2) JGB Holdings by Foreign Investors

### A. Foreign Investors' Presence

The status of JGB holdings by foreign investors can be found in the “Flow-of-Funds Accounts” published by the BOJ on a quarterly basis (Fig. 1-24).

Foreign investors reduced their JGB holdings due to a credit squeeze accompanying the financial crisis after the 2008 Lehman Shock. Their holdings of JGBs plunged from 8.5% (at the end of September 2008) to 5.6% (at the end of March 2010). Later, however, their demand for JGBs, deemed a safe asset, emerged due to global investment funds inflow into the JGB market on the back of major countries' monetary easing and the so-called “flight to quality” under the European sovereign debt crisis amid a global economic recovery trend.

Foreign investors temporarily reduced JGB holdings as JGB volatility headed higher just after the BOJ's decision at its Monetary Policy Meeting in April 2013 to introduce the Quantitative and Qualitative Monetary Easing policy. Nevertheless, foreign investors' JGB holdings turned upward as JGB yields remained stable at low levels due to destabilization factors in emerging and other foreign countries.

As JGBs have looked attractive to foreign investors due to the low yen fundraising costs on the back of the tightening dollar supply-demand balance in recent years, their JGB holdings have followed an uptrend. At the end of December 2019, foreign investors' share of outstanding JGBs totaled 144.7 trillion yen or 12.8%.

Foreign investors' JGB investment has featured a focus on short-term issues. At the end of December 2019, they held 7.6% of outstanding JGBs (excluding T-Bills) and 69.7% of T-Bills (Fig. 1-25). Foreign investors also feature their active trading on the secondary market. Their share of secondary market transactions at the end of December 2019 reached 38.7% for spot trading and 60.2% for futures trading (Fig. 1-26). Foreign investors' presence on the secondary market is greater than indicated by their JGB holdings and should be kept under close watch.

Fig.1-24 JGB Holdings by Foreign Investors

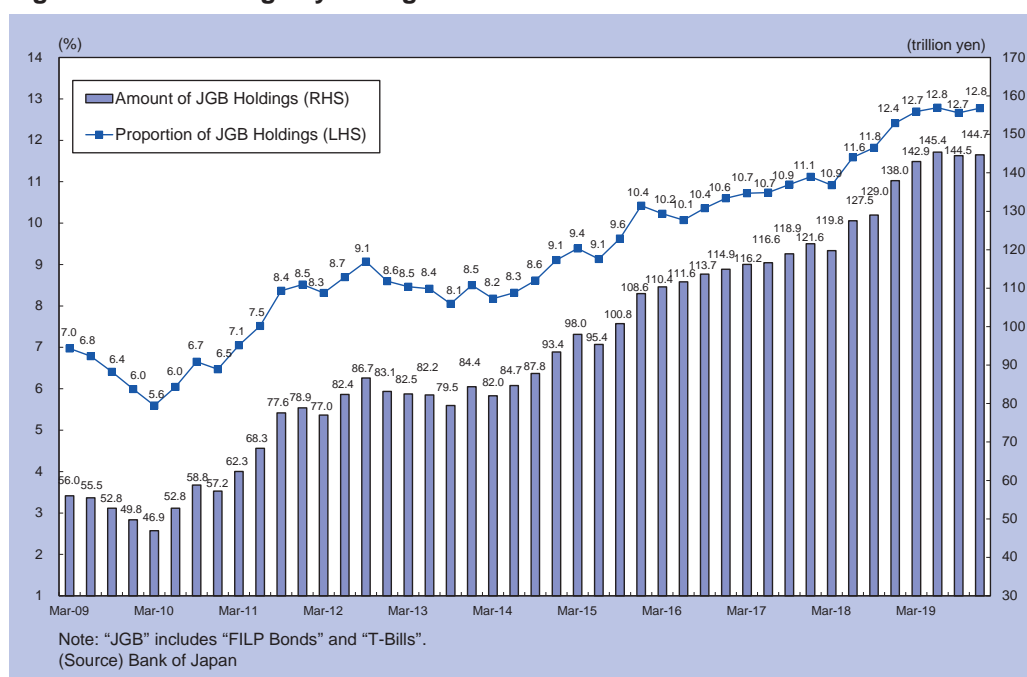


Fig.1-25 JGB Holdings by Foreign Investors (including T-Bills)

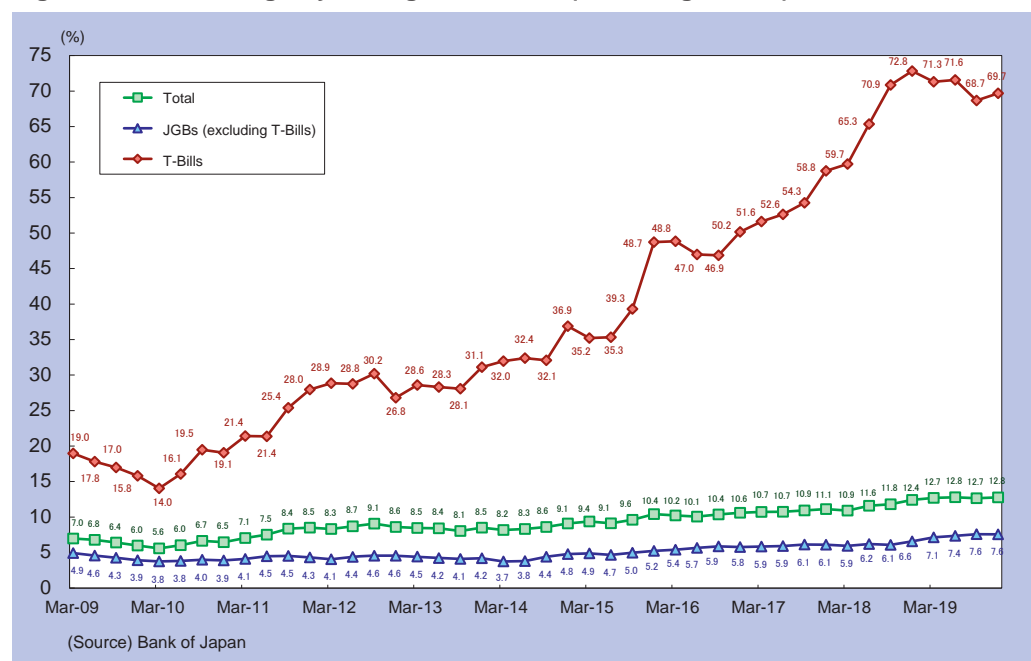
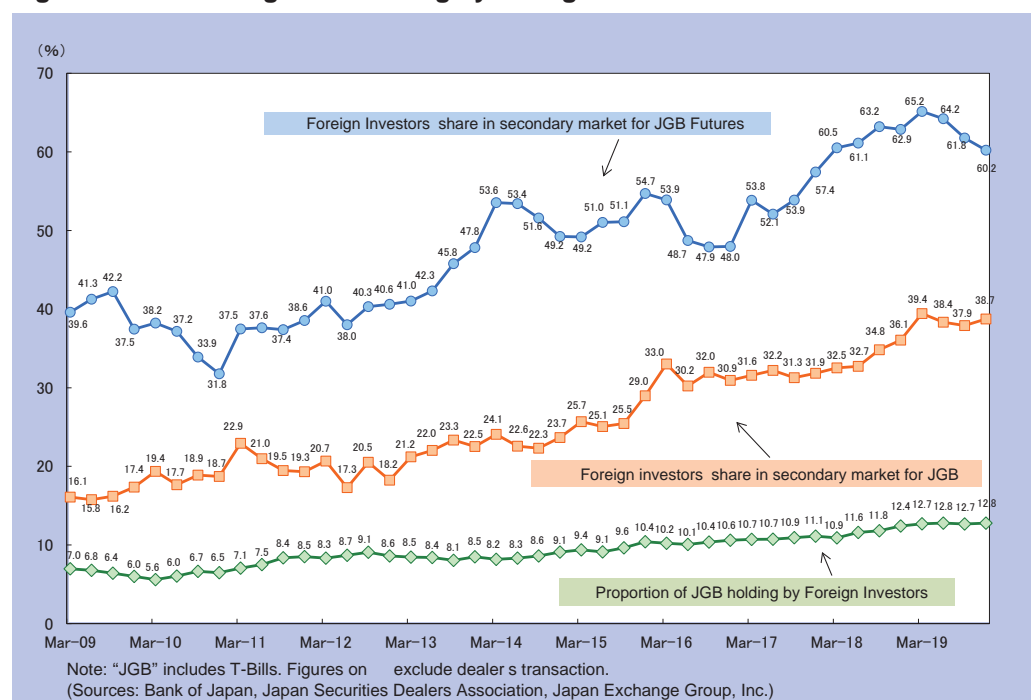


Fig.1-26 JGB Holdings and Trading by Foreign Investors



## B. Breaking down Foreign Investors

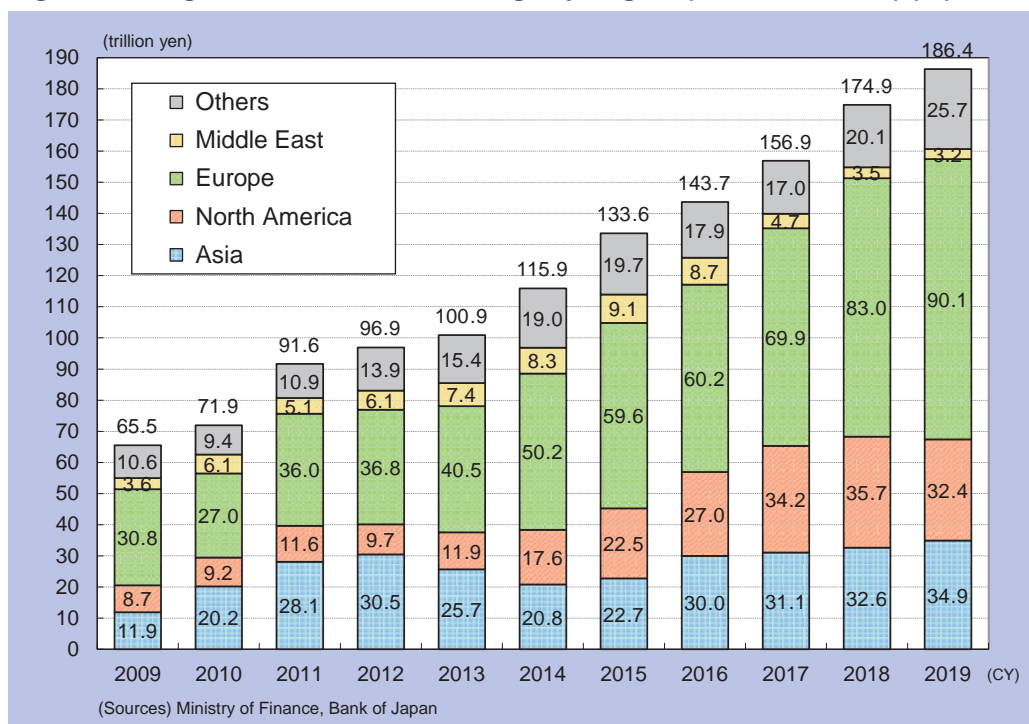
There are various foreign investors including "real money" institutional investors such as central banks managing foreign exchange reserves, international financial institutions, pension funds, life insurance companies and asset management firms, as well as hedge funds.

Generally, it is said that institutional investors like central banks, pension funds and life insurance companies give greater priority to safety, liquidity and stable long-term holdings, on the other hand, hedge funds mainly invest in relatively short-term period utilizing derivatives and so on. However, some "real money" institutional investors conduct relatively short-term

investment, while some hedge funds implement relatively long-term investment. As shown above, there are variety of investment styles. Recently, a wide range of foreign investors have intensified investment in short- to medium-term JGBs by taking advantage of basis swaps.

As for a region-by-region breakdown of foreign investors, the Ministry of Finance and the BOJ release a nationality-by-nationality breakdown of foreign investors Japanese bond holdings including JGBs in the balance of payments statistics (Regional Portfolio Investment and Financial Derivatives Position (Liabilities)). According to the balance of payments statistics, JGB and other Japanese bond holdings total (1) 90.1 trillion yen in Europe, (2) 34.9 trillion yen in Asia, (3) 32.4 trillion yen in North America, (4) 12.1 trillion yen in Central and South America and (5) 3.2 trillion yen in the Middle East (Fig. 1-27). A country-by-country breakdown of Japanese bonds held overseas indicates that the five largest holders of these bonds are (1) the U.S. with 31.3 trillion yen, (2) Belgium with 28.5 trillion yen, (3) Luxembourg with 26.0 trillion yen, (4) China with 16.1 trillion yen, and (5) the U.K. with 12.2 trillion yen.

Fig.1-27 Foreign Investors Bond Holdings by Region (Custodian Base) ( )

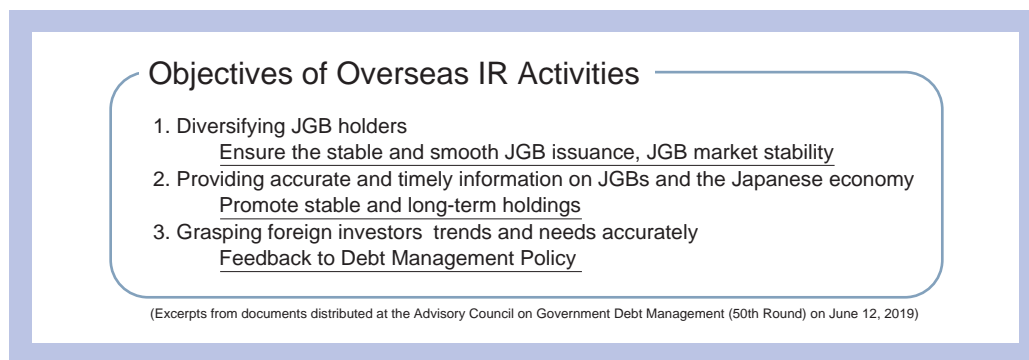


In addition to JGBs, all of the bonds issued by residents in Japan such as Local Government Bonds and corporate bonds are included. Given that the balance of payments statistics provide a country-by-country breakdown of Japanese bond holders including custodians (financial institutions that take custody of and manage securities including shares and bonds), we must take note of the fact that the breakdown does not necessarily give a region-by-region breakdown of final investors.

### C. Overseas Investor Relations (IR) Efforts

Since 2005, the Ministry of Finance has made efforts to enhance relations with foreign investors in JGBs. The activities aim to diversify the JGB investor base, including foreign investors, for the purpose of stabilizing the JGB market and provide accurate information on a timely basis that meets investors' needs for the purpose of encouraging them to hold JGBs longer and more stably (Fig. 1-28).

**Fig.1-28 Objectives of Overseas IR Activities**



The Ministry of Finance established the Office of Debt Management and JGB Investor Relations at the Debt Management Policy Division of the Financial Bureau in July 2014 to enhance information arrangements to implement more effective and efficient IR activities in cooperation with research and analysis divisions.

In overseas IR activities, we provide various types of investors with information meeting their needs in a fine-tuned manner. For example, we frequently discuss practical topics such as macroeconomic trends, various government policy measures, JGB issuance plans and JGB market trends.

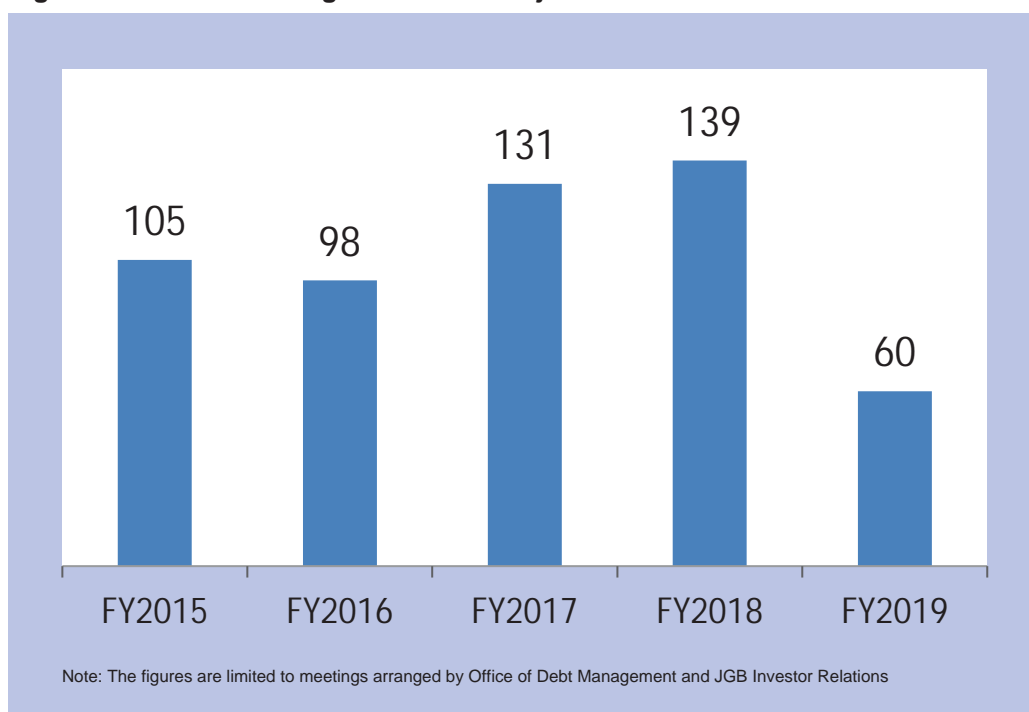
We have adopted overseas IR activity methods fulfilling investors' needs, based on trends of overseas investors and market environment changes as well as opinions at such forums as the Advisory Council on Government Debt Management. Initially, we mainly sponsored seminars for large numbers of investors at various locations to improve foreign investors' awareness of JGBs. In response to improvements in foreign investors' awareness of JGBs through seminars, we have enhanced not only seminars but also direct visits to investors in recent years. Our direct talks with foreign investors allow us to grasp and respond to their needs in a fine-tuned manner, to promote their understanding of JGBs and the Japanese economy and to build close relations with them.

In FY2019, we visited New York, London, Singapore and other cities where many foreign investors are located. In view of the expanding COVID-19 pandemic, however, we were unable to conduct overseas IR activities from February. As a result, we sent a total of four overseas IR missions in the year covering 11 cities in eight countries in North America, Europe and Asia. Mission members had meetings with local investors and made speeches before them. Over recent years, given that Asian investors' investment in Japanese bonds has increased, we have participated in the Regional Forum on Investment Management of Foreign Exchange Reserves (hosted by the Asian Development Bank), a meeting of foreign exchange reserve investment managers, to proactively explain about JGBs to central banks and other investors in the Asia Pacific region. We have also visited various investors including asset management firms and pension funds (Fig. 1-29). Furthermore, we have proactively made lectures at seminars for invited foreign investors and held direct talks with foreign investors visiting Japan. In response to improvements in investors' awareness of JGBs through our IR activities, we have received visits by investors whom IR mission members had the meetings in the past. We will consider calling on foreign investors while watching the pandemic conditions.

The MOF has taken advantage of accumulated experiences with these IR activities over more than 10 years to implement more effective and efficient IR activities based on the PDCA (plan-do-check-act) cycle. For example, we thoroughly implement a flow of procedures in which we sort out information on matters of interest to investors and their investment trends in preparation for direct talks with foreign investors. Even after direct talks, relevant MOF officials share information to build better relations with investors and promote our understanding.

Through these IR activities, we have received various questions and opinions from foreign investors. These opinions are reflected in our debt management and other policies and used effectively. We have also established a question-and-answer column in the “JGB Newsletter” (English version) in an effort to develop better communications with investors.

**Fig.1-29 Number of Foreign Investors Subjected to Overseas Interviews**



In this way, the overseas IR activities play a role in directly providing investors with accurate information on Japanese government debt management and economic policies while responding to wide-ranging and deep needs for information not only on JGBs but also on the economy and fiscal situation.



# Framework of Debt Management

This part explains the fundamental framework  
of debt management.



# Chapter 1 Government Bonds (JGBs)

## 1 Primary Market for Government Bonds

JGBs for financing fiscal expenditure are issued in various types, depending on their applicable legal grounds and bond features. This section explains how JGBs are issued.

### (1) JGBs by Legal Grounds of Issuance

JGBs can be divided into two main categories: General Bonds, and Fiscal Investment and Loan Program Bonds (FILP Bonds). While the government mainly relies on tax revenue to redeem General Bonds, the redemption and the interest payments on FILP Bonds are covered by the collection of Fiscal Loan receivable. However, both General Bonds and FILP Bonds are jointly issued as JGBs with the same interest rate and maturity. They are the same financial instruments and are treated in the same manner on the market as well.

Fig.2-1 JGBs by Legal Grounds of Issuance

JGBs	General Bonds	Construction Bonds
		Special Deficit-Financing Bonds
		Reconstruction Bonds
		Refunding Bonds
	Fiscal Investment and Loan Program Bonds (FILP Bonds)	

#### A. General Bonds

General Bonds consist of Construction Bonds, Special Deficit-Financing Bonds, Reconstruction Bonds and Refunding Bonds. Construction Bonds and Special Deficit-Financing Bonds are issued under the General Account and the revenue from their issuance is reported as the government revenue of the General Account.

On the other hand, Reconstruction Bonds are issued under the Special Account for Reconstruction from the Great East Japan Earthquake and Refunding Bonds under the Special Account of Government Debt Consolidation Fund and the revenue from their issuance is reported as the government revenue of each Special Account.

##### a. Construction Bonds

Article 4, paragraph (1) of the “Public Finance Act” prescribes that annual government expenditure has to be covered in principle by annual government revenue generated from other than government bonds or borrowings. But as an exception, a proviso of the Article allows the government to raise money through bond issuance or borrowings for the purpose of public works, capital subscription or lending. Bonds governed by this proviso of Article 4, paragraph (1) are called “Construction Bonds.”

The Article prescribes that the government can issue Construction Bonds within the amount approved by the Diet, and the ceiling amount is provided under the general provisions of the General Account budget (     ).

When intending to get approval for this ceiling amount, the government submits to the Diet a redemption plan that shows the redemption amount and the redemption periods for each fiscal year for reference.

### b. Special Deficit-Financing Bonds

When estimating a shortage of government revenue despite the issuance of Construction Bonds, the government can issue government bonds based on a special act ( ) to raise money for the purpose of other than public works and the like. These bonds are generally called “Special Deficit-Financing Bonds.”

As is the case with Construction Bonds, the government can issue Special Deficit-Financing Bonds within the amount approved by the Diet and the ceiling amount is provided under the general provisions of the General Account budget ( ).

Special Deficit-Financing Bond issuance must be made on exceptional cases. Therefore, the government has to minimize the issuance amount as much as possible within the amount approved by the Diet, while taking into account the state of tax and other revenues ( ).

### c. Reconstruction Bonds

To recover from the Great East Japan Earthquake disasters, the government is supposed to issue Reconstruction Bonds from FY2011 to FY2025 in accordance with the “Act on Special Measures concerning the securing of financial resources to execute measures necessary for recovery from the Great East Japan Earthquake (Reconstruction Funding Act).” While necessary financial resources will be financed with revenues of Special Taxes for Reconstruction, the government will issue Reconstruction Bonds as bridging finance until these revenues are receivable to the government.

The government may issue these Reconstruction Bonds within the amount as approved by the Diet. The ceiling amount is provided under the general provisions of the Special Account budget from FY2012 onwards.

### d. Refunding Bonds

As for General Bonds, Refunding Bonds are issued in order to raise funds for refunding part of matured JGBs. Among General Bonds, as for Construction Bonds and Special Deficit-Financing Bonds, the issuance amount of Refunding Bonds is determined basically in accordance with the 60-year redemption rule. As for Reconstruction Bonds, Refunding Bonds are issued depending on the amount of the revenue from Special Taxes for Reconstruction and profit from sales of stocks in each year ( ).

Refunding Bonds are the JGBs issued through the Special Account for the Government Debt Consolidation Fund (GDCF). Revenues from Refunding Bonds are directly posted to the fund.

In the issuance of Refunding Bonds, the government is not required to seek the Diet approval for the maximum issuance amount. This is because unlike in the case of bonds issued to secure new revenue resources, such as Construction Bonds and Special Deficit-Financing Bonds, issuing Refunding Bonds does not lead to an increase in the total amount of outstanding debt.

### (Reference) Front-loading issuance of Refunding Bonds

As massive bonds redemption at maturity is expected to continue, the government is allowed to front-load the issuance of Refunding Bonds in order to mitigate the impact of concentration of bonds redemption at maturity, to control substantial volatility of JGB market issuance in each fiscal year and to enable flexible issuance of them in response to financial

The “Act on Special Provisions concerning Issuance of Public Bonds to Secure Financial Resources Required for Fiscal Management” allows Special Deficit-Financing Bonds to be issued for five years from FY2016 to FY2020.

The government is also required to submit a redemption plan to the Diet for reference.

In this context, it is allowed to issue Special Deficit-Financing Bonds until the end of June in the next fiscal year. (deferred issuance in the accounting adjustment term)

Ref: Chapter 13 (1)  
“Redemption System” (P77)

In line with tax revenues through the consumption tax increases in and after FY2014, Refunding Bonds are issued for Special Bonds for covering Public Pension Funding, which were issued in FY2012 and FY2013 as bridging finance until tax revenues are assured for the finance of increase of the Government’s contribution to the basic national pension, based on the special law for Special Deficit-Financing Bonds legislated in FY 2012.

conditions and so on.

If we know in advance that bonds redemption at maturity will concentrate in a certain fiscal year, leading to a sharp rise in Refunding Bond issuance, then we are able to level off bond issuance on the yearly basis by issuing a certain portion of these bonds ahead of schedule (“FY2008 problem” ( )).

Front-loading issuance of Refunding Bonds can also serve to address a sharp fluctuation of fiscal needs without bringing about additional impacts on the market. If front-loading issuance of Refunding Bonds is already scheduled (i.e. scheduled bond issuance amount is larger than the necessary fund-raising amount), and the necessary fund-raising amount has increased, we are able to address the situation without changing the JGB Market Issuance (Calendar Base) by issuing the scheduled front-loading issuance amount as necessary JGBs for that fiscal year ( ).

Front-loading issuance of Refunding Bonds can be made within the upper limit approved by the Diet in accordance with Article 47, paragraph (1) of the “Act on Special Accounts.” The limit is provided in the general provisions of the Special Account budget in each fiscal year. The gap between “the amount of the front-loading issuance of Refunding Bonds that had been scheduled in the previous fiscal year for this fiscal year” and “those that are scheduled front-loading in this fiscal year for the next fiscal year” can be used as part of this fiscal year’s financial resources under the government debt management policy. This is called “adjustment between fiscal years ( )” in terms of issuance type in the JGB Issuance Plan.

The problem refers to concentrated bond redemption at maturity in FY2008 resulting from the large-scale 10-Year JGB issuance mainly for economic stimulus purposes in FY1998. To address this problem, the government has coordinated the amount of JGB issuance between fiscal years by buying back JGBs redeemable at maturity in FY2008 and sharply increasing frontloading issuance of Refunding Bonds from FY2004.

The supplementary budget for FY2019 planned the additional issuance of 6,130.3 billion yen in JGBs (including Construction and Special Deficit-financing Bonds). Then, the MOF utilized the front-loading issuance of Refunding Bonds and left the calendar-based JGB market issuance amount unchanged.

The adjustment includes the difference in the amount of issuance in the accounting adjustment term between the current and the previous fiscal years besides that of front-loading issuance of Refunding Bonds. In the accounting adjustment term, which means a period from April to June, some of Deficit-Financing or Reconstruction Bonds for the previous fiscal year can be issued.

## B. Fiscal Investment and Loan Program Bonds (FILP Bonds)

Along with the FY2001 reform of the FILP (Fiscal Investment and Loan Program), the government started issuance of the Fiscal Investment and Loan Program Bonds (so-called FILP Bonds) to raise funds for the investment of the Fiscal Loan Fund. As is the case with other types of government bonds, FILP Bonds are issued based on the credit of the government up to the amount approved by the Diet, and the ceiling amount is provided under the general provisions of the Special Account Budget (Article 62, paragraph (2) of the “Act on Special Accounts”) ( ). Revenues from the FILP Bonds issuance are allotted to the annual revenue for the Special Account for the Fiscal Investment and Loan Program (FILP Special Account).

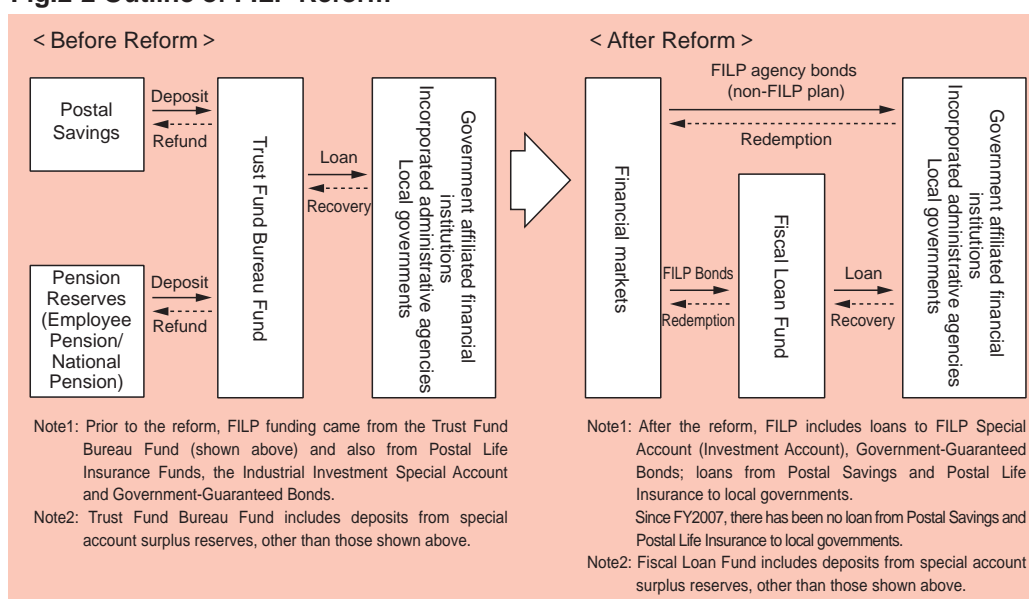
However, the FILP Bonds are different from Construction Bonds and Special Deficit-Financing Bonds on one account. While future taxes will be used to redeem Construction Bonds and Special Deficit-Financing Bonds, the redemption on the FILP Bonds are covered by the collection of Fiscal Loan receivable. Therefore, when publishing outstanding debt, FILP Bonds are treated differently from General Bonds ( ).

Ref: “FILP Report”

As with Construction Bonds and Special Deficit-Financing Bonds, the government is required to submit a redemption plan to the Diet for a reference.

Also in the System of National Accounts (SNA), which is created by the United Nations for each country to create economic statistics based on a common standard, FILP Bonds are not classified as debt of the general government.

**Fig.2-2 Outline of FILP Reform**



## (2) Types of JGBs

Government bonds are the securities issued by the central government. The central government pays the bondholders interests on the securities on a semiannual basis, except for short-term bonds and redeems the principal amount at maturity (i.e., redemption). The JGBs planned to be issued in FY2020 can be classified into six categories: short-term (6-Month and 1-Year Bonds); medium-term (2-Year and 5-Year Bonds); long-term (10-Year Bonds); super long-term (20-Year, 30-Year and 40-Year Bonds); Inflation-Indexed Bonds (10-Year Bonds); and JGBs for Retail Investors (3-Year Fixed-Rate, 5-Year Fixed-Rate and 10-Year Floating-Rate Bonds).

The short-term JGBs are all discount bonds, which are accompanied by no interest payment during their duration to maturity and redeemed at face value at maturity.

On the other hand, all medium-, long-, super long-term bonds and JGBs for Retail Investors (3-Year Fixed-Rate, 5-Year Fixed-Rate) are the bonds with fixed-rate coupons. With fixed-rate coupon-bearing bonds, the interest calculated by the coupon rate determined at the time of issuance (

) is paid on a semiannual basis until the security matures and the principal is redeemed at face value.

Inflation-Indexed Bonds (JGBi) are securities whose principal amounts are linked to the consumer price index (CPI) ( ). Thus, although their coupon rates are fixed, the interest payment also fluctuates. The principal amount of JGBi issued in and after 2013 will be guaranteed at maturity (deflation floor). In case where the indexation coefficient ( ) falls below 1 at maturity, the principal amount for the JGBi will be redeemed at the face value.

JGBs for Retail Investors (10-Year Floating-Rate) and 15-Year Floating-Rate Bonds are JGBs with coupon rates that vary over time according to certain rules. New issuance has been put on hold for the 15-Year Floating-Rate Bonds, however.

In the case where the period of time between an issue date and the first interest payment date falls short of six months, accrued interest is generated. The accrued interest is an amount representing interest for the period of time where a JGB purchaser does not hold a JGB (six months minus the period of time where the purchaser actually holds the JGB). It is paid by the JGB purchaser upon JGB issuance for adjustment.

Japan's Inflation-Indexed Bonds are indexed to the consumer price index (excluding perishables).

The indexation coefficient measures how much the CPI changed after an issue date.

Issuance of 15-Year Floating-Rate Bonds has been suspended since May 2008.

Non-Price Competitive Auction of Inflation-Indexed Bonds has been suspended since May 2020.

JGBs for Retail Investors can be transferred only to retail investors (including certain trust custodians).

**Fig.2-3 Types of JGBs**

Maturity	Short-term		Medium-term	Long-term
	6-Month	1-Year	2-Year, 5-Year	10-Year
Type of issue	Discount bonds		Coupon-bearing bonds	
Min. face value unit	50,000 yen		50,000 yen	
Issuance method	Public offering BOJ Rollover		Public offering OTC sales (making offerings and accepting subscriptions)	
Auction method	Price-competitive auction/ Conventional-style auction		Price-competitive auction/ Conventional-style auction	
Non-price Competitive Auction	Non-Price Competitive Auction I		Non-Competitive Auction Non-Price Competitive Auction I Non-Price Competitive Auction II	
Transfer	Not restricted		Not restricted	
Frequency of issue (FY2020)	Twice a month	Monthly	Monthly each	

Maturity	Super long-term			JGBs for Retail Investors	Inflation-Indexed Bonds	Floating-Rate Bonds
	20-Year	30-Year	40-Year	3-Year Fixed-Rate, 5-Year Fixed-Rate, 10-Year Floating-Rate	10-Year	15-Year ( )
Type of issue	Coupon-bearing bonds					
Min. face value unit	50,000 yen			10,000 yen	100,000 yen	
Issuance method	Public offering			OTC sales (making offerings and accepting subscriptions)	Public offering	
Auction method	Price-competitive auction/ Conventional-style auction	Yield-competitive auction/ Dutch-style auction			Price-competitive auction/ Dutch-style auction	
Non-price Competitive Auction	Non-Price Competitive Auction I Non-Price Competitive Auction II	Non-Price Competitive Auction II			( )	
Transfer	Not restricted			Restricted ( )	Not restricted	Not restricted
Frequency of issue (FY2020)	Monthly each		6 times	Monthly each	4 times	

## (Reference) Inflation-Indexed Bonds

The Inflation-Indexed Bonds (JGBi) are bonds whose principals (and relevant interests) fluctuate in line with the core consumer price index (Fig. 2-4). The government began to issue JGBi in March 2004 and suspended their issuance in October 2008 due to a sharp demand decline accompanying the Lehman Shock and other changes. In October 2013, the government resumed JGBi issuance with the principal guarantee upon maturity (Fig. 2-5). The development of JGBi market has remained a key to address market environment changes after overcoming deflation and to diversify JGB products.

Fig.2-4 Conceptual scheme of Inflation-Indexed Bonds

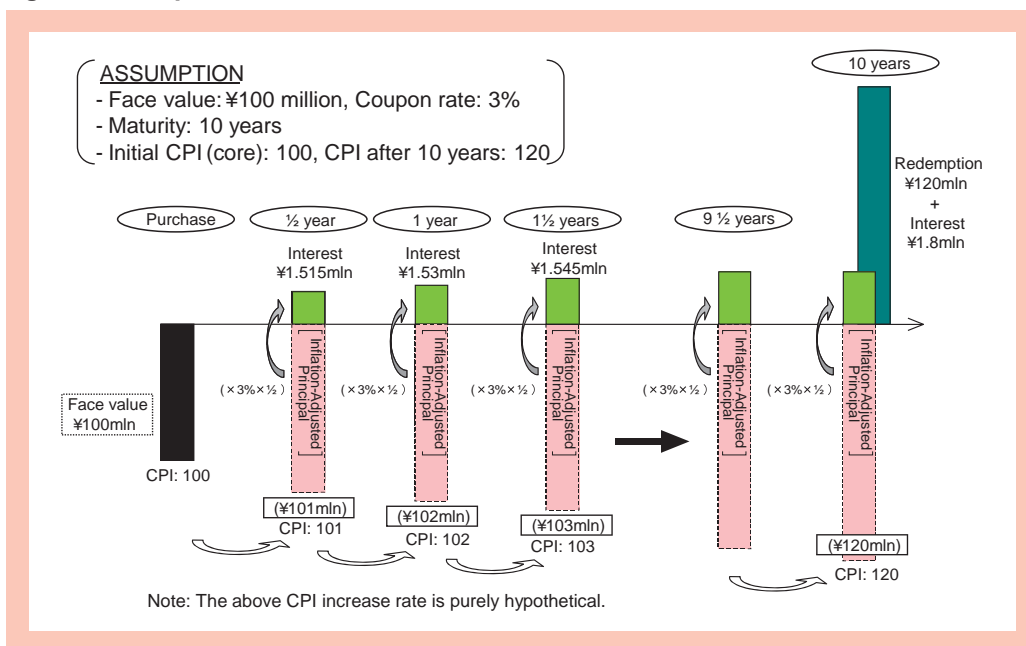
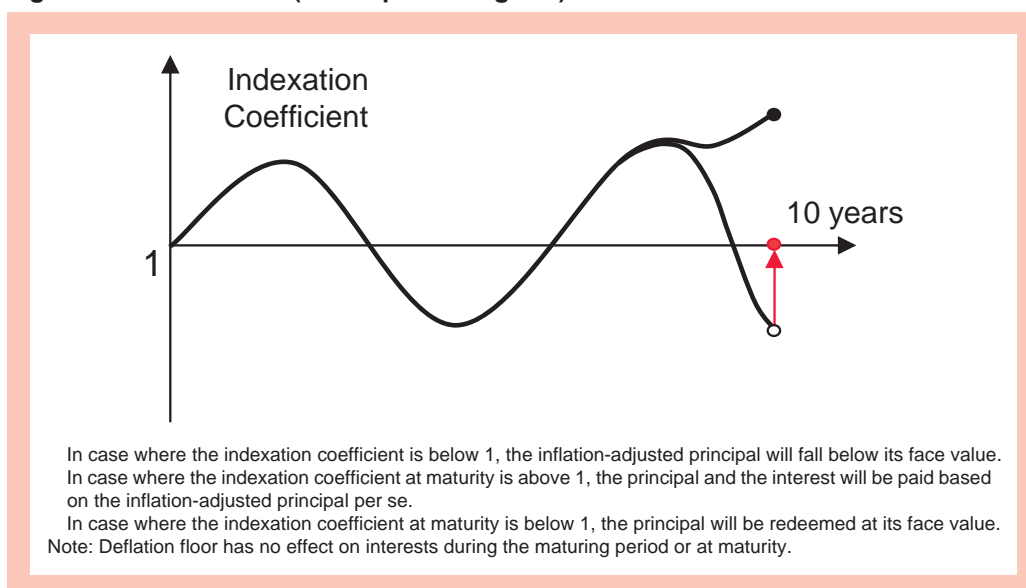


Fig.2-5 Deflation Floor (Conceptual Diagram)



### (3) Methods of Issuance

Methods of issuing JGBs are basically divided into three: offerings to the market, sales to retail investors, and offerings to the public sector.

#### A. Offering to the market

JGBs are principally issued in public offering on market-based issue terms.

##### a. Auction method

##### Price/yield-competitive auction

Price/yield-competitive auction is a method in which each auction participant ( )

No new 40-Year JGB coupon rate is given in advance as it is determined based on the result of first yield-competitive auction.



submits a bidding price (or yield) and bidding amount in response to the issue terms (e.g., issuance amount, maturity, coupon rate ( )) presented by the MOF, and the issuance price and amount will then be determined based on the bids.

In this type of auction, the issuing authority starts selling first to the highest price bidder in descending order (or to the lowest yield bidder in ascending order) till the cumulative total reaches the planned issuance amount. In Japan, the auction method varies by type of security. One is the conventional (multiple price) method by which each winning bidder purchases the security at one's bidding price; and the other is the Dutch-style (single price/yield) method by which all winning bidders pay the lowest accepted bid price regardless of their original bid prices (or yields) ( ).

## Non-competitive auction

Besides competitive auction, 2-Year, 5-Year and 10-Year Bonds are also issued through non-competitive auction. This approach is to take into account small and medium market participants who tend to submit a smaller bid than their larger counterparts. Biddings for non-competitive auction are offered at the same time as for the price-competitive auction, and the price offered equals to the weighted average accepted price of the price-competitive auction. One can bid for either the price-competitive auction or for the non-price-competitive auction.

The maximum issuance amount is 10% of the planned issuance amount. Each participant is permitted to bid up to 1 billion yen ( ).

## Non-Price Competitive Auction I & II

Non-Price Competitive Auction I is an auction in which biddings are offered at the same time as for the price-competitive auction. The maximum issuance amount is set at 20% of the total planned issuance amount and the price offered is equal to the weighted average accepted price of the price-competitive auction. Only the JGB Market Special Participants are eligible to bid in this auction. Each participant is allowed to bid up to the amount set based on the result of its successful bids during the preceding two quarters. 40-year or JGBi issues are not subject to Non-Price Competitive Auction I.

Non-Price Competitive Auction II is an auction carried out after the competitive auction is finished. The price offered is equal to the weighted average accepted price in the price-competitive auction or issuance price in Dutch-style competitive auction. Only the JGB Market Special Participants are eligible to bid in this auction. Each participant is allowed to bid up to the amount set based on the result of its bids during the preceding two quarters ( ). Inflation-Indexed Bonds ( ) and short-term JGB issues are not subject to Non-Price Competitive Auction II.

## b. Reopening rule

In March 2001, the immediate reopening rule was introduced for the purpose of the enhancement of JGB liquidity, etc. The rule treats a new JGB issue as an addition to an outstanding issue immediately from the issuance day, in principle, if the principal and interest payment dates and the coupon rate for the new issue are the same as those for the outstanding issue. 5-Year Bonds issues are subject to the rule ( ).

Auction participants are designated according to Article 5, paragraph (2) of the Ordinance of the Ministry of Finance on Issuance, etc. of National Government Bonds. As of April 1, 2020, there were 233 auction participants.

The price-competitive conventional auction is used for all JGB issues excluding the 40-year issue subject to the yield-competitive Dutch auction and the Inflation-Indexed Bonds subject to the price-competitive Dutch auction.

The ceiling amount to bid is not applied to the Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank and the Norinchukin Bank.

Each participant is allowed to bid up to 10%\* of one's total successful bids in the competitive auction and Non-Price Competitive Auction I.  
(\* ) The percentage was lowered from 15% to 10% from an auction in January 2020.

From May 2020, the MOF will not conduct Non-Price Competitive Auction for Inflation-Indexed Bonds issues for the time being.

As principal and interest payment dates for 2-Year Bonds differ from auction to auction, 2-Year Bonds are not effectively subjected to the reopening rule (Ref: III Chapter 1 1(5) "Principal/Coupon Payment Corresponding to Days of Issuance in FY2020"(P122)).

From the viewpoint of securing market supply of each issue, 10, 20, 30 and 40-year issues in FY2020 are subjected to the following rule, which is more advanced than the immediate reopening rule.

The 10-Year Bonds will be integrated into four issues (integrating April, May and June issues in 2020 into the April 2020 issue, July, August and September issues into the July 2020 issue, October, November and December issues into the October 2020 issue, and January, February and March issues in 2021 into the January 2021 issue) unless interest rates fluctuate wildly (the market yield on an auction day for a new issue deviates from the coupon on the previous issue with the same maturity date by more than 30 basis points). The reopening rule will also be used in principle to integrate 20-Year and 30-Year Bonds each into four issues. The 40-Year Bonds (May, July, September, November, January and March issues) will be integrated into one issue (May issue). In principle, JGBi issues (May, August, November and February issues) will be integrated into one issue (May issue).

## B. JGBs and sales system for Retail Investors

### a. JGBs for Retail Investors

In March 2003, issuance was started on 10-Year Floating-Rate Bonds for Retail Investors ( ) in order to promote JGB holdings among individuals. Moreover, in order to respond to retail investors' various needs and to promote further sales, the government has been improving product features by introducing 5-Year Fixed-Rate and 3-Year Fixed-Rate Bonds.

Issuance of JGBs for Retail Investors rests on their handling and distribution by their handling institutions comprised of securities companies, banks, and other financial institutions as well as post offices (about 980 institutions). The handling institutions are commissioned by the government to accept purchase applications and to sell JGBs to retail investors. Handling institutions are paid a commission by the government corresponding to the handled issuance amounts.

### b. New Over-The-Counter (OTC) sales system for selling marketable JGBs

In addition to JGBs for Retail Investors, in October 2007 a new OTC sales system for marketable JGBs was introduced in order to increase retail investors' purchase opportunities with regard to JGBs (2-Year, 5-Year, and 10-Year Bonds).

With regard to this new OTC sales system, it allows private financial institutions to engage in subscription-based OTC sales of JGBs in a manner previously exclusive to post offices. This development allows retail investors to purchase JGBs via financial institutions with whom they are familiar, it also allows them to purchase JGBs in a manner that is essentially ongoing. Depending on market yield conditions, however, the acceptance of subscriptions may be suspended.

As with JGBs for Retail Investors, for the new OTC sales system, the government has commissioned financial institutions (about 650 institutions) to conduct subscriptions and sales of JGBs. Note that while these financial institutions are required to accept subscription and sell JGBs at prices defined by the MOF within a defined period, they are not required to purchase any unsold JGBs.

Ref: Part I, 4 (1) "JGB Holdings by Retail Investors" (P29)

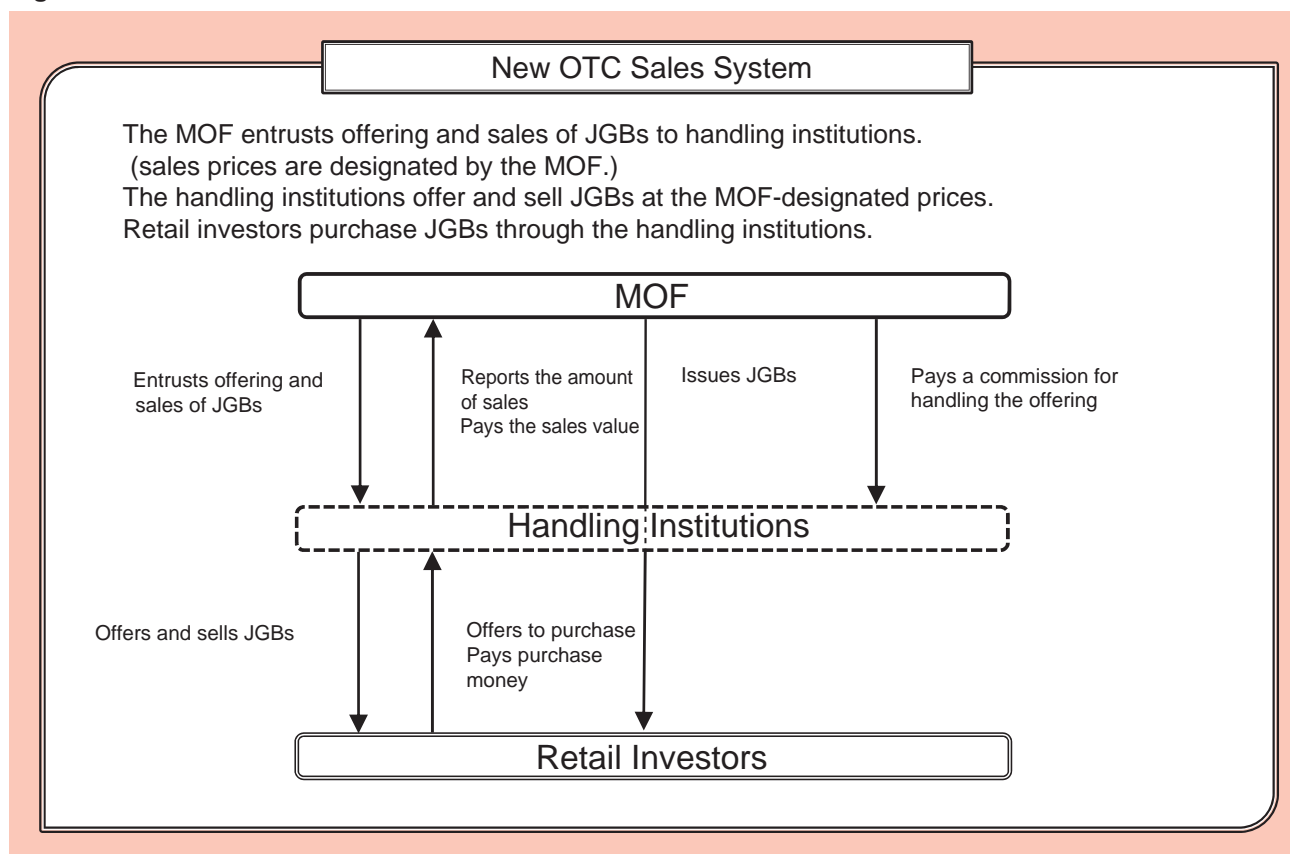
JGBs for Retail Investors are designed not to lose principal. The minimum interest rate of 0.05% is set to prevent the rate from falling to zero or becoming negative.



**Fig.2-6 Comparison of JGBs for Retail Investors and New Over-The-Counter (OTC) Sales System**

	JGBs for Retail Investors			New OTC JGBs		
	10-Year Floating-Rate	5-Year Fixed-Rate	3-Year Fixed-Rate	10-Year Marketable Fixed-Rate Bonds	5-Year Marketable Fixed-Rate Bonds	2-Year Marketable Fixed-Rate Bonds
Maturity	10-year	5-year	3-year	10-year	5-year	2-year
Frequency of issuance	Monthly (12 times a year)			Monthly (12 times a year)		
Purchase units/purchase value limits	Minimum purchase of 10 thousand yen in 10 thousand yen units/No upper limit			Minimum purchase of 50 thousand yen in 50 thousand yen units/Maximum value of 300 million yen per individual application		
Sales price	100 yen per 100 yen of face value (the same in the redemption)			Determined by MOF for each issue(possible to sell at any time on the market. However, the price may change when the bonds are sold before maturity.)		
Purchasers	Limited to retail investors			No restrictions (can also be purchased by corporate entities or condominium associations, etc.)		
Interest rate	Floating-rate	Fixed-rate		Fixed-rate		
Minimum interest rate	Present ( 0.05% )			Absent		
Redemption before maturity	Once one year has elapsed since issuance, redemption before maturity due to government buy-back shall be possible at any time(there is no principal loss risk). Deduct the two interest payments immediately preceding redemption (pre-tax) x0.79685.			Possible to sell at any time on the market (however, because the price at time of sale shall be the market price at that time, loss/profit shall occur on sale(there is a principal loss risk). Furthermore, there is no scheme for the government to buy-back these bonds before maturity.)		
Introduction (1st issuance)	March, 2003	January, 2006	July, 2010	October, 2007		

**Fig.2-7 Flow of New OTC Sales**



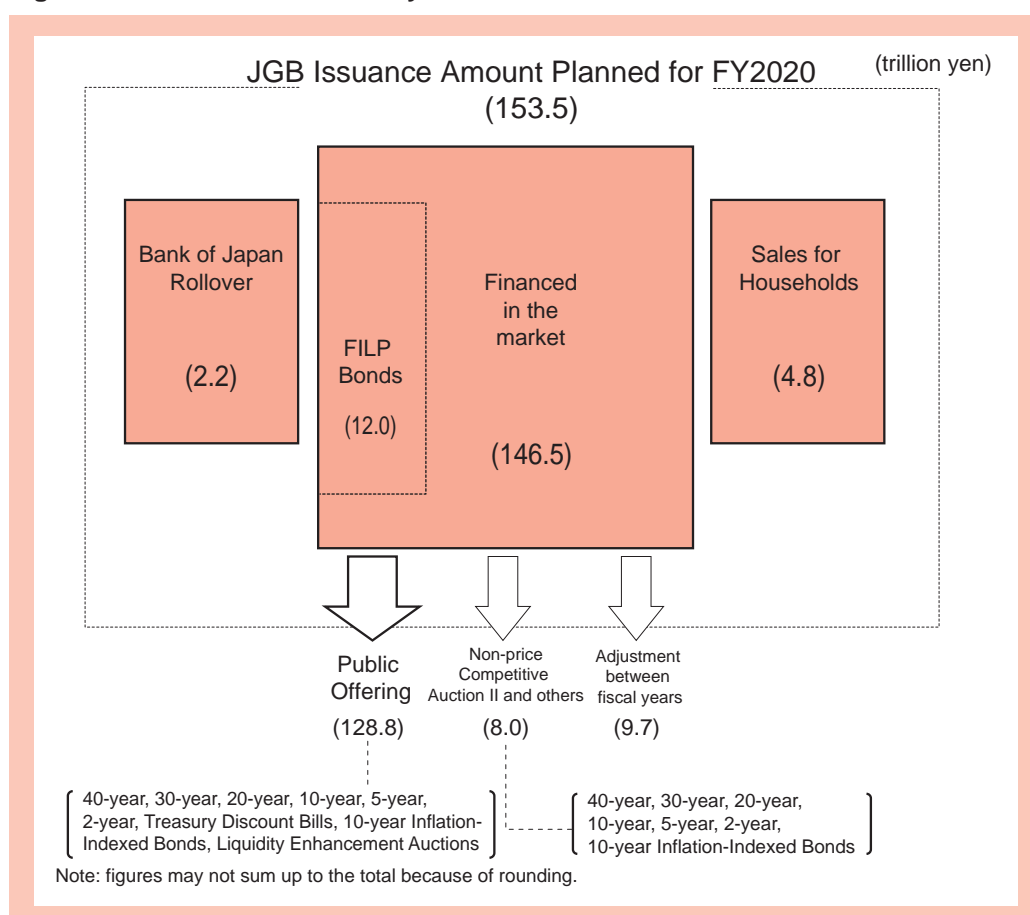
# C. Offering to the public sector (Bank of Japan Rollover)

In the Bank of Japan rollover, the BOJ underwrites Refunding Bonds instead of asking the government to redeem part of JGBs that mature after being purchased by the central bank in the market.

While Article 5 of the “Public Finance Act” prohibits the BOJ from underwriting government bonds, the abovementioned BOJ rollover is an exception that is allowed up to an amount authorized by the Diet under a proviso to the Article. Every fiscal year, the MOF requests the BOJ rollover that the central bank accepts after confirming that the rollover will cause no problem with monetary policy.

An increase in the BOJ rollover can reduce the amount of JGBs issued through usual auctions in the market, allowing the MOF to level the effects of fluctuations in the annual JGB redemption amount and fiscal demand on fluctuations in the amount of JGB market issuance through usual auctions. Therefore, the MOF decides on the BOJ rollover request amount based on the annual JGB Issuance Plan, etc.

Fig.2-8 JGB Issuance Amount by Methods of Issuance



## (4) JGB Market Special Participants Scheme

Amid expectations that JGB issuance in large volumes will continue, the “JGB Market Special Participants Scheme” was introduced in Japan in October 2004 to promote the market's stable absorption of JGBs and to maintain and enhance the liquidity of the JGB market.

This scheme is designed based on the so-called “Primary Dealer System” introduced in major European countries and the U.S. To achieve the abovementioned purpose of the scheme, the MOF grants special entitlements to certain auction participants who carry out responsibilities essential to debt management policies, such as active participation in JGB auctions. The following is an outline of the scheme.

### A. Responsibilities of JGB Market Special Participants

- Bidding responsibility:  
In every auction, the Special Participants shall bid for an adequate amount (at least 5% of the planned issue amount) at reasonable prices.
- Purchasing responsibility:  
The Special Participants shall purchase and underwrite at least a specified share of the planned total issue amount (0.5% for short-term zone; and 1% for other zones) in each of the super long-term, long-term, medium-term and short-term zones in auctions for the preceding two quarters.
- Responsibility in the secondary market:  
The Special Participants shall provide sufficient liquidity to the JGB secondary market.
- Provision of Information:  
The Special Participants shall provide information on JGB markets and related transactions to the MOF.

### B. Entitlements of JGB Market Special Participants

- Entitlement to participate in the Meeting of JGB Market Special Participants:  
The Special Participants may participate in the Meeting of JGB Market Special Participants to exchange opinions with the MOF.
- Entitlement to participate in Non-Price-Competitive Auctions & :  
The Special Participants may participate in Non-Price Competitive Auction I held concurrently with a normal competitive auction and in Non-Price Competitive Auction II held after a normal competitive auction. These auctions enable Special Participants to obtain JGBs at the weighted average accepted price in a competitive auction (or at the issuance price in a Dutch-style auction) up to the maximum amount preset for each Participant on the basis of the amount of past successful bids (Non-Price Competitive Auction I) and past bids as a whole (Non-Price Competitive Auction II).
- Entitlement to participate in Liquidity Enhancement Auctions:  
The Special Participants may participate in Liquidity Enhancement Auctions that are designed to maintain and enhance the liquidity of the JGB market.
- Entitlement to participate in Auctions for Buy-backs:  
The Special Participants may participate in Auctions for Buy-backs.
- Entitlement to apply for separating and integrating STRIPS Bonds:  
The Special Participants may apply for the separation and integration of STRIPS Bonds.

## C. History of the Scheme

- October 2004: JGB Market Special Participants Scheme was introduced, including designation of Special Participants, holding the first round of Meeting of JGB Market Special Participants and launch of Non-Price Competitive Auction II.
- April 2005: Non-Price Competitive Auction I was launched.
- January 2006: Interest rate swap transactions started.
- March 2006: The government bond syndicate underwriting system was abolished.
- April 2006: Liquidity Enhancement Auction was launched.
- January 2009: The maximum bid for Non-Price Competitive Auction II was raised from “10% of one s total successful bids” to “15%” ( ).
- April 2015: The maximum amount of bidding by each auction participant was reduced from “100% of the planned issuance amount” to “50% of the amount” and the minimum bidding responsibility amount was raised from “3% of the planned issuance amount” to “4% of the amount.”
- July 2017: The maximum issuance amount for Non-Price Competitive Auction I was raised from “10% of the total planned issuance amount” to “20% of the amount” and the minimum bidding responsibility amount from “4% of the planned issuance amount” to “5% of the amount.”
- January 2020: The maximum bid for Non-Price Competitive Auction II was lowered from “15% of one s total successful bids” to “10%” ( ).

The maximum amount of bidding would not exceed the amount obtained by multiplying the amount of issuance by the Reference Bidding Coefficient for each Special Participant (amount less than 100 million yen shall be discarded).

## (5) Government Bond Administration

### A. Items the Bank of Japan handles

The government does not directly undertake the government bond-related administrative tasks, such as issuance and redemption, but entrusts the BOJ with most of those tasks based on Article 1, paragraph (2) of the “Act on National Government Bonds.” Those administrative tasks entrusted to the BOJ are as follows ( ).

- Issuance: The BOJ accepts bids from bidders in auctions, notifies amounts of bids accepted, collects payments, issues the securities, and receives and handles revenues.
- Redemption/interest payment: The BOJ pays principal and interests on JGBs, and receives and handles funds to be used for redemption, and makes their disbursement.

The BOJ provides these government bond related services through its head office and branches, and through agent financial institutions.

### B. The Bank of Japan government bond network system

The Bank of Japan operates the Bank of Japan Financial Network System (BOJ-NET) JGB Services ( ) to efficiently and safely implement JGB issuance, redemption and other administrative tasks as explained above and the settlement of JGB transactions with its customer financial institutions.

Banks, securities companies, money market brokers, insurance companies, etc. participate in the BOJ-NET JGB Services that implement JGB issuance, redemption and other administrative tasks online.

Under the “Act on Book-Entry Transfer of Corporate Bonds and Shares,” at present, JGBs traded between financial institutions are paperless. JGB transfers are done in the form of transfers on accounts managed by the transfer institution (the Bank of Japan) ( ).

The BOJ-NET JGB Services allow the following procedures to be completed online:

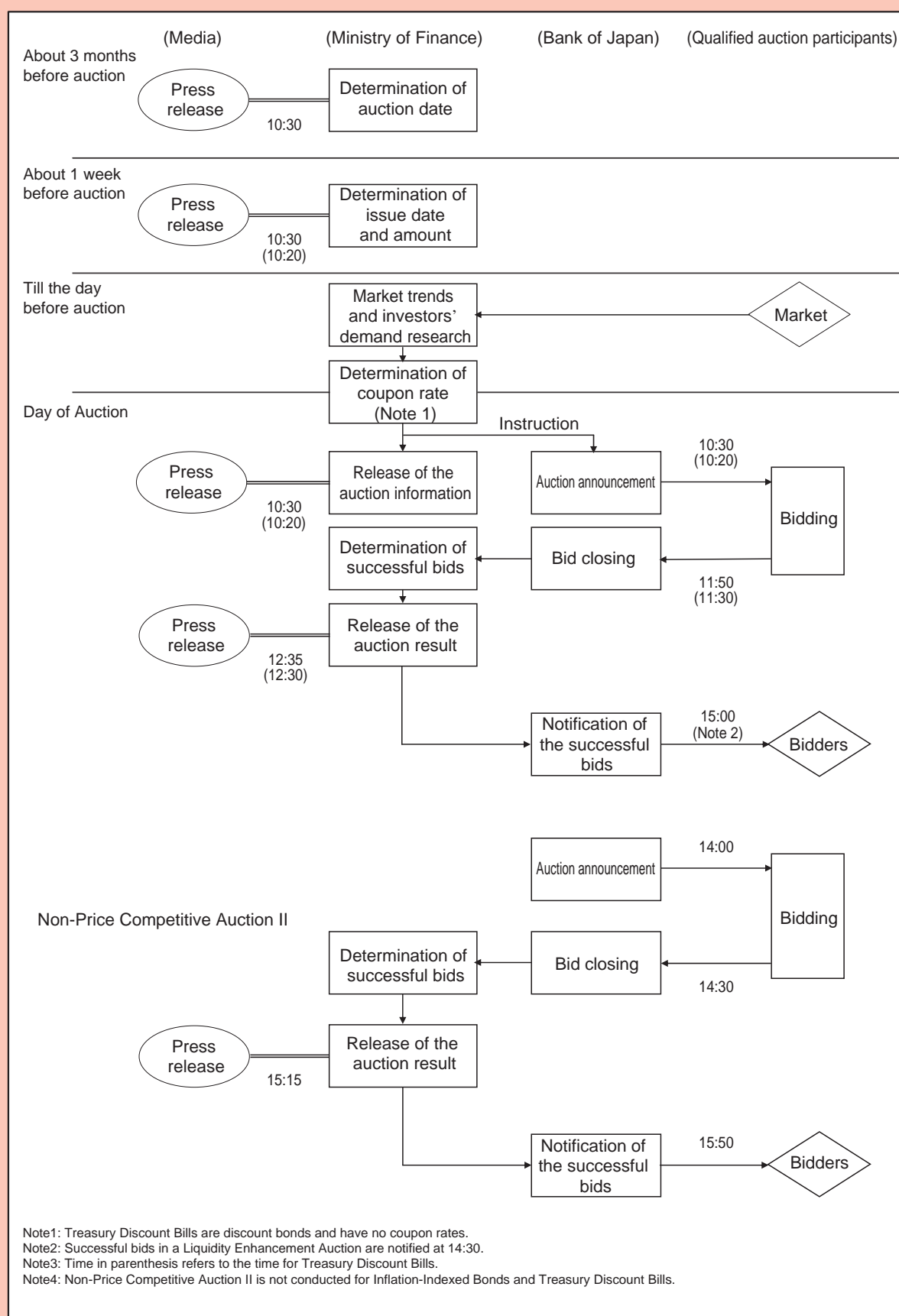
- Notification of offering (from the BOJ to auction participants)
- Bidding (from bidders to the BOJ)
- Counting the number of bidding and reporting to the MOF on total bidding
- Notification of accepted/allocated bids (from the BOJ to bidders)
- Issuance and payment (from the BOJ to purchasers / from purchasers to the BOJ)

The BOJ-NET includes the BOJ-NET current account system as a fund settlement system and the BOJ-NET JGB Services as a JGB settlement system.

JGBs for this mechanism are called Book-entry transfer JGBs, representing those whose ownership is determined by descriptions or records in book-entry accounts as provided by the “Act on Book-Entry Transfer of Corporate Bonds and Shares.” (JGB certificates are not issued.)

## C. Auction procedures for public offering auction

Fig.2-9 Auction Procedures for Public Offering Auction



## D. Shortening of Settlement Cycles in Primary JGB Market

In a manner to meet the shortening of the settlement cycle to T+1 for the secondary JGB market ( ), Japan shortened the settlement cycle (between auction and issuance dates) from T+2 to T+1 in principle for auctions from May 1, 2018.

At the same time, Japan shortened settlement cycles for coupon-bearing issues (5- to 30-year issues) coming in massive JGB redemption months (March, June, September and December) and a 2-year issue every month.

Ref: Chapter 1 2(3)C  
“Shortening of settlement periods” (P67)

### Coupon-bearing (5- to 30-year) JGB Issues in Massive Redemption Months

For coupon-bearing (5- to 30-year) JGB issues coming in massive JGB redemption months (March, June, September and December) for which issuance dates had been unified into the 20th day of each month (the next business day if the 20th day falls on a holiday) irrespective of auction dates, settlement cycles were shortened to T+1, with their issuance set to come on the next business day of the auction, as from May 1, 2018.

### Monthly 2-year JGB issue

For a 2-year JGB issue coming every month for which an issuance date had been set at the 15th day (the next business day if the 15th day falls on a holiday) of a month after an auction month irrespective of the auction date, the issuance date was set at the first day (the next business day if the first day falls on a holiday) of a month after an auction month as from May 1, 2018. Initial interest payment and redemption dates were also changed to the first day of each month.

## Column 5 Inflation-Indexed Bonds Trend

The development of the Inflation-Indexed Bonds (JGBi) market is a key issue for JGB Management Policy to address market environment changes after overcoming deflation and promote the diversification of JGBs (Reference 1).

This column introduces the major trend of the JGBi market and the MOF's relevant responses since FY2019.

(Reference 1) See Chapter 1 1(2) (Reference) Inflation-Indexed Bonds (P42) for an outline of Inflation-Indexed Bonds.

### August-September 2019 Trend

Break-even inflation rates (BEIs), which followed a downtrend from the middle of 2018, weakened as nominal bond yields plunged due to investors' risk-off attitude that grew in response to the escalation of U.S.-China trade disputes in August 2019 (Figs. c5-1 and c5-2). In Japan, particularly, the BEI remained below 0.1% as the yield on JGBi failed to follow the nominal bond yield.

At the Meeting of JGB Market Special Participants under such situation in September 2019, many market participants urged the MOF to increase the amount of Buy-backs, while maintaining the current amount of issuance to improve the supply-demand balance for JGBi. Based on such opinion, the MOF switched from a 20 billion yen bimonthly Buy-back (every even-numbered month) to a 20 billion yen monthly Buy-back for JGBi in the October-December 2019 quarter.

The BOJ's outright JGBi purchase size (Reference 2) was also raised from 25 billion yen to 30 billion yen in November.

(Reference 2) The BOJ conducts an outright JGBi purchase twice a month (See "Monthly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method)" released at every month-end on the BOJ Website).

### February-March 2020 Trend

After increased JGBi Buy-backs were implemented in the October-December quarter of 2019, Japan's BEI was stabilized at around 0.2% around the turn of the year. As European and U.S. BEIs declined substantially in response to the global novel coronavirus (COVID-19) outbreak expansion and crude oil price crashes from February 2020, however, Japan's BEI fell steeply, slipping far below 0% in mid-March, with JGBi prices dropping below par (Figs. c5-1 and c5-2). As JGBi are guaranteed to be redeemed at par even in the event of deflation, their prices slip below par indicated that the JGBi market was not working sufficiently.

At the Meeting of JGB Market Special Participants under such situation in March 2020, many market participants stated that as inflation-indexed government bonds were globally sold, with their supply-demand balance deteriorating, it would be desirable to cut or cancel JGBi issues, or substantially increase JGBi Buy-backs in the April-June quarter. Based on such opinion, the MOF took the following measures:

- The May issue size was cut to 300 billion yen from 400 billion yen planned in the FY2020 JGB Issuance Plan.
- The monthly Buy-back size in the April-June quarter was increased to 50 billion yen from 20 billion yen.
- An additional Buy-back worth 300 billion yen was conducted in March through the price-spread-competitive (multi-price) auction method with a limit of bidding spread with the "standard price."
- Non-price competitive auction II was cancelled for the time being.



3 April-May 2020 Trend

These measures led JGBi prices to stop falling but the prices remained below par. As the key crude oil futures price plunged into negative territory temporarily due to rapidly falling crude oil demand amid economic stagnation under the expanding COVID-19 outbreak, a breakdown at a meeting of oil-producing countries on production cuts and potential oil storage capacity shortages, the external environment for inflation-indexed government bonds deteriorated globally, with European and U.S. BEIs entering a downtrend again. Japan's BEI then remained weak at around minus 0.2% (Figs. c5-1 and c5-2 ③). At the Meeting of JGB Market Special Participants under such situation in late April 2020, market participants stated that as the supply-demand balance for inflation-indexed government bonds had substantially deteriorated due to their global selling associated with investors' risk-off attitude under the expanding COVID-19 outbreak, declining market liquidity and weak crude oil prices, the planned auction for a 300 billion yen JGBi issue in May could lead supply to far exceed demand. Based on such opinion, the MOF cut the May JGBi issue size to 200 billion yen from 300 billion yen as set in March (with the Buy-back size kept unchanged). As market participants warned that any cut in the JGBi issue size could lead the future continuity of JGBi to be doubted, the MOF noted that the JGBi issue size cut responding to current market conditions was designed to secure the future stable issuance of JGBi. After the auction for the May JGBi issue, the BEI turned positive.

Fig. c5-1 Country-by-Country BEI and Crude Oil Price Trends

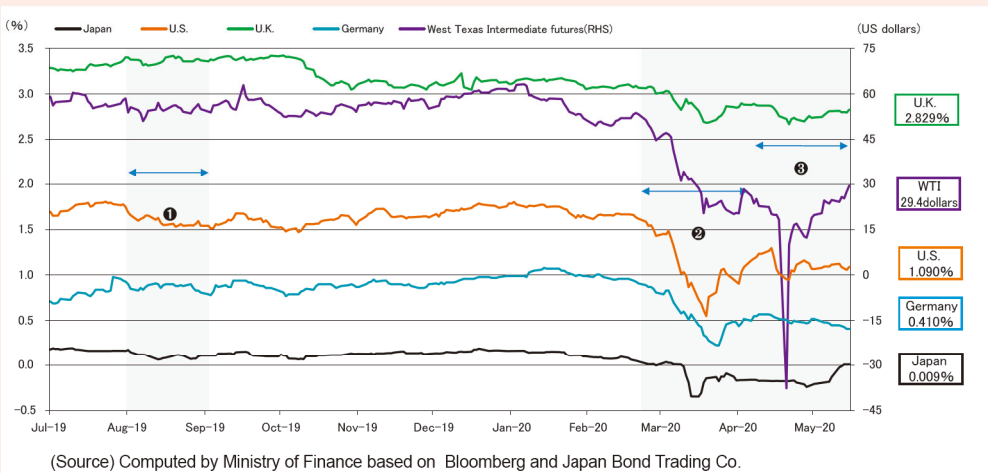
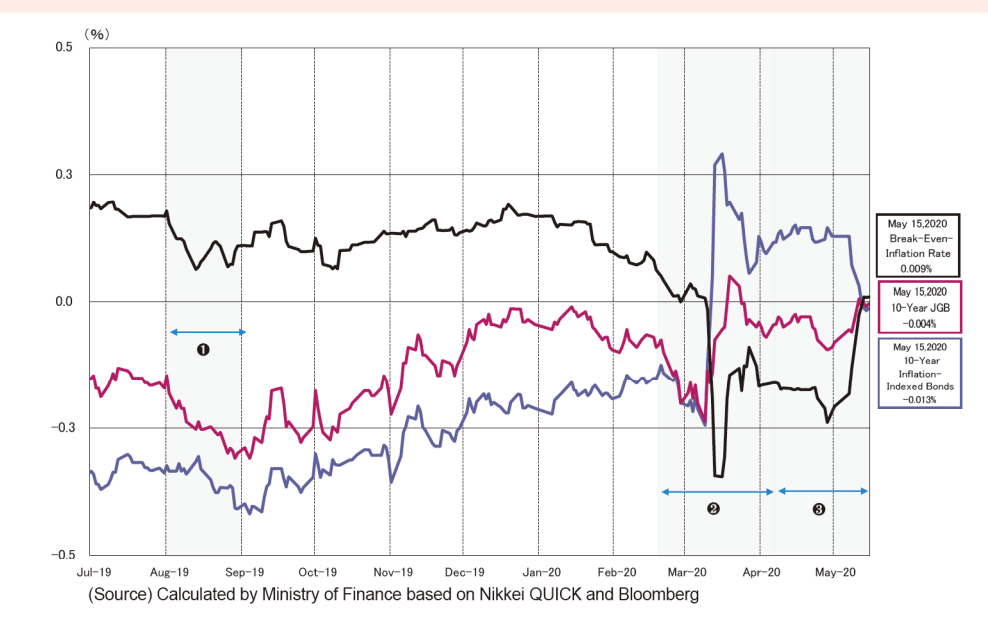


Fig. c5-2 BEI Trend



## Column 6 Debt Management Policies in Foreign Countries

### Debt Management Policies, Issuance Plans

In Japan, the basic objectives of the debt management policy are set as: (1) ensuring the smooth and secure issuance of Japanese Government Bonds and (2) minimizing medium- to long-term fundraising costs. In line with these objectives, the government carefully pays attention to market conditions and makes efforts to manage JGBs based on investor needs and market trends. Basically, foreign countries also take almost the same stance on their debt management policies, but they have their unique characteristics.

Further, the JGB Issuance Plan is established in line with annual budget formulation and an annual planned issuance amount for each maturity and other data are published in Japan but methods for publishing such data also vary from country to country. At the end of each fiscal year, Germany publishes the total government bond issue amount and its breakdown by maturity for the following fiscal year. This method is considered similar to that of Japan. On the other hand, the U.S. determines and publishes necessary issuance amounts not on a fiscal year basis but on a quarterly basis, complying with the upper debt limit specified by law. In addition, the timing of information disclosure during the period from the announcement of a planned issuance amount to an actual auction for the issue also varies from country to country (Figs.c6-1 and c6-2).

Fig.c6-1 Debt Management Policies in Japan and Foreign Countries

	Japan	U.S.	U.K.	Germany	France
Debt Management Office	Financial Bureau, Ministry of Finance	Department of the Treasury, Office of Debt Management Department of the Treasury, Bureau of the Fiscal Service	HM Treasury Debt Management Office (DMO)	Bundesministerium der Finanzen Bundesrepublik Deutschland - Finanzagentur GmbH (German Finance Agency)	Ministère de l'Économie et des Finances, Direction générale du Trésor, Agence France Trésor (AFT)
The Objective of Debt Management Policy	<ul style="list-style-type: none"> <li>Ensuring stable smooth issuance of JGBs</li> <li>Minimizing medium-to-long term financing costs</li> </ul>	<ul style="list-style-type: none"> <li>To finance government borrowing needs at the lowest cost over time</li> <li>To issue debt in a regular and predictable pattern</li> </ul>	To minimise, over the long term, the costs of meeting the government's financing needs, taking into account risk, while ensuring that debt management policy is consistent with the aims of monetary policy.	To keep interest costs as low as possible across a number of years and market phases while limiting the interest rate risks resulting from the portfolio structure.	Raising sufficient funds on the markets to finance the State by keeping the debt burden to taxpayers down to a minimum under optimum conditions of security.
Fiscal Year	April to March next year	October previous year to September	April to March next year	January to December	January to December
Issuance Plan	<ul style="list-style-type: none"> <li>Announcement of total JGB issuance amount for the next fiscal year, breakdowns by maturity, and frequency of issuance, etc. in late-December each year.</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of planned issuance amounts by maturity, auction schedule, etc. on a quarterly basis (February, May, August and November).</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of total issuance amount for the next fiscal year, breakdowns by maturity, etc. in March each year.</li> <li>Announcement of specific details of issues and auction schedule on a quarterly basis.</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of planned issuance amounts by maturity, auction schedule, New issue/ Reopening, etc. for the next fiscal year in December each year. Thereafter, announcement of auction schedule again on a quarterly basis.</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of total issuance amount for the next fiscal year in December each year.</li> <li>Specific issuance amounts are determined at a meeting with PD held in the week preceding the issuance date.</li> </ul>

(Sources) Relevant countries' debt management authorities

Fig.c6-2 Announcement Time of Issuance Amount and Auction Date in Japan and Foreign Countries

	Japan	U.S.	U.K.	Germany	France
In previous fiscal year	<div>Total issuance amount</div> <div>Issues</div> <div>Planned auction amount</div>		<div>Total issuance amount</div> <div>Scheduled auction date</div>	<div>Total issuance amount</div> <div>Issues</div> <div>Planned auction amount</div> <div>Scheduled auction date</div>	<div>Total issuance amount</div> <div>Scheduled auction date</div>
Quarterly basis	<div>Scheduled auction date</div> <p>* Auction date of each month is announced 3 months before.</p>	<div>Planned auction amount</div> <div>Total issuance amount (*2)</div> <div>Issues</div> <div>Scheduled auction date</div>	<div>Issues</div> <div>Scheduled auction date (*3)</div>	<div>Planned auction amount (*1)</div> <div>Scheduled auction date (*3)</div>	
Approximately one week before	<div>Planned auction amount (*1)</div>	<div>Planned auction amount</div>	<div>Planned auction amount</div>		<div>Issues</div> <div>Planned auction amount</div>

Note 1: As for issuance lots per auction announced in the previous fiscal year, the fixed amounts are announced one week before in Japan and again every quarter in Germany.

Note 2: Planned quarterly amounts financed from the market.

Note 3: Scheduled auction date is announced again every quarter.

(Source) Relevant countries' debt management authorities

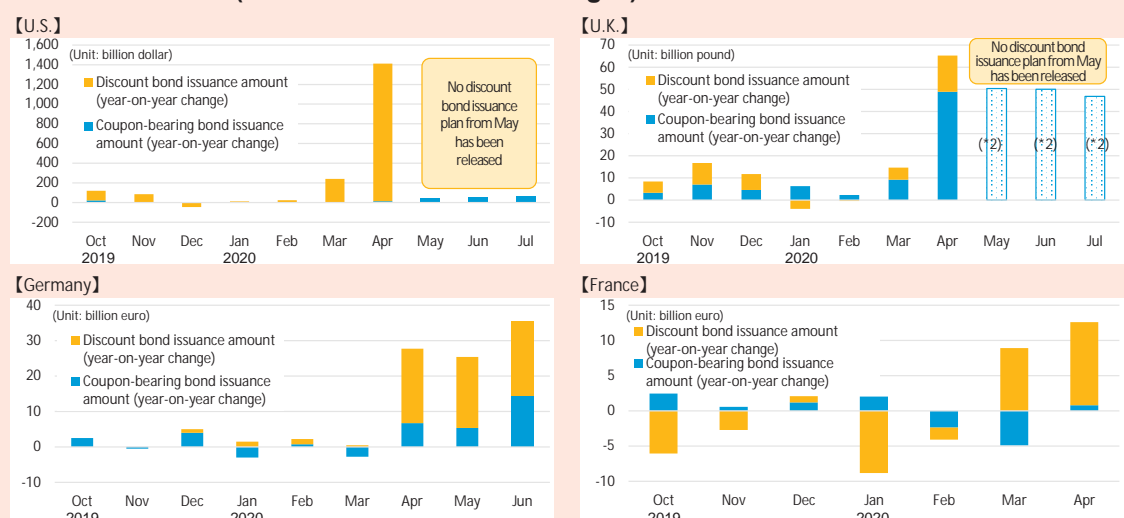
## Government Debt Issuances Growing Due to the Novel Coronavirus Expansion

As the Novel Coronavirus (COVID-19) expansion has exerted huge impacts on the world economy, foreign countries have come up with economic assistance packages. Subsequently, they have been forced to raise more funds by changing government bond issuance plans and increasing government bond issuances substantially from the previous year.

In Japan, the first supplementary budget for FY2020 was enacted in April 2020 and the second one in June 2020, leading the planned FY2020 JGB issuance amount to increase by 99.8 trillion yen from the initially planned level (as of June 2020).

The U.S., Germany and France rapidly increased discount bond issuances from March or April 2020, indicating that they were exploiting discount bonds to quickly raise funds (Fig. c6-3). Bond issuances increased mainly in the 7-year for the U.S., in the 1- to 7-year zone for the U.K. and in the 7- to 15-year zone for Germany (Fig. c6-4). The U.K. nearly quadrupled the frequency of April-July government bond auctions from the initially planned level, while Germany introduced 7- and 15-year government bonds. Foreign countries have thus used various devices to expand government bond issuances.

**Fig.c6-3 Government Bond Issuance Changes Accompanying COVID-19 Expansion in Foreign Countries (Trends of Year-on-Year Changes)**



Note 1: Coupon-bearing bond include Inflation-Indexed Bonds, floating-rate bonds (for the U.S. alone) and Green Bonds (for France alone).

Note 2: As of April 2020. Data represent results for October 2019 to April 2020 and plans for May-July 2020 for countries where plans are made available.

Note 3: No discount bond issuance plans for May-July 2020 have been released in the U.S. and the U.K. As the U.K. has released only a total coupon-bearing bond issuance amount for the May-July 2020 period, the MOF has estimated monthly amounts.

Note 4: Germany's May-June coupon-bearing bond issuance amount includes unpublished syndication issues (a 15-year issue and a 30-year issue) that are estimated as the same as those planned for the latest month. Its monthly inflation-indexed bond issuance amount for the period is estimated at 580 million euros based on the planned annual issuance amount at 6-8 billion euros.

(Sources) Websites of these countries' respective government debt management authorities

**Fig.c6-4 Government Bond Issuance Changes Accompanying COVID-19 Expansion in Foreign Countries (Trends by Maturity and Issue)**

[U.S.] (billion dollar)				[U.K.] (billion pound)			
	Issuance results for May-July 2019		Changes	Issuance results for April 2019		Issuance results for April 2020	
	Issuance amount	Frequency of auctions		Issuance amount	Frequency of auctions	Issuance amount	Frequency of auctions
Coupon-bearing bonds	2-year	120.0	138.0	18.0	1~5-year	20.0	3.25-4
	3-year	114.0	132.0	18.0	5~7-year	3.3-3.5	
	5-year	123.0	141.0	18.0	7~15-year	12.0	2.75-3.5
	7-year	96.0	123.0	27.0	15~30-year	10.0	2.2-2.5
	10-year	75.0	90.0	15.0	Over 30-year	6.0	1.75-2.5
	20-year	0.0	54.0	54.0	10-year or less	1.25-1.75	
Inflation-Indexed Bonds	30-year	51.0	60.0	9.0	Over 10-year	1-1.5	
	Floating Rate Bonds	56.0	64.0	8.0			
Total	675.0	843.0	168.0				
Issuance results for Apr.-June 2019				Issuance results for Apr.-June 2020			
Discount Bonds	229.1	126.0	39.9	240.6	2,673.0		

[Germany] (billion euro)				[France] (billion euro)			
	Initial issuance plan for April-June 2020		Changes	Initial issuance plan for FY2020		Revised issuance plan for FY2020	
	Issuance amount	Frequency of auctions		Issuance amount	Frequency of auctions	Issuance amount	Frequency of auctions
Coupon-bearing bonds	2-year	13.0	15.0	2.0	Coupon-bearing bonds	205.0	245.0
	5-year	9.0	12.0	3.0	Inflation-Indexed Bonds		
	7-year	0.0	10.0	10.0	Discount Bonds	10.0	64.1
	10-year	14.0	17.0	3.0			
	15-year	0.0	5.0	5.0			
	30-year	3.5	3.0	▲ 0.5			
Subtotal	39.5	62.0	22.5				
Discount Bonds	3-month	2.0	12.0	10.0			
	5-month	4.5	12.0	7.5			
	6-month	9.0	12.0	3.0			
	9-month	0.0	12.0	12.0			
	11-month	0.0	12.0	12.0			
	12-month	0.0	12.0	12.0			
Subtotal	15.5	72.0	56.5				
Total	55.0	134.0	79.0				
Inflation-Indexed Bonds	(No revision from "6-8 billion euros a year" as published in the initial issuance plan)						

Note 1: As of April-end 2020 (Some data include published data in May 2020 for the U.S. alone).

Note 2: Components may not add up to the total because of rounding.

Note 3: The data of discount bonds in the U.S., U.K., France are net issuance amount. The others are gross issuance amount. The U.S.'s April-June discount bond issuance amount is estimated by MOF.

Note 4: Data for the U.K. are calculated on a revenue basis while data for the other countries are calculated on a nominal value basis.

Note 5: Inflation-Indexed Bonds worth 500 million pounds out of April 2019 issuances and coupon-bearing bonds worth about 3.4 billion pounds out of April 2020 issuances in the U.K. were subjected to gilt tenders that differ from ordinary auctions (reopening existing bonds to supplement ordinary competitive auctions).

Note 6: Germany's May-June coupon-bearing bond issuance amount includes unpublished syndication issues (a 15-year issue and a 30-year issue) that are estimated as the same as those planned for the latest month.

(Sources) Relevant countries' debt management authorities

## Bond Types and Issuance Methods

Methods of issuing government bonds adopted in various foreign countries are divided into two types: offering to the market through auctions or other means (marketable bonds) and offering to retail investors without going through the market (non-marketable bonds).

Marketable bonds are normally offered mainly through the public auction method which uses both competitive and noncompetitive auctions. As for competitive auctions, notable is the fact that the U.K., Germany and France employ the multiple price (conventional) method (Note 1) for almost all maturities as is the case of Japan while the U.S. employs the single price (Dutch-style) method for all maturities (Note 2). In addition, the U.K. and France use the syndication method (Note 3) almost every year. Germany plans to use the syndication method in May 2020 for the first time in five years (Fig. c6-5).

Note 1: Auction method by which each winning bidder purchases the security at one's bidding price (or yield).

Note 2: Auction method by which all winning bidders pay the lowest accepted bid price regardless of their original bid prices (or yields).

Note 3: Method of offering/underwriting by a syndication composed of financial institutions, securities companies, etc.

**Fig. c6-5 Bond Types and Issuance Methods in Japan and Foreign countries**

	Japan	U.S.	U.K.	Germany	France
Short-term	Approx. 2-month, 3-month, 6-month, 1-year (Note 1)	4-week, 8-week, 13-week, 26-week, 52-week, CMB (Note 2)	1-month, 3-month, 6-month, 12-month	3-month, 5-month, 6-month, 9-month, 11-month, 12-month	Less than or equal to 1-year
Medium-term	2-year, 5-year	2-year, 3-year, 5-year, 7-year	1 ~ 7-year	2-year, 5-year, 7-year (Note 3)	2 ~ 8-year
Long-term	10-year	10-year	7 ~ 15-year	10-year	8 ~ 50-year (Note 4)
Super Long-term	20-year, 30-year, 40-year	20-year, 30-year (Note 3)	15 ~ 55-year	15-year, 30-year (Note 3)	
Others	Inflation-Indexed Bonds (10-year)	Inflation-Indexed Bonds(5-year, 10-year, 30-year) Floating Rate Bonds (2-year)	Inflation-Indexed Bonds (5 ~ 55-year)	Inflation-Indexed Bonds(5-year, 10-year, 30-year)	Inflation-Indexed Bonds(2 ~ 30-year)
Green Bonds Total Issuance Amount				(Planned to be issued in the second half of 2020)	25.27 billion euros (Note 5)
Issuance Method	Multiple price (conventional) method (40-year, Inflation-Indexed Bonds: single price/yield (Dutch-style) method)	Single price (Dutch-style) method	Multiple price (conventional) method (Inflation-Indexed Bonds: single price (Dutch-style) method) (Note 6)	Multiple price (conventional) method (Note 7)	Multiple price (conventional) method (Note 6)

Note 1: Approx. 2- and 3-month issues are limited to Financing Bills.

Note 2: CMBs (Cash Management Bills) are issued according to short-term cash flow needs.

Note 3: The U.S. plans to issue 20-Year Bonds in the first half of 2020 for the first time since 1986. Germany plans to issue 7- and 15-Year Bonds in May 2020 for the first time ever. (as of April 2020)

Note 4: Green Bonds are included.

Note 5: Issuance results as of April end 2020.

Note 6: The syndication method is used to issue some super long-term bonds, Inflation-Indexed Bonds and Green Bonds (France).

Note 7: The syndication method was adopted for the first and second 10-Year Inflation-Indexed Bond issues (2006), the first 30-Year Inflation-Indexed Bond issue (2015), the first 15-Year Bond issue (scheduled May 2020) and the 30-Year Bond issue (scheduled June 2020).

(Sources) Relevant countries' debt management authorities

Green Bonds are issued by business corporations, local governments and other entities to raise funds for renewable energy and other projects that contribute to resolving global warming and other environmental problems.

Government Green Bonds have been issued in 10 countries including France since Poland became the first country to issue such bonds in 2016. France initiated a Green Bond issue worth 7 billion euros in January 2017 and has reopened the issue multiple times annually. Its balance of outstanding government Green Bonds was the highest in the world as of March 2020. In the government bond issuance plan released in December 2019, Germany plans to issue Green Bonds in the second half of 2020. No government Green Bonds were issued in the U.S., the U.K. and Japan by March 2020. If government Green Bonds are to be issued separately from other government bonds, it will have to be cautiously considered that their liquidity could decline to cause a rise in fundraising costs or national burden.

While Japan currently can raise necessary funds by using the existing types of government bonds and does not necessarily have to issue Green Bonds, we are watching domestic and overseas Green Bond-related trends and foreign government debt management authorities' issuance conditions and consideration of such bonds.

Representative non-marketable bonds are bonds for holdings only by households and other retail investors (savings-type bonds), issued in Japan, the U.S. and the U.K. The U.K. features unique non-marketable bonds that cannot be seen in other countries, including Premium Bonds that offer a monthly prize draw instead of earning interest. Meanwhile, Germany and France issued government bonds for retail investors in the past but have discontinued the issuance.

The U.S. issues a large amount of non-marketable bonds intended for government accounts including government entities and pension funds, which account for approximately 30% of its entire government debt outstanding.

Note: For Japanese government bonds for retail investors, see “Fig. 2-6 Comparison of JGBs for Retail Investors and New Over-The-Counter (OTC) Sales System” (P46).

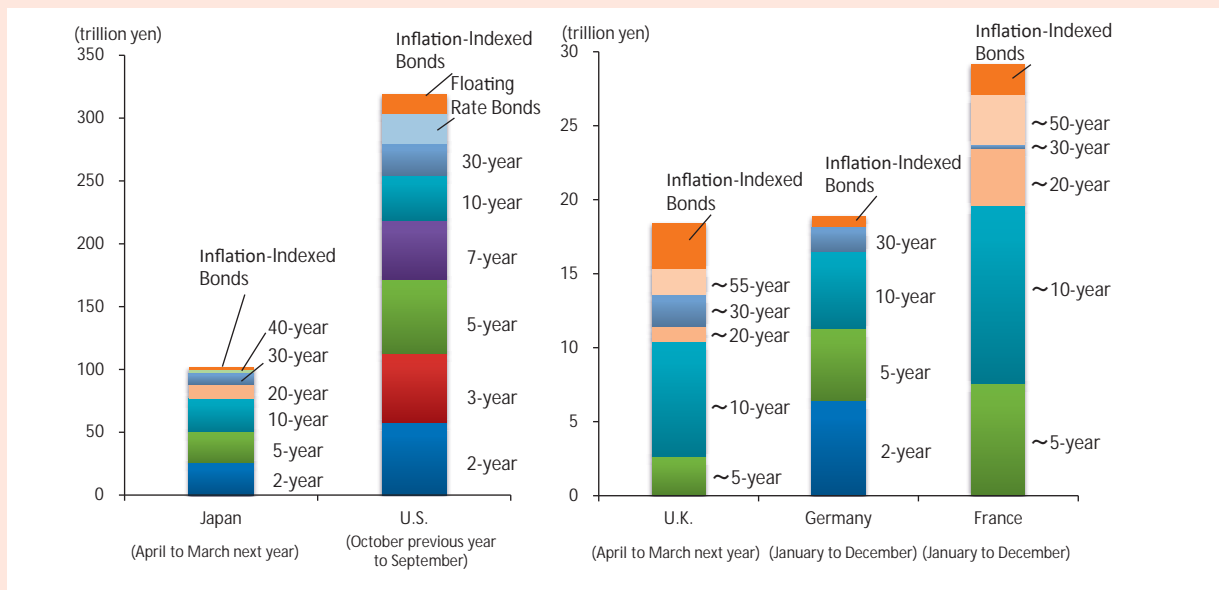
### Medium to Long-Term Bond Issuance Broken down by Type

In Japan, the government issues fixed-rate coupon-bearing bonds with a maturity of 40 years at the longest by striking a balance with market trends and investor needs, etc. As shown by the examples of foreign countries, 5-year or shorter bonds account for about 50 to 60% of all government bonds in the U.S. and Germany while longer bonds account for about 60 to 70% of all such bonds in the U.K. and France. Maturity mixes thus vary widely from country to country. In addition, it is notable that the U.K. and France specify no maturity and divide maturities into rough categories in a flexible manner.

As for Inflation-Indexed Bonds in Japan, the authorities adjust the issuance amount flexibly in response to the market environment and investment needs based on dialogue with market participants. In the U.K. and France among foreign countries, Inflation-Indexed Bonds account for some 10 to 20% of their total issuance amounts being established as a major fundraising means (Fig. c6-6).



Fig. c6-6 Medium to Long-Term Bond Issuance by Type in Major Countries (FY2019)



Note 1: Other than those described above, Liquidity Enhancement Auctions are held in Japan.

Note 2: Foreign currencies are converted into yen using the following exchange rates: 1 USD = 107.54 yen, 1 GBP = 133.58 yen and 1 EUR = 118.62 yen (as of March 31, 2020).

Note 3: Data for U.K. are calculated on a revenue basis while data for the other countries are calculated on a nominal value basis.

Note 4: U.K. and French data include syndication issues.

(Sources) Relevant countries' debt management authorities

### Liquidity Maintenance/Enhancement Measures

Japan has adopted reopening for 20- and 30-Year JGB each into four issues and 40-Year and Inflation-Indexed JGB each into one issue annually in principle and for 10-Year JGB into four issues annually unless yields fluctuate wildly (the gap between the market yield and the coupon on a new issue exceeds 30 basis points). Japan has thus tried to maintain and enhance liquidity by securing a sufficient outstanding value for each issue. Through liquidity enhancement auctions, Japan also reopens issues that have structural liquidity shortages or temporary liquidity shortages due to expanding demand.

Among foreign countries, the U.S. and Germany have adopted reopening for on-the-run issues (excluding 7-year or shorter issues in the U.S.) in principle. In the U.K. and France, the debt management authorities discretionarily reopen any issues whether they are on- or off-the-run (Fig. c6-7).

In Germany, meanwhile, the authority reserves part of each debt issuance amount and gradually sells such reserves or uses them for the repo market in consideration of secondary market conditions. Countries implement various measures to maintain and enhance government bond market liquidity.

Fig.c6-7 Reopening Issuances in Foreign Countries ( Excluding Discount Bonds )

	Japan	U.S.	U.K.	Germany	France
Reopening	<ul style="list-style-type: none"> <li>• 5-year ( Note 1 )</li> <li>• 10-year ( Note 2 )</li> <li>• 20-year</li> <li>• 30-year</li> <li>• 40-year</li> <li>• Inflation-Indexed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• 10-year</li> <li>• 20-year</li> <li>• 30-year</li> <li>• Floating Rate Bonds(2-year)</li> <li>• Inflation-Indexed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Medium-term ( 1 ~ 7-year )</li> <li>• Long-term ( 7 ~ 15-year )</li> <li>• Super Long-term ( 15 ~ 55-year )</li> <li>• Inflation-Indexed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• 2-year</li> <li>• 5-year</li> <li>• 7-year</li> <li>• 10-year</li> <li>• 15-year</li> <li>• 30-year</li> <li>• Inflation-Indexed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Medium-term ( 2 ~ 8-year )</li> <li>• Long-term, Super Long-term ( 8 ~ 50-year )(Note 3)</li> <li>• Inflation-Indexed Bonds</li> </ul>
Without reopening	<ul style="list-style-type: none"> <li>• 2-year</li> </ul>	<ul style="list-style-type: none"> <li>• 2-year</li> <li>• 3-year</li> <li>• 5-year</li> <li>• 7-year</li> </ul>	-	-	-

Note1: Reopening issuance only in case nominal coupon is the same as that of previous issue.

Note2: "Reopening method in principle" except in case of significant change in market environments.

Note3: Green Bonds are included.

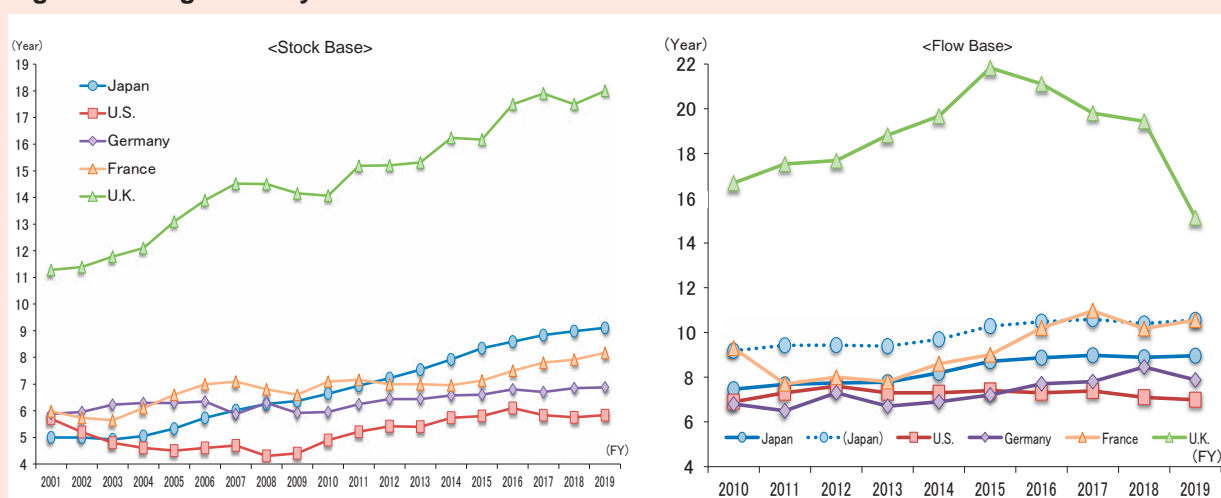
(Source) Relevant countries' debt management authorities

## Average Maturity

The “stock-base average maturity” is viewed as an important benchmark for assessing refunding risks.

Comparison between stock-based average maturities for government bonds in Japan and major foreign countries indicates that the averages range from five to eight years in the U.S., Germany and France (the average stands at as high as about 18 years in the U.K. with super long-term issues accounting for a large share of all government bonds), while the Japanese average bottomed out at 4.9 years at the end of FY2003 and lengthened by approximately 4.2 years in 16 years to 9.1 years at the end of FY2019. The flow-based average maturity in the U.K. substantially shortened from 19.4 years in FY2018 to 15.1 years in FY2019 due to sharp issuance falls for coupon-bearing bond issues maturing in more than 40 years and for Inflation-Indexed Bond issues maturing in more than 20 years (Fig. c6-8).

**Fig.c6-8 Average Maturity**



Note 1: Data for Japan represent the average weighted maturity of outstanding General Bonds including Treasury Bills and excluding Financing Bills. Data for other countries include short-term (one-year and shorter) bills.

Note 2: Data for U.K. are calculated on a revenue basis while data for the other countries are calculated on a nominal value basis.

Note 3: Data are for April-March next year for Japan alone and for January-December for other countries.

(Source) OECD, Ministry of Finance

Note 1: Data for Japan represent the average maturity of JGBs for the calendar-based issuance, including Treasury Bills and excluding Financing Bills. Data for the other countries exclude short-term (one-year and shorter) bills.

Note 2: Data for (Japan) exclude Treasury Bills for adaptation to data for the other countries.

Note 3: Data for U.K. are calculated on a revenue basis while data for the other countries are calculated on a nominal value basis.

Note 4: The fiscal year (FY) differs from country to country.

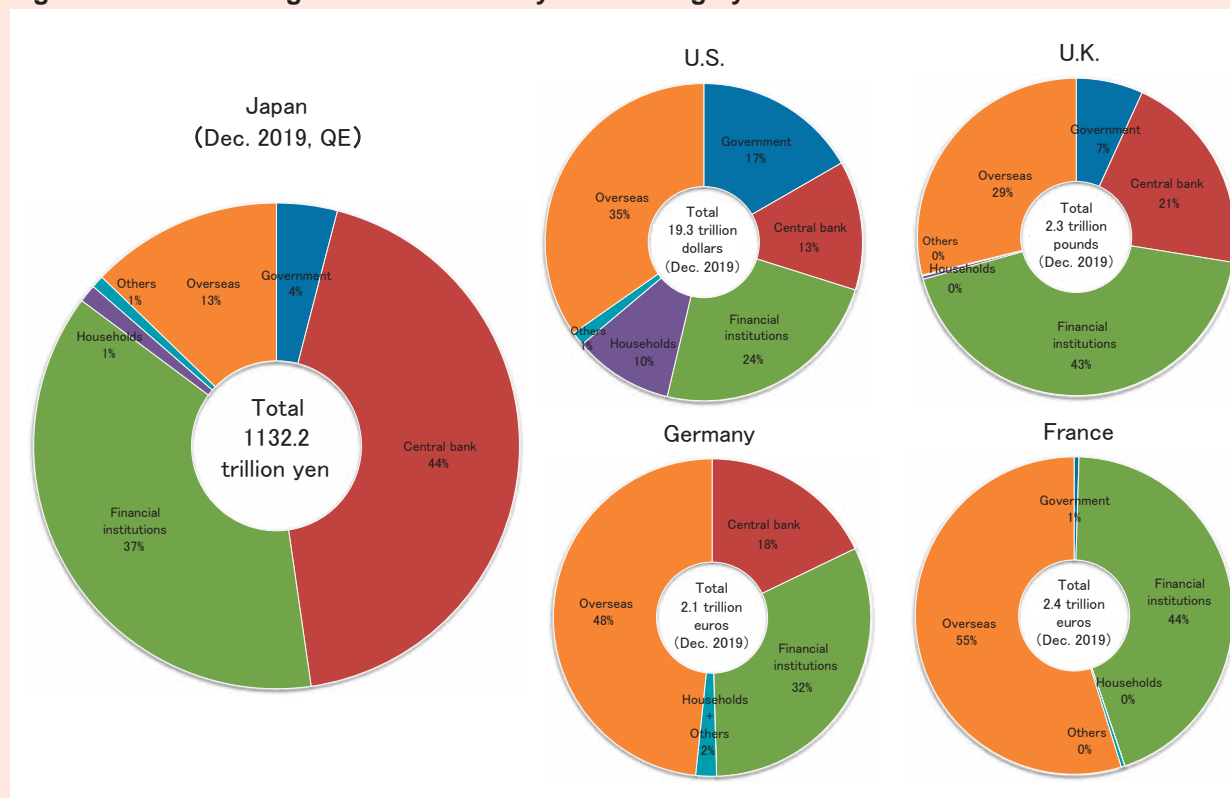
(Source) Estimated by Ministry of Finance based on the data of relevant countries' debt management authorities



## Breakdown by Government Bond Holders

A significantly large portion of JGBs are held by Japanese domestic investors including financial institutions. Although the percentage of JGBs held by foreign investors has been on an uptrend recently, it remains at the low level of approximately 13%. On the contrary, bonds of major foreign countries are held in large part by overseas investors who account for approximately 40% in the U.S., approximately 50% in Germany and France (Fig. c6-9).

**Fig.c6-9 Breakdown of government bonds by holder category**



Note: Japanese government bonds include Fiscal Investment and Loan Program Bonds and Treasury Discount Bills (T-Bills). Data for the U.S. exclude holdings by government-controlled public institutions, trust funds, etc. but include non-marketable government bonds held by the Federal Government Employee Retirement Funds, etc. In Germany and France, the total covers municipal bonds (the central bank's share in France is not made available).  
 (Sources) Japan: Bank of Japan, U.S.: Federal Reserve Board, U.K.: Office for National Statistics, UK Debt Management Office, Germany: Deutsche Bundesbank, France: Banque de France

## Primary Dealer System

Primary dealers ("PDs") originally referred to government-certified dealers in the U.S. Companies designated as PDs are entitled to directly trade with the Federal Reserve Bank of New York when it conducts open market operations and to exchange opinions by participating in periodic meetings with the authorities. At the same time, candidates for PD designation are examined beforehand for their ability to provide market-making services, financial conditions, auction participation records, etc. and after the designation, certain obligations, such as bidding for government bonds, market making and providing information to the authorities, are placed on PDs. In this way, under a certain system, companies with special responsibilities and qualifications in regard to government bond markets are designated as PDs to ensure that the liquidity, efficiency and stability of government bond markets are maintained and improved. Such system is generally called the Primary Dealer System.

Nowadays, various countries have similar systems in place, including Japan's JGB Market Special Participant Scheme. But PDs' responsibilities and qualifications vary from country to country as shown below (Fig. c6-10).

Fig.c6-10 Primary Dealer System

		Japan	U.S.	U.K.	Germany ( Note1 )	France
Name		JGB Market Special Participants	Primary Dealers	Gilt-edged Market Makers ( GEMMs )	Bund Issues Auction Group	Spécialistes en Valeurs du Trésor (SVT)
Introduction time		2004	1960	1986	1990	1987
Number of members (as of March 2020)		21 companies	24 companies	18 companies	36 companies	15 companies
Responsibilities	Bidding	<ul style="list-style-type: none"> <li>• Participation in all auctions</li> <li>• 5% or more of total planned issuance amount</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in all auctions</li> <li>• Total planned issuance amount / the number of PDs</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in all auctions</li> <li>• 5% or more of total issuance amount over a rolling 6-month period</li> </ul>		Participation in all auctions
	Purchasing	<ul style="list-style-type: none"> <li>&lt;Short-term&gt; 0.5% or more of total planned issuance amount</li> <li>&lt;Excluding Short-term&gt; 1% or more of the said amount</li> </ul>		2% or more of total issuance amount over a rolling 6-month period	0.05% or more of total issuance amount	2% or more of total issuance amount ( Note 2 )
	Market making	Providing sufficient liquidity to the JGB secondary market	Maintain a share of Treasury market making activity of at least 0.25 percent.	Having a 2% or more share in the secondary market		Having a 2% or more share in the secondary market
	Information provision	Report to the MOF	Report to the New York Fed	Report to the DMO		Report to the AFT
Qualifications	Exclusive participation	<ul style="list-style-type: none"> <li>• Non-Price Competitive Auction ( Up to 20% of total issuance amount )</li> <li>• Non-Price Competitive Auction ( Up to 10% of total amounts of bids accepted in the competitive auction and Non-Price Competitive Auction )</li> <li>• Liquidity Enhancement Auction</li> <li>• Buy-back Auctions, etc.</li> </ul>		<ul style="list-style-type: none"> <li>• Competitive Auctions</li> <li>• Buy-back Auctions</li> <li>• Syndication, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive Auctions</li> <li>• Non-Competitive Auctions</li> <li>• Buy-back Auctions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive Auctions</li> <li>• Non-Competitive Auctions ( Up to 25% of amounts of bids accepted in the competitive auction )</li> <li>• Syndication, etc.</li> </ul>
	Regular meeting, etc.	Meeting with the MOF (About 5 times a year)	<ul style="list-style-type: none"> <li>• Meeting with the New York Fed ( annually )</li> <li>• Meeting with U.S. Department of the Treasury (quarterly )</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting with the HM Treasury ( annually )</li> <li>• Meeting with DMO ( quarterly )</li> </ul>		Meeting with the AFT ( periodically )

Note 1: Germany's "Bund Issues Auction Group" is similar to the primary dealer system in other countries in that only the group members are allowed to participate in government debt auctions. But the only required qualification for a Bund Issues Auction Group member is a financial institution based in the European Union, and each member, though required to purchase a certain part of each issue, is free from any obligation to make bids in auctions or have consultations with the authorities. Therefore, the German group is viewed as different from the PD group in other countries.

Note 2: Conditions other than those in the table for France's bidding responsibilities include "2% or more of the total issuance amount over the last one year for three of four sectors (short-term, medium-term, long-term and super long-term, and Inflation-Indexed Bonds) and the average for the four sectors at 3% or more of the total issuance amount over the last one year."

(Sources) Relevant countries' debt management authorities

## Cooperation between Debt Management Authorities

National debt management authorities can exchange information through international conferences sponsored by international organizations.

These conferences include the OECD (Organization for Economic Cooperation and Development) Working Party on Public Debt Management, the IMF (International Monetary Fund) Public Debt Management Forum, the World Bank Government Borrowers Forum and the ADB (Asian Development Bank) Regional Public Debt Management Forum.

The Japanese debt management authorities have attended these international conferences as much as possible. At most of these conferences, Japanese debt management authority officials have given presentations on Japan's debt management policies and proactively shared information and opinions with their foreign counterparts on debt management policies. Japan has served as a member of the steering committee for the OECD Working Party on Public Debt Management.

## 2 Secondary Market for Government Bonds

Not only are government bonds a means for government financing, but they are also financial products traded on the ever-changing financial markets at the same time. For JGBs to be issued smoothly and fulfill their functions as indicators of bonds and interest rates, transparency and liquidity must be assured and secondary markets with reliable and efficient settlement must exist. This chapter outlines JGB market liquidity maintenance and enhancement initiatives, as well as how JGBs are traded on the market and how JGB transactions are settled.

### (1) JGB Market Liquidity Maintenance and Enhancement

If the JGB market is liquid enough to allow investors to freely trade in JGBs in line with their respective interest rate outlooks and investment strategies, it will contribute to holding down medium to long-term fundraising costs. Therefore, the JGB issuance authority pays attention to the JGB market liquidity.

While liquidity is defined variously, with no strict definition existing, high liquidity is generally explained as allowing market participants to promptly buy or sell as much as they want at prices close to market prices. In order to assess JGB market liquidity, we must combine various indicators to analyze the market from a multifaceted perspective, instead of depending on a limited range of specific indicators. ( )

The secondary JGB market consists of JGB Market Special Participants and other brokers, and various investors. The maintenance and enhancement of JGB market liquidity depends basically on the market's autonomous functions backed by transactions between such market participants. However, the JGB issuance authority complements JGB market liquidity by adjusting issuance amounts, maturities, reopening and other matters.

Specifically, the government has taken the following measures to maintain and enhance JGB market liquidity:

- Conducting Liquidity Enhancement Auctions to add to past issues ( )
- Reopening past issues ( ) to expand the volume of each issue

The government has also held the Meeting of JGB Market Special Participants and the Meeting of JGB Investors ( ) to identify market conditions through exchange of opinions with market participants.

Ref: Column 7 "Liquidity on the JGB Market" (P90).

Ref: Chapter 1 3(2) "Liquidity Enhancement Auctions" (P84).

Ref: Chapter 1 1(3) Ab "Reopening rule" (P44).

Ref: Chapter 1 3(5) "Dialogue with Market Participants" (P88).

### (2) OTC Transactions and Transactions on the Stock Exchange

The secondary market can be divided into transactions that take place on the Stock Exchange and transactions that are made over-the-counter, for example, at securities companies (OTC transaction). OTC is a predominant transaction method for bonds because bonds have so many issues that their transactions and procedures on the Stock Exchange tend to be complicated and bond transactions are complex.

In the OTC market, in principle, a price is concluded through a negotiation between the parties concerned. However, in order to ensure fair and smooth OTC bond transactions, Self-regulatory Regulations by the Japan Securities Dealers Association require each securities company to maintain the fairness of the transaction by acting at a proper price according to a set of internal rules ( ).

Furthermore, to improve the price discovery function of the OTC market, the Japan Securities Dealers Association publishes reference statistical prices [yields] for OTC bond transactions on every business day, based on the reports from its member security companies and some other firms. As financial institutions often engage in OTC transactions through their brokers, such transaction price data are available from these brokers.

Currently, 2-Year, 5-Year, 10-Year, 20-Year, 30-Year and 40-Year JGBs are listed on the Stock Exchange in Tokyo and Nagoya, and their transaction volume is published.

**Fig.2-10 Case of the Tokyo Stock Exchange**

Particulars	JGB Trading System	
	Trading Hours	12:30 pm - 2:00 pm
	Trading Unit	JPY 50,000 in par value
	Tick Size	JPY 0.01
	Types of Orders	Limit orders only (Market orders are not available)
	Daily Price Limit	JPY 1
	Trading Method	Orders are accepted only via Target (electronic document submission system of TSE)
	Trade Execution	Individual auctions for each issue (price priority and time priority are applied same as stocks)
	Types of Trading and Settlement Dates	Regular transactions (T+1)
	Settlement	Settlement through BOJ-NET

(Source) Japan Exchange Group

(3) Improvements to the JGB Transaction Settlement System

Ref: Chapter 1 1(5)B “The Bank of Japan government bond network system” (P50)

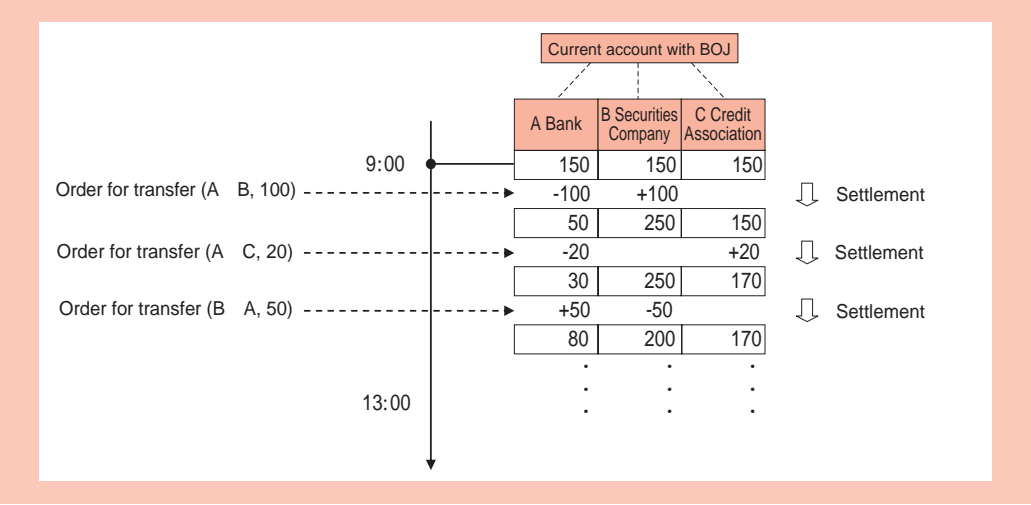
As for the book-entry transfer system for JGB transactions on the secondary JGB market, the Bank of Japan is designated as the transfer institution under the “Act on Book-Entry Transfer of Corporate Bonds and Shares” and operates the system. The system uses book-entry transfer for JGB delivery accompanying JGB transactions between market participants. Practically, the BOJ-NET for fund settlements between private financial institutions is used for the system. In 1994, the BOJ-NET adopted Delivery-versus-Payment (DVP) settlement ( ), and in January 2001 changed from the Designated-time Net Settlement (DTNS) ( ) to Real-Time Gross Settlement (RTGS) ( ), to prevent the occurrence of any systemic risk event. Meanwhile, deliberations were held by market participants on how to deal with the significantly increased number of settlements and clerical workload associated with the shift to JGB settlement by RTGS. These deliberations resulted in the Japan Securities Dealers Association formulating the “Japanese Government Securities Guidelines for Real Time Gross Settlement” in August 2000. Based on this guideline, the standards prevailing in the major overseas markets such as Fails Practice, Cut-Off Time, and Reversal Time ( ), as well as Bilateral Netting ( ) have been adopted in the Japanese secondary markets in order to facilitate flawless settlement and increase efficiency.

DVP (Delivery-versus-Payment) settlement of JGBs is a mechanism that prevents the occurrence of a situation in which “payment for securities is not received despite the delivery of the securities having been made” or where “securities are not delivered despite the payment of funds having been made,” by making the delivery of securities and payment therefore conditional on each other.

The DTNS (Designated-Time Net Settlement) system is designed to hold and accumulate various orders received for book entry transfers (payment orders) until a certain time, and at that time, pay or receive only the difference between the total amount receivable and the total amount payable as of such time. Under this settlement method, one single payment default at the time of settlement will cause the settlement of any and all payment orders issued by all participating financial institutions to be suspended and reversed, and by extension, may cause a systemic risk.

The RTGS (Real-Time Gross Settlement) system is a mechanism to transfer in real time the gross amount of each transfer order as received. By this method, settlement is effected for each transfer order. Any single payment default will only directly affect the counterparty of that order (which mitigates any systemic risk).

Fig.2-11 Example of RTGS via Current Accounts with the Bank of Japan



The following section reviews the deliberations concerning the JGB settlement system to date and introduces the most recent discussion points.

A. New BOJ-NET

The BOJ launched the development of a new system (hereinafter referred to as New BOJ-NET) in 2008. In January 2014, the key New BOJ-NET component for the first phase came into operation, covering money market operations, JGB auction procedures and delivery procedures for JGB purchasing operations. The New BOJ-NET came into full operation to cover all services on October 13, 2015. The Forum towards Making Effective Use of the New BOJ-NET was created in August 2013 for further improving the safety and efficiency of the entire settlement system of Japan, invigorating financial markets and advancing financial services. The forum discussed how to use the New BOJ-NET with operation hours extended, a specific extension, and the

Cut-Off Time refers to a daily settlement closing time established among market participants that occurs before the end of JGB related operations on the BOJ-NET in order to identify “fail events,” etc., ahead of the end of settlement for the day. Currently the Cut-Off Time is set at 14:00. Reversal time refers to a period of time after the Cut-Off Time that is used for achieving the resolution of a fail status at the Cut-Off Time based on an agreement between the parties to extend the settlement time, or for correcting an erroneous settlement. Currently Reversal Time is from 14:00 to 16:30.

implementation schedule of the extension. Based on the policy given in the report published by the forum in March 2014, operation hours were extended until 21:00 from February 15, 2016. In March 2016, the forum created three working groups, including one on “Cross-border Use of Yen and JGBs”, to discuss the expanded global use of JGBs as collateral and other measures.

## B. Establishment and propagation of the Fails Practice

“Fail” refers to a case of non-delivery of specific securities by the scheduled time due to reasons other than the creditworthiness of the relevant trade counterparty. “Fails Practice” refers to a market routine that prescribes general clerical procedures to be performed between the parties in a Fail instance and provides as a principle that a Fail event does not automatically imply default ( ).

Fails Practice was introduced in January 2001 when the RTGS system for JGB settlement was adopted in Japan. Back then, a fair number of parties neither understood the need for Fails Practice nor had the clerical processing frameworks in place, which prevented Fails Practice from becoming established procedure. However, in connection with the collapse of the investment bank Lehman Brothers in September 2008, default contagion caused an unprecedented surge in Fail events. Subsequently, as a means for market participants to reduce Fail risk, avoiding new repurchase transactions altogether became increasingly widespread, which reduced liquidity not only in the repurchase (repo) market but also in the JGB market. This experience led in May 2009 to the inception of the Working Group concerning Review of Fails Practice for Bond Trading, an organ subordinate to the Japan Securities Dealers Association's Bonds Committee, which provided a market cross-sectional reviewing framework for policies to reduce Fail frequency and to further establish Fails Practice as a standard. The final report was released in April 2010. The current revision of Fails Practice has been implemented since November 2010, and it includes a newly introduced Fails Charge ( ) and an accelerated Cut-Off Time.

Based on the recommendation of the “Current Situation and Future Challenges of Debt Management Policy Discussion Paper” that “It is desirable for the issuing authorities to support the discussions on secondary market reform made under market participants' initiative and to take appropriate measures on its own,” the MOF, after reaching the consensus with JGB Markets Special Participants, has introduced a Fails Charge to be imposed on Buy-back auctions, since January 2011.

## C. Shortening of settlement periods

An increase in unsettled transactions through defaults and fails after the September 2008 Lehman Shock prompted market participants to strongly perceive settlement risks, leading once again to the realization that shortening settlement periods would be indispensable for effectively reducing unsettled transactions. Based on this experience, in September 2009, the Working Group on Shortening of JGB Settlement Cycle was established as a subordinate organ of the Promotion Meeting for Reform of the Securities Clearing and Settlement ( ) to consider adopting T+2 and T+1 as standard settlement periods for JGB transactions.

Based on the paper titled “Development of Institutional Frameworks Pertaining to Financial and Capital Markets” released by the FSA in January 2010, the “Roadmap to Reduce Settlement Risk in JGB Transactions” was formulated and made public in June 2010. The

Bilateral netting is a method for the settlement of the difference between the various JGB delivery obligations and JGB payment obligations of two counterparties in situations where both types of obligation exist, as opposed to requiring each counterparty to meet each separate obligation as it falls due at the same time. All obligations are netted on each individual JGB and fund for settlement purposes. This netting process serves to reduce settlement volumes across the market as a whole.

Specifically, in case of a Fail event, neither will the right of contract cancellation be exercised nor will a penalty for late payment be imposed, in principle. If the Fail duration is prolonged, Buy-In provisions, etc., are stipulated as a method of resolution.

“Buy-In” means the purchase of the deliverable securities or identical securities by the recipient to resolve a Fail status that has continued for a certain period.

“Fails Charge” means a payment imposed on the party that gives rise to a Fail event by failing to deliver. The Fails Charge was introduced for its conceivable power to reduce Fail frequency on the grounds of its compelling economic rationale, especially in a low-interest environment (For details refer to the relevant regulations including the “The Japanese Government Securities Guidelines for Real Time Gross Settlement”).

The “Promotion Meeting for Reform of the Securities Clearing and Settlement” is established under the “Committee for Reform of Securities Clearing and Settlement System” which is hosted by the Japan Securities Dealers Association. Its purpose is to engage, from an overarching, cross-sectional perspective, in the progress management of the securities settlement system reform and in the discussion of topics that cut across products and industries.



roadmap provides that T+2 is to be implemented in the first half of 2012 and that deliberations are to be advanced on specific measures to implement T+1.

In response, the Working Group decided in March 2011 to implement T+2. The implementation came on April 23, 2012. Furthermore, T+1 began to be considered again in the second half of the 2012. Based on discussions at the Working Group and running tests, T+1 was implemented from May 1, 2018 ( ).

## D. Strengthening the operations and expanding the use of clearing institutions

Together with the change in January 2001 to JGB settlement by RTGS, Bilateral Netting was also introduced. Since in the JGB market outright transactions and repurchase transactions are being carried out constantly by multiple market participants, settling all transactions by individual counterparty would render clerical procedures complicated and highly inefficient, and also compel consideration of counterparty risk when making transactions. With regard to transactions contracted between market participants, this situation gave rise to the demand for an arrangement in which payments and JGBs deliveries of JGB transactions are netted under the guarantee of settlement implementations by a clearing institution taking the position between parties ( ).

In March 2001, the Meeting on the Japanese Government Bond Market ( ) proposed in the paper entitled “Recommendation to Enhance Liquidity in the Secondary Market” the creation of a JGB clearing agency. Subsequently, after deliberations by the Working Group, in October 2003 the Japan Government Bond Clearing Corporation (JGBCC (Japan Securities Clearing Corporation or JSCC at present) ( )) was established as the Central Counterparty (CCP) for the JGB market. Actual operations commenced in May 2005. As a result, the relation of rights and obligations contracted between JGBCC participants was simplified to the effect that rights and obligations now exist between the JGBCC and each participant, with each party's counterparty risk now posed by the JGBCC instead of the transaction counterparty. Moreover, since participants and the JGBCC settle only the net balance of funds and identical JGB issues, the amounts of settlements, funds, and JGBs necessary for settlement as well as their exposures during the day are significantly lower than before.

These risk management functions of the JGBCC came to bear during the financial crises in September 2008. To enhance the effectiveness of these functions, a paper entitled “Development of Institutional Frameworks Pertaining to Financial and Capital Markets” released by the FSA in January 2010 proposed to strengthen the operations and increase the use of the JGBCC. Another paper, entitled “Roadmap to Reduce Settlement Risk in JGB Transactions” released in June 2010, proposed with a view to widening JGBCC governance further policies, including the expansion of funding schemes for emergencies such as a participant's default and the establishment of clear rules for Fail allocation. As a result, steps were indeed taken to widen JGBCC governance, including an announcement in September 2010 to strengthen cooperation with the JSCC, and the establishment of clear Fail allocation rules alongside a Fails Practice review on November 2010.

Regarding the expanded use of the clearing organization, the JSCC and trust banks accounting for a large share of JGB settlements considered how to design the clearing system with considerations given to the characteristics of trust banks. In June 2014, trust banks started their participation in the JSCC.

As for the period between a JGB auction and issuance, T (auction date) +1 was also implemented for auctions from May 1, 2018, in principle (See Chapter 1 1(5)D “Shortening of Settlement Cycles in Primary JGB Market” (P52)).

The clearing institution comes between buyers and sellers to clear credit and debt relations established between numerous parties for securities and other transactions by replacing those relations with those between the clearing institution and sellers and those between the institution and buyers.

The Meeting on the Japanese Government Bond Market was maintained from September 2000 until August 2004 for the purpose of enabling opinion exchanges with concerned parties in the market. It was superseded by the launch of the Meeting of JGB Market Special Participants.

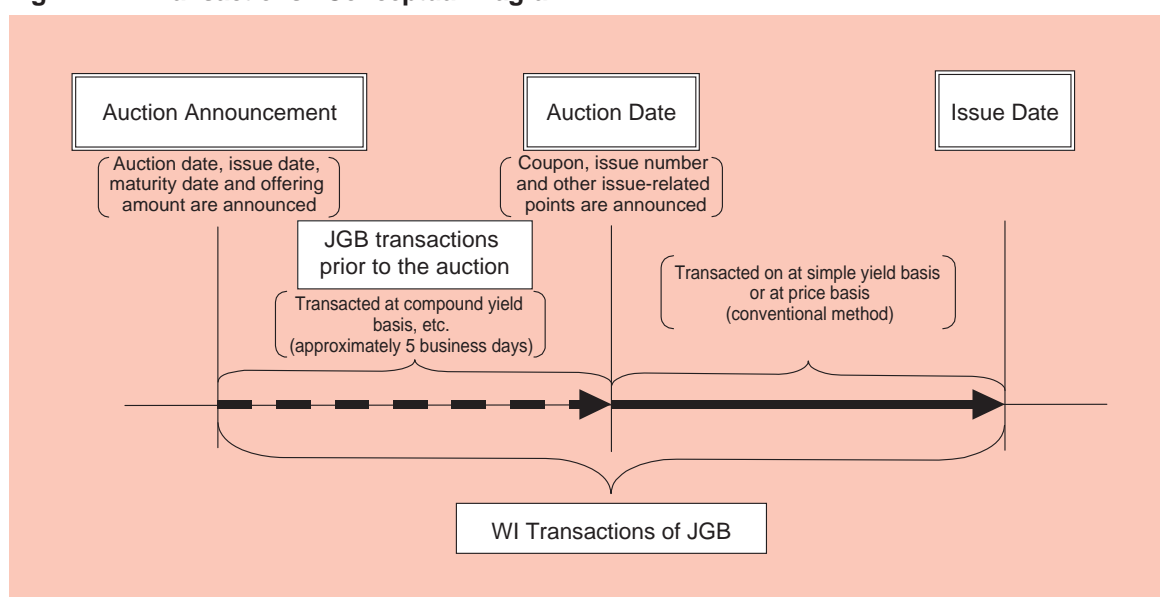
On October 1, 2013, the JSCC merged with the JGBCC and took over the JGBCC's clearing services for over-the-counter JGB trading.

#### (4) WI Transaction

A WI (When-Issued) transaction is a transaction made during a period between an auction announcement (in principle, a week before an auction date) and the previous day of its issuance. Besides a WI transaction during a period between an auction and the day of its issuance, one has become available prior to an auction date since February 2004.

A price of WI transactions functions as a predicted value of a bid price to be accepted because it reflects trends in the demand for a new issue prior to its auction. For the issuer, active WI transactions are considered to contribute to the efficiency of fundraising activities since they strengthen the linkage between the primary and secondary markets and reduce the uncertainty inherent in the auction process.

Fig.2-12 WI Transactions - Conceptual Diagram





## (5) Bond *Gensaki* and Bond-Lending Transactions

### A. Bond *Gensaki* Transactions

Bond *Gensaki* Transactions are bond sales transactions in which the traded bonds are traded back in the opposite direction on a date and at a price specified in an agreement concluded in advance between the parties to the transaction.

Bond *Gensaki* Transactions were a principal fundraising means for financial institutions holding securities soon after the end of World War II. While new short-term financial products such as certificates of deposit (CDs), commercial paper (CP), and large-lot time deposits were widely accepted by investors later, however, Bond *Gensaki* Transactions have been replaced by Bond-Lending Transactions and other means because Bond *Gensaki* Transactions are subject to the securities transaction tax because they are classified as trading. Bond *Gensaki* Transactions were thus limited to those trading mainly in Treasury Bills and Financing Bills (today's Treasury Discount Bills) free from the securities transaction tax.

Following a recommendation from the “Sub-Council on the Internationalization of the Yen” under the Committee on Foreign Exchange and Other Transactions that Japan's repurchase market promote transaction formats consistent with global standards ( ) and the abolition of the securities transaction tax in March 1999, a new Bond *Gensaki* Transaction format was introduced in April 2001 that incorporated risk management methods such as the use of a package settlement provision ( ), margin call feature ( ), and substitution ( ).

Based on discussions at the Working Group on Shortening of JGB Settlement Cycle established in September 2009 ( ), T+1 was implemented as the standard settlement cycle for JGB transactions on May 1, 2018. On this occasion, the settlement cycle for GC (General Collateral) repurchase transactions using unspecified bonds as collateral was shortened from T+1 to T+0, with new *Gensaki* transactions used for developing GC repos under the Subsequent Collateral Allocation Method, leading new *Gensaki* transactions to replace Bond-Lending Transactions.

Since November 2002, the BOJ has introduced JGB *Gensaki* operations using new *Gensaki* transactions in place of operations using the traditional Bond-Lending Transactions.

### B. Bond-Lending Transaction

Bond-Lending Transactions are Loan Transaction that one party (a lender) lends bonds to a second party (a borrower), and after a specified period, the borrower returns bonds of the same kind and in the same amount to the lender, thereby settling the lending transaction.

Bond-Lending Transactions were introduced in 1989 concurrent with the deregulation of the short-selling of bonds to promote the development of the secondary bond market. Bond-Lending Transactions were for the most part fully uncollateralized initially because regulations were imposed on interest on cash collateral to prevent competition with the Bond *Gensaki* Transactions and because collateralized Bond-Lending Transactions using non-cash collateral such as substitute securities were shunned by market participants due to complicated clerical work.

The collapse of the Barings Bank in February 1995 served as a fresh reminder of the risk associated with unsecured dealings. In order to mitigate credit risk, Bond-Lending Transactions underwent a review towards collateralization, modeled after the U.S. repurchase

“The internationalization of the yen for the 21st century—Japan's Response to Changes in Global Economic and Financial Environments,” as replied to by the Council on Foreign Exchange and Other Transactions on April 20, 1999.

A provision whereby if one of the two counterparties to the transaction defaults on payment, all the debts and credits under the basic agreement between them are replaced by one single monetary debt and credit (each of which is obtained by terminating all individual transactions and then offsetting the resulting loss or profit against the total collateral).

If, while transactions are being conducted, any difference arises as between the market value of the bond in a bond-lending and the value of the collateral provided because of fluctuations in bond prices, this feature permits a counterparty to claim a collateral shortage at any time.

A feature whereby, during the transaction period, another bond of equal or higher market value can be used to substitute for the bond being sold or purchased, subject to the agreement of both parties and following a notification given by one counterparty to the other of such an intention to substitute.

Ref: Chapter 1 2(3) C “Shortening of settlement periods” (P67).

transactions. Risk management was reinforced by putting into place a package settlement provision and margin call features, and with the change to rolling settlement ( ) of JGB transactions, the minimum limit for cash collateral was abolished along with the limit on interest. Beginning in April 1996, cash-secured Bond-Lending Transactions were initiated ( ).

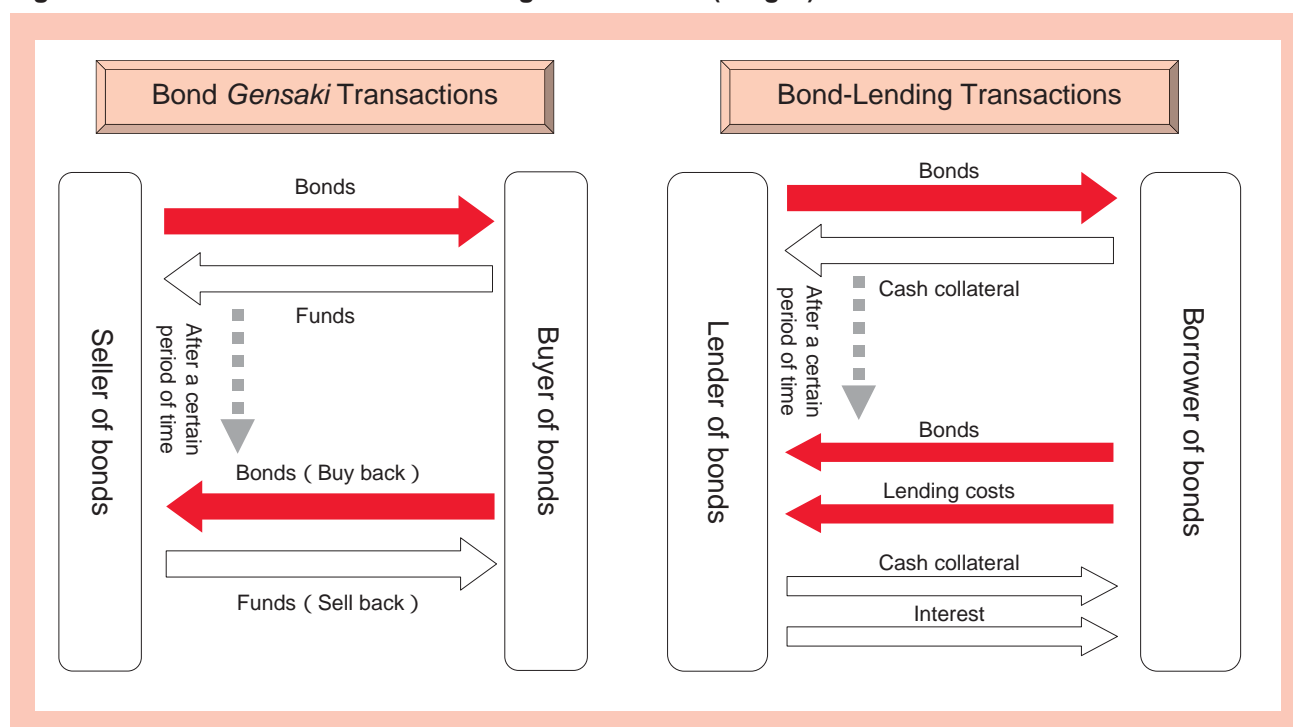
Cash-secured Bond-Lending Transactions have actively been made for GC transactions and SC (Special Collateral) transactions to procure cash bonds required for unwinding short positions on bonds. In November 1997, they were included in the operations of the BOJ. Moreover, the JGBCC in May 2005 started settlement services including repo transaction settlements (such as obligation assumption and netting) and risk management, contributing to expanding repo transactions.

Rolling settlement is a method to settle transaction sequentially, when it passed by the scheduled days. Before the change, settlements were concentrated on a specific day every month.

Cash-secured Bond-Lending Transactions are called “Japanese Repurchase (Repo) Transactions.” While global standard repo transactions are buying and selling transactions, Japan’s repo transactions center on borrowing and lending transactions (particularly for cash-secured Bond-Lending Transactions) and are called Japanese Repo Transactions discriminated from global-standard repo transactions. They are also called “cash-secured repos” or “bond-lending repos.”

### C. GC Repos under Subsequent Collateral Allocation Method

Fig.2-13 Bond *Gensaki* and Bond-Lending Transactions (images)

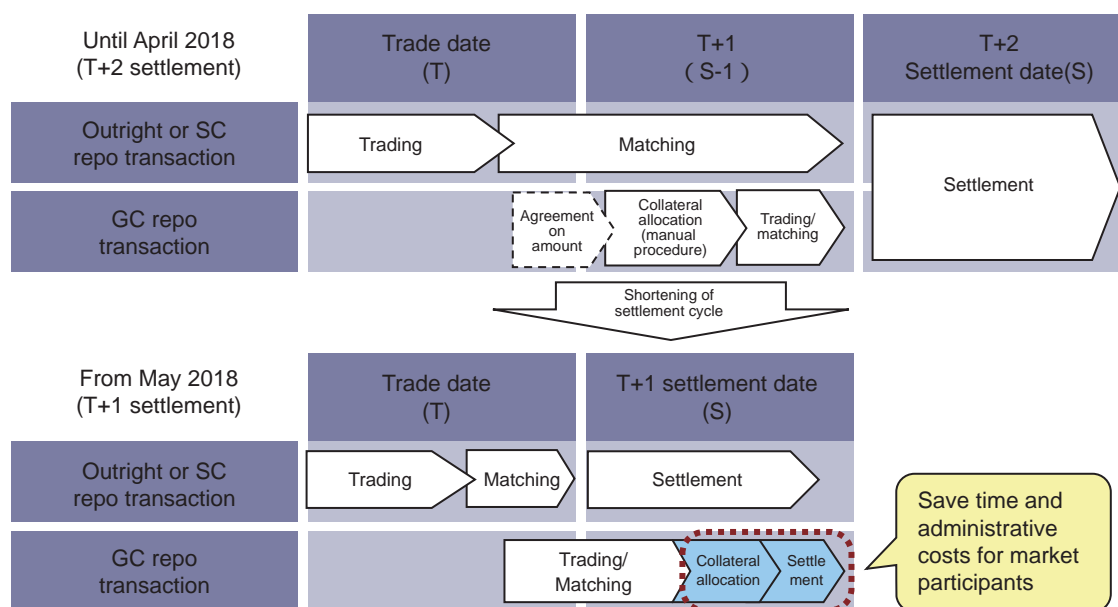


When the standard JGB settlement cycle was shortened to T+1 on May 1, 2018, the settlement cycle for ordinary JGB transactions (hereinafter referred to as outright transactions) and SC repurchase transactions was shortened from T+2 to T+1. At the same time, JSCC introduced GC Repos under Subsequent Collateral Allocation Method (Subsequent Collateral Allocation Repos), making GC repo transactions available for the T+0 settlement cycle.

GC repo transactions are frequently conducted by securities companies to raise funds to cover shortages after outright or SC repo transactions. GC repo transactions thus accompany outright or SC repo transactions. When the T+1 standard settlement cycle took effect for outright and SC repo transactions, therefore, how to accelerate post-trade procedures for GC repo transactions became a challenge. Then, the Subsequent Collateral Allocation Repos

through new *Gensaki* transactions were introduced, based on precedent European and U.S. cases. Parties to a Subsequent Collateral Allocation Repo transaction designate the amount of funds to be delivered and a JGB basket (e.g., conditions for specifying the scope of JGBs for collateral allocation such as "Treasury Discount Bills" and "JGBs with maturity of less than 10 years or Treasury Discount Bills") before contracting, leaving JSCC to allocate the specific issue of JGBs for the transaction just before the settlement. In this way, market participants administrative costs including the selection of JGB issues have been reduced, allowing the time for post-trade procedures to be shortened.

**Fig.2-14 Image of Shortening of JGB Settlement Cycle**



(Source) Prepared by the MOF based on the "Grand Design for Shortening of JGB Settlement Cycle (T+1)" published on November 26, 2014, by the Working Group on Shortening of JGB Settlement Cycle

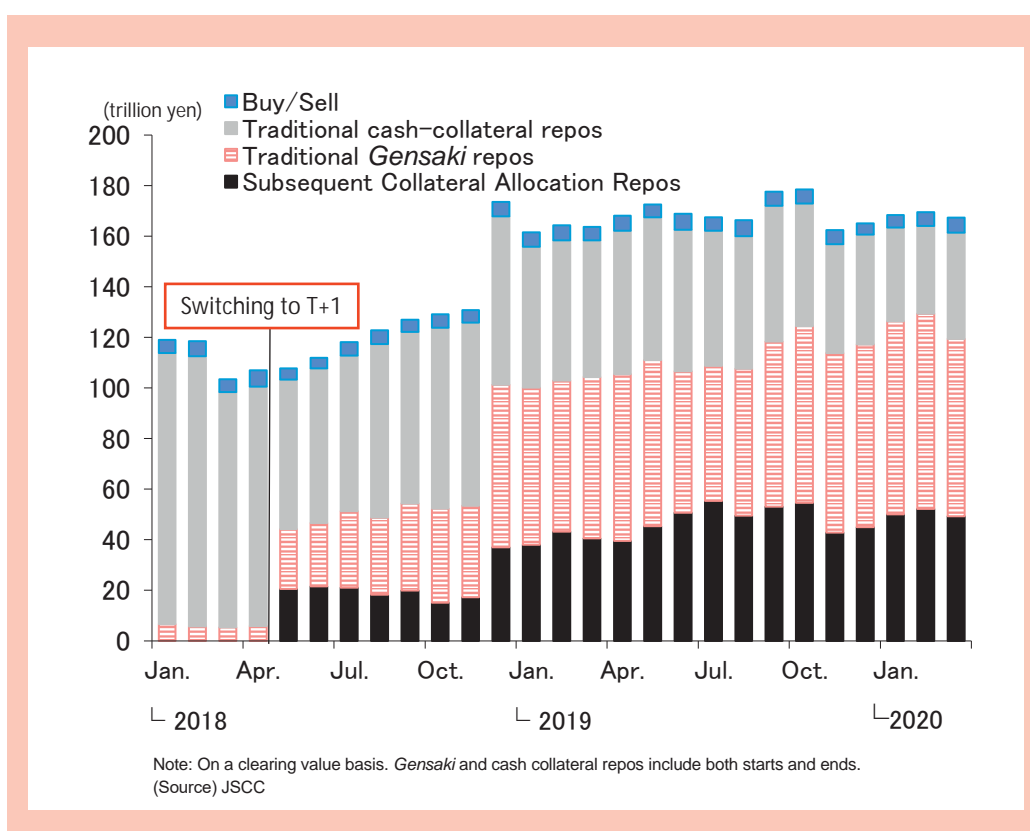
**Fig.2-15 JGB Coverage by Basket**

Basket Issue Short Name	Treasury Discount Bills	Interest-bearing / Term to Maturity 10y or less	Interest-bearing / Term to Maturity more than 10y	Interest-bearing (Floating Rate)	Inflation-Indexed	STRIPS
JGBB-TDB	●					
JGBB-U10	●	●				
JGBB-Fixed	●	●	●			
JGBB-Large	●	●	●	●		
JGBB-All	●	●	●	●	●	
JGBB-Strips						●

(Source) JSCC

Transactions via JSCC since May 2018 (Fig. 2-16) indicate that Subsequent Collateral Allocation Repos have been increasingly used. Transition from lending (cash-collateral repo) transactions to the global standard of new *Gensaki* transactions (*Gensaki* repos including Subsequent Collateral Allocation Repos), as recommended upon the T+1 settlement cycle introduction, has made due progress. In the future, the globalization and vitalization of Japan's repo market, including the expansion of nonresidents' participation in the market, are expected to further improve the convenience of overall market participants.

**Fig.2-16 JSCC's Clearing Value (daily average)**



## (6) STRIPS

STRIPS (Separate Trading of Registered Interest and Principal of Securities) are a type of coupon-bearing government bonds of which coupons and principal can be separated and traded respectively. These separated coupons and principal can be reconstructed into a whole security.

While STRIPS have long been in place in the U.S. and some European countries, it was introduced into Japan in January 2003 to meet the needs of investors who want the separation of principal and interest components ( ). The new instrument is also expected to enhance arbitrage functions between discount bonds and coupon-bearing bonds, thus adding to the efficiency of the JGB market.

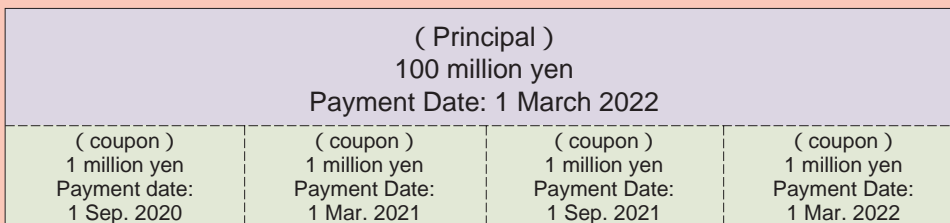
State of stripping of STRIPS is published at the MOF's web site on a regular basis.

All coupon-bearing bonds issued in January 2003 and thereafter except for 15-Year Floating-Rate Bonds, JGBs for Retail Investors, and 10-Year Inflation-Indexed Bonds are the "strippable book-entry securities. (Bonds issued as special bonds provided by the "Act on Book-Entry Transfer of Corporate Bonds and Shares" are excluded.)"

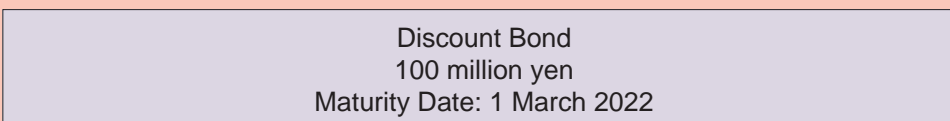
While no restrictions exist on holders of stripped book-entry securities, only the JGB Market Special Participants are allowed apply for the separation and reconstruction of STRIPS.

Fig.2-17 STRIPS - Conceptual Diagram

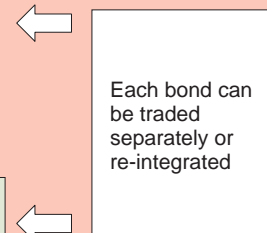
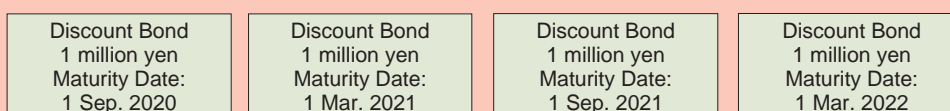
2-year fixed-rate coupon-bearing JGB with 100 million yen of face value  
(nominal rate:2%; maturity date: 1 March, 2022)



Principal-only book-entry transfer JGB



Coupon-only book-entry transfer JGB



## (7) JGB Futures Trading

Futures trading means trading in specific exchange-listed products at a price set at present on a certain fixed future date.

JGB futures are used for hedging risks associated with JGB trading ( ) and serve as a bond market trend indicator.

While there are four types of JGB futures – 5-year, 10-year, 20-year and mini 10-year JGB futures (Fig. 2-18), 10-year JGB futures account for most of the JGB futures trading volume. All JGB futures contracts are listed on the Osaka Exchange. 10-year JGB futures are listed on the Singapore Exchange as well as the Osaka Exchange.

In JGB futures trading, trading instruments, trading units, the last trading day ( ), the delivery settlement date ( ) and other trading terms and conditions are standardized on the premise that many unspecified market participants trade in JGB futures on securities exchanges. Particularly, trading instruments are not actually issued JGBs but notional JGBs called “standardized instruments” ( ). Only by paying margin as set by the exchange, any party can trade in JGB futures. Any party can implement a massive futures transaction by paying margin money that is far less than the full transaction value. This is a feature of futures trading.

When settling a futures transaction, a party may at any time before the last trading day make an offsetting trade (long liquidation or short covering) for net settlement or pay/receive the trading price and receive/deliver actual JGBs on the delivery settlement date (delivery settlement). Net settlement is used for most of futures trading.

For delivery settlement, actual JGBs designated as delivery-qualified issues ( ) will be delivered in place of notional JGBs. As a standardized instrument and a delivery-qualified issue have different coupon rates and remaining maturities, a separately computed rate is used for adjusting a delivery price. This rate is called “conversion factor.” Specifically, a delivery price is computed by multiplying a futures price and a conversion factor for a delivery-qualified issue together ( ).

While there are multiple delivery-qualified issues, the delivering party (or the futures seller) has the right to select an issue for delivery. An issue costing the delivering party least is called the cheapest issue ( ). As the delivering party can minimize losses or maximize profits by selecting the cheapest issue for delivery, the cheapest issue is usually selected for delivery. Therefore, futures prices tend to be closely linked to prices of the cheapest issues.

For example, a party holding JGBs may sell JGB futures. If a JGB price falls after the futures sale, the party may incur a loss on the JGB holding while gaining a profit on the JGB futures sale (because cash JGB price falls are accompanied by JGB futures price drops). In this way, the party may avoid any huge loss overall.

The “last trading day” is set to come five trading days before the delivery settlement date (Fig. 2-18).

The “delivery settlement date” is the 20th of March, June, September and December (Fig. 2-18).

“Standardized instruments” mean notional JGBs for which the stock exchange standardizes interest rates, redemption dates, and some other factors. For 10-year JGB futures trading, the standardized instrument is a notional JGB issue that carries a coupon rate of 6% and is set to mature in 10 years.

“Delivery-qualified issues” mean 10-Year Coupon-bearing JGBs with a remaining maturity of not less than 7 years but less than 11 years at the delivery settlement date in the case of 10-year JGB futures trading.

If the futures price is 150 yen and the conversion factor for the delivery-qualified issue is 0.72, the delivery price comes to 108 yen (150 yen × 0.72).

As of the end of March 2020, issues whose remaining maturity is shortest (approximately 7 years) are the cheapest issues.

Fig.2-18 Overview of JGB Futures Trading

	5-year JGB Futures	10-year JGB Futures	20-year JGB Futures	Mini 10-year JGB Futures	
Date launched	Feb. 16, 1996	Oct. 19, 1985	Jul. 8, 1988 (Closed from Sep. 10, 2002 to Apr. 4, 2014) Resumed trading on Apr. 7, 2014	Mar. 23, 2009	
Contract	Standardized 3%, 5-year JGB	Standardized 6%, 10-year JGB	Standardized 3%, 20-year JGB	Price of standardized 6%, 10-year JGB	
Deliverable grade	5-year coupon-bearing JGBs with remaining maturity of 4 years or more but less than 5.25 years	10-year coupon-bearing JGBs with remaining maturity of 7 years or more but less than 11 years	20-year coupon-bearing JGBs with remaining maturity of 19 years 3 months or more but less than 21 years		
Trading hours	<Morning session> Opening: 8:45 Regular session: 8:45-11:00 Closing: 11:02 <Afternoon session> Opening: 12:30 Regular session: 12:30-15:00 Closing: 15:02 <Night session> Opening: 15:30 Regular session: 15:30-5:25 (next day) Closing: 5:30 (next day)  *1: If no trade is made at the opening, a shift to the regular session will be made. *2: If no trade is made at the closing, trading session moves to Zaraba.				
Contract month	March, June, September, December cycle (three contract months traded at any one time)				
Last trading day	5th business day prior to each delivery date *Each delivery date is 20th of each contract month.			*6th business day prior to each delivery date of the 10-year JGB Futures for the same contract month. Trading for the new contract month begins on the business day following the last trading day of 10-year JGB Futures. * Final settlement day is 2nd business day following the last trading day.	
Contract unit	100 million yen face value			Multiply 100 thousand yen by the price of 10-year JGB Futures	
Tick Size	0.01 yen			0.005 yen	
Daily price limit	(1) The price limit range shall be the following:				
		5-year JGB Futures	10-year JGB Futures	20-year JGB Futures	Mini 10-year JGB Futures
	Normal price limit	± 2.00 yen		± 4.00 yen	± 2.00 yen
	Maximum price limit	± 3.00 yen		± 6.00 yen	± 3.00 yen
	* The price limits will be expanded to the expansion of price limits (Only price limits in one direction, up or down, will be expanded.)				
Circuit breaker	(2) Immediately Executable Price Range (Dynamic Circuit Breaker (DCB)) ( ): LTP or BBO ( ) mid price ± following ticks				
	5-year JGB Futures	10-year JGB Futures	20-year JGB Futures	Mini 10-year JGB Futures	
	10 ticks		30 ticks	10 ticks	
Strategy trading	In the case where a buy (sell) order is placed (or executed) at the upper (lower) price limit for the central contract month (excluding mini 10-Year JGB Futures), and no subsequent trades are executed outside the dynamic circuit breaker range from the said price in the next minute, the trading (including mini 10-Year JGB Futures) will be suspended and the upper (lower) daily price limit range will be expanded. ( )				
J-NET trading ( )	The calendar spread trading is available. ( ) Available (Tick size: 0.0001 yen, Minimum trading unit: 1 unit)				
Clearing value	Last traded price			Clearing value of the 10-year JGB Futures (Large) for the same contract month.	
Margin	Calculated by using SPAN®( )				
Settlement method	1. Long liquidation or short covering 2. Final settlement (delivery settlement)			1. Long liquidation or short covering 2. Final settlement (cash settlement)	
Delivery of bonds	The delivery of issues is at the discretion of the seller of the futures contract.				
Give-up ( )	Available				
Position transfer ( )	Available				

( ) From the viewpoint of preventing sudden price fluctuations, such as caused by erroneous orders, a rule is established to temporarily halt trading, when an order placed will trade beyond a set price range from the immediate reference price. This is called the Immediately Executable Price Range Rule.

( ) The BBO mid-price refers to the mid price of the immediate best offer and best bid.

( ) Exceptional cases

1. In the case where the above criteria is met within 20 minutes before the end of the regular session of the day (afternoon) or night session.

2. In the case where the circuit breaker criteria is triggered again after the price limit of a bid or offer has been expanded to the maximum range.

3. In cases where the Osaka Exchange deems that a trading suspension would not be appropriate in consideration of the trading conditions, etc.

( ) Calendar spread trading means a form of trading conducted by placing bids/offers based on the price difference (spread) between two different contract months (specifically, a nearer contract month and a farther contract month; for example, March and June) to establish opposite positions by making one sale and one purchase at the same time for the two contract months.

( ) J-NET trading means the trading of futures and options without sessions at the J-NET Market that is independent from competitive trading markets.

( ) The SPAN® (Standard Portfolio Analysis of Risk) system is a methodology that calculates the margin developed by the Chicago Mercantile Exchange (CME).

( ) A give-up system enables a customer to entrust order-execution to a transaction participant and to entrust its settlement-related operations (payment/receipt of the difference at the time of settlement for futures trading, payment/receipt of options premium and margins, etc.) to other transaction participants.

( ) A position transfer system allows a transferring clearing participant (a transaction clearing participant who transfers unsettled positions) to transfer futures/options unsettled positions to a transferee clearing participant (a transaction clearing participant who takes over unsettled positions from the transferring clearing participant), with prior JSCC approval.

(Sources) Osaka Exchange, JSCC



## 3 Debt Management Systems

### (1) Redemption System

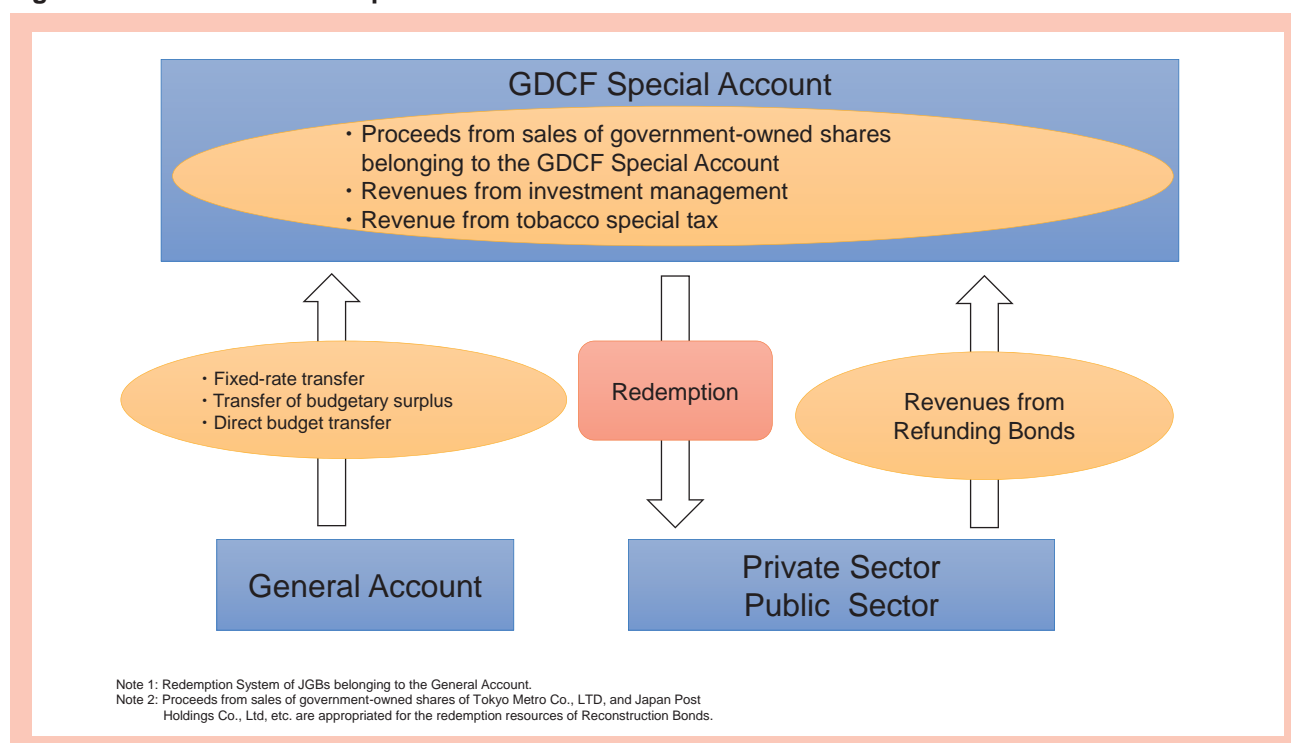
All the JGBs issued to fund a shortfall in General Account and Special Accounts of the national budget are redeemed through the Government Debt Consolidation Fund (GDCF).

To ensure stable redemption, redemption funds are transferred from each Account to the GDCF based on certain rules. In addition, revenues from Refunding Bonds, issued through the GDCF Special Account, are posted to the GDCF. Moreover, the proceeds from the sales of government-owned shares that belong to the GDCF Special Account are also transferred into the GDCF.

Simply put, fiscal resources for government bond redemption are all funneled through the GDCF from reception and accumulation to disbursements.

This section explains applicable redemption methods and redemption resources for each JGB category with different legal grounds. Then, it also describes the GDCF Special Account.

Fig.2-19 Mechanism of Redemption



### A. Redemption Methods

When redeeming JGBs, redemption rules will be applicable as set forth in related legislations.

#### a. 60-Year Redemption Rule (Construction Bonds and Special Deficit-Financing Bonds)

The 60-year redemption rule is applicable to redeeming Construction Bonds and Special Deficit-Financing Bonds so that these JGBs, including Refunding Bonds, will be entirely redeemed in a 60-year period ( ). Redemption of JGBs is financed with two revenue-

The rule stands on the fact that the average economic depreciation period of the assets purchased by the construction bonds is about 60 years. Deriving from this rule is the 1.6% ratio for fixed-rate transfer for each fiscal year, which is about equivalent to one-sixtieth.



sources: cash from such sources as a fixed-rate transfer from the General Account and revenues from issuing Refunding Bonds in accordance with applicable rules. The 60-year redemption rule is maintained in this way. When redeeming Special Deficit-Financing Bonds, the government will “strive to redeem these bonds as soon as possible” as set forth in its governing law.

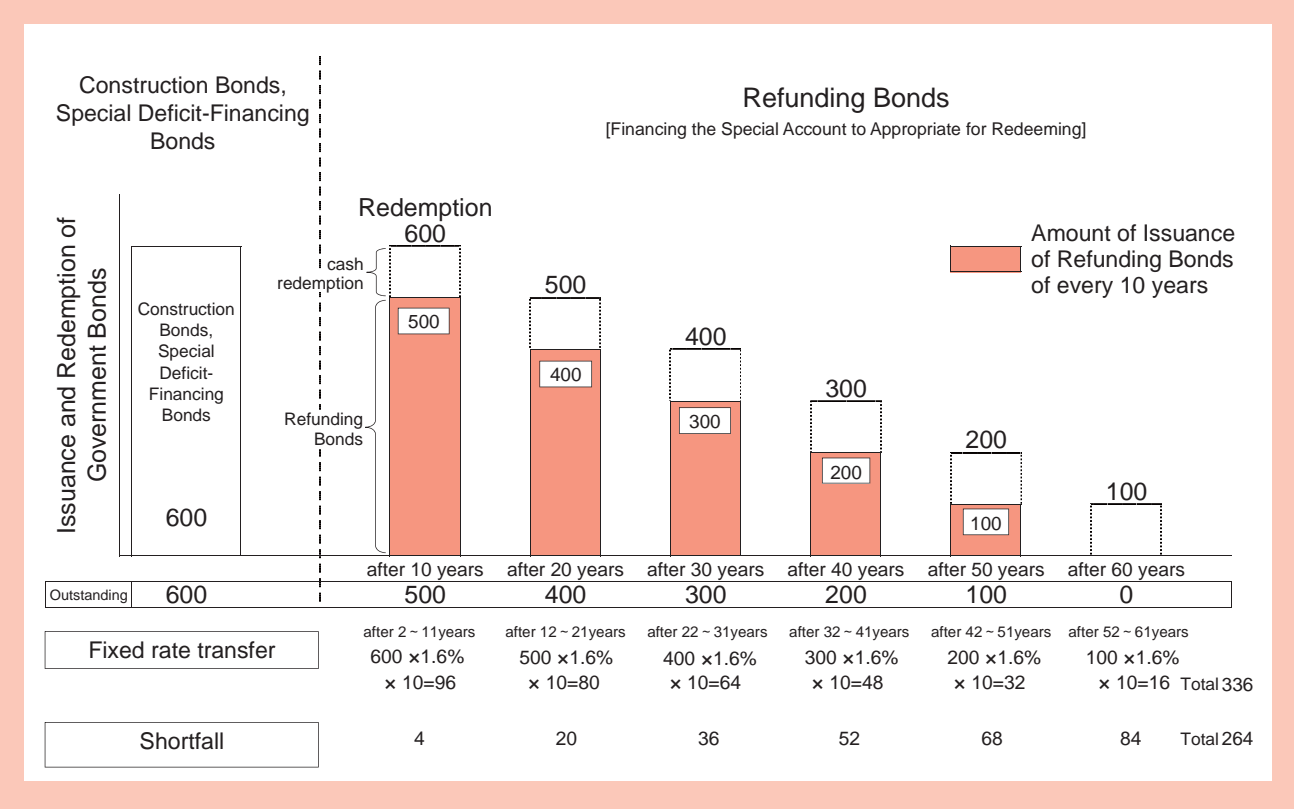
Fig. 2-20 will give you an idea about how the 60-year redemption rule works.

Suppose you issue 600 billion yen of debt in fixed-rate coupon-bearing 10-year bonds, at maturity (i.e., 10 years from now) you will redeem 100 billion yen of them in cash ( ) -equivalent to 1/6 of 600 billion yen- while issuing Refunding Bonds to cover the remaining 500 billion yen. Assuming that these Refunding Bonds will also be issued in fixed-rate coupon-bearing 10-year bonds, then you will redeem 100 billion yen in cash -1/6 of the initial issue amount of 600 billion yen- in another 10 years. While issuing Refunding Bonds to cover the remaining 400 billion yen. Repeat this for four more times, then, you ll be able to complete the cash redemption in 60 years from the first issuance.

As shown in the figure below, because annual fixed-rate transfer is calculated based on the JGB outstanding amount at the beginning of the previous fiscal year, it decreases along with the decrease in the JGB outstanding amount. Therefore, fixed-rate transfer will be insufficient to finance bond redemption in cash. For this reason, bond redemption will also be complemented with a surplus fund, budget fund, and proceeds from sales of government owned shares.

The term “cash” redemption in this context means that bond redemption is not financed with issuing Refunding Bonds. From the viewpoint of individual bond holders, their JGBs will always be redeemed with cash at maturity.

Fig.2-20 Redemption via Refunding Bonds - “60-Year Redemption Rule”



### b. Redemption Methods for Reconstruction Bonds

Reconstruction Bonds, including their Refunding Bonds, will be entirely redeemed in FY2037 at the latest. The 60-year redemption rule will not be applicable to the redemption of Reconstruction Bonds. This is because “Basic Guidelines for Reconstruction in response to the Great East Japan Earthquake” states that the financial resources for recovery and reconstruction shall “basically be borne by the entire current generation, collectively sharing the financial burden by solidarity and not be left as cost of future generations” and redemption of these bonds will surely be financed with certain revenue resources.

Specifically, a portion of Reconstruction Bonds (including Refunding Bonds for Reconstruction Bonds) redeemable each year will be redeemed with cash to the extent of revenues from Special Taxes for Reconstruction and profit on sales of government-owned equities that are transferred to the GDCF Special Account as redemption resources, while the remaining portion will be entirely covered with Refunding Bonds. The government is planning to finish the redemption of Reconstruction Bonds by repeating cash-based redemption and Refunding Bond-based redemption every fiscal year by FY2037 at the latest.

### c. Other Redemption Methods for JGBs

General Bonds subject to redemption methods other than those above include Special Deficit-Financing Bonds issued by FY1984, Gulf Special Deficit-Financing Bonds issued in FY1990, Tax Cut Special Deficit-Financing Bonds issued between FY1994 and FY1996 and Special Bonds for Covering Public Pension Funding issued in FY2012 and FY2013. As Special Deficit-Financing Bonds were prohibited from being redeemed with refinancing in the past, the 60-year redemption rule was not applicable to Special Deficit-financing Bonds issued up until FY1984. For this reason, the 60-year redemption rule did not apply to JGBs redeemable by FY1984 ( ), but the rule becomes applicable to JGBs redeemable from FY1985 onward. In addition, Gulf Special Deficit-Financing Bonds got redeemed in 4 years ending in FY1994 as initially scheduled. Of Tax Cut Special Deficit-Financing Bonds, those set to be redeemed in 20 years ( ) were all redeemed by FY2017. Special Bonds for Covering Public Pension Funding and relevant Refunding Bonds will be redeemed by FY2033.

Unlike ordinary JGBs that are redeemed with tax and other revenues, FILP Bonds are redeemed with such revenues as loan repayments to the Fiscal Loan Fund. In this case, the government transfers necessary redemption funds from the “Fiscal Loan Fund Special Account” to the GDCF Special Account every fiscal year to redeem FILP Bonds.

All JGBs redeemable in FY1984 were redeemed by cash and the 60-year redemption rule was not applied even though they could be redeemed with refunding based on the rule.

Tax Cut Special Deficit-Financing Bonds were issued in line with special income tax reduction and other measures (excluding the abolition of special corporation and automobile consumption taxes) implemented between FY1994 and FY1996 and redeemed in 20 years from FY1998 and FY2017.

## B. Redemption Resources

Redemption resources for JGBs are set forth in applicable laws. This section explains financial resources used for cash-based redemption.

### a. Redemption Resources for Construction Bonds and Special Deficit-Financing Bonds

#### Transfer from the General Account

For government bond redemption, there are three ways to transfer fiscal resources from the General Account to the GDCF Special Account.

## i. Fixed-rate transfer (1.6% of total government bond outstanding as of the beginning of the previous fiscal year)

The fixed-rate transfer is based on Article 42, paragraph (2) of the “Act on Special Accounts.” Specifically, the amount equal to 1.6% of total government bonds (outstanding in face value) at the beginning of the previous fiscal year is transferred from the General Account to the GDCF Special Account on the basis of the 60-year redemption rule. Those subject to the fixed-rate transfer are limited to Public Bonds covered in the General Account (Construction Bonds, Special Deficit-Financing Bonds (excluding Special Bonds for covering Public Pension Funding)), and Borrowings (excluding Temporary Borrowings) and their Refunding Bonds ( ).

## ii. Transfer of a budgetary surplus (A minimum of half of the surplus in the General Account as a result of the settlement of the fiscal year)

Pursuant to Article 6, paragraph (1) of the “Public Finance Act,” when surplus is generated in the General Account as a result of the settlement, at least half the surplus must be transferred to the GDCF Special Account within two years from the said fiscal year in which the surplus was generated ( ).

## iii. Direct budget transfer (A discretionary transfer specified by the General Account budget when necessary)

In addition to the above transfers, to ensure smooth redemption of government bonds, Article 42, paragraph (5) of the “Act on Special Accounts” prescribes that a discretionary transfer, which is specified by the budget can be made as needed from the General Account to the GDCF Special Account.

### Others

## i. Proceeds from government-owned shares belonging to the GDCF Special Account

Proceeds from sales and dividends of government-owned shares that belong to the GDCF Special Account shall be set aside as a resource for redemption of JGBs.

A part of Nippon Telegraph and Telephone Corporation (NTT) shares, a part of shares of Japan Tobacco Inc. (JT), an equity stake in Teito Rapid Transit Authority ( ) and a part of the shares of Japan Post Holdings Co., Ltd. were transferred to the GDCF Special Account as the JGB redemption resources in FY1985, FY1985, FY1998 and FY2007, respectively. The MOF finished selling out NTT shares and JT shares (a portion held initially) in the GDCF Special Account in September 2005 and June 2004, respectively. Proceeds from the sale of shares currently belonging to the GDCF Special Account (including JT shares newly allocated to the GDCF Special Account in accordance with the “Reconstruction Funding Act”) will be spent for redeeming Reconstruction Bonds.

## ii. Proceeds from allocation

The surplus of the GDCF can be invested into JGBs or deposited to the Fiscal Loan Fund. The MOF pursue efficient allocation of these government bonds, while taking into account the need to secure adequate levels of liquidity in order to ensure smooth implementation of large-scale redemption and refunding. Proceeds from the allocation are credited to the GDCF Special Account to be included in its revenues.

When calculating the outstanding amount of discount bonds, their issuance price is regarded as the face value (Article 42, paragraph (3) of the “Act on Special Accounts”). As to the difference between the issuance price and the face value (i.e., (the sum) equivalent to redemption profit), the difference divided by the number of years to maturity is additionally transferred to the GDCF Special Account every fiscal year (Article 42, paragraph (4) of the “Act on Special Accounts”).

An appendix to the “Reconstruction Funding Act” calls for using such surplus primarily for redeeming Reconstruction Bonds from FY2011 to FY2015.

As Teito Rapid Transit Authority was privatized and renamed Tokyo Metro Co., Ltd. in April 2004, Tokyo Metro shares were distributed to the government free of charge in proportion to the government’s equity stake in Teito Rapid Transit Authority. Therefore, the equity stake has been replaced with shares.

## b. Redemption Resources for Reconstruction Bonds

### Revenues from Special Taxes for Reconstruction

As tax measures to finance restoration and reconstruction from the Great East Japan Earthquake, the government created Special Taxes for Reconstruction that are additional income and corporation taxes for limited durations (Special Income Tax for Reconstruction and Special Corporation Tax for Reconstruction).

Specifically, the Special Income Tax for Reconstruction is a limited-duration measure from January 2013 to December 2037 to impose an additional 2.1% income tax. The Special Corporation Tax for Reconstruction is a limited-duration measure from FY2012 to FY2014 to impose an additional 10% corporation tax. However, the special corporation tax was terminated one year ahead of schedule under the FY2014 tax reform to encourage corporations to use earnings for raising wages.

### Non-tax Revenues

#### i. Utilizing Reserves in the Special Account for the FILP

From reserves in the Fiscal Loan Fund Account of the FILP Special Account, an amount designated in the annual budget could be used for redeeming Reconstruction Bonds from FY2012 to FY2015. From revenues from assets in the Investment Account of the FILP Special Account, an amount designated in the annual budget can be used for the same purpose from FY2016 to FY2022.

#### ii. Proceeds from government-owned shares

Regarding JT shares (excluding the government's mandatory shareholding ( )), shares of Tokyo Metro Co., Ltd. ( ) and shares of Japan Post Holdings Co., Ltd. (excluding the government's mandatory shareholding ( )) belonging to the GDCF Special Account, proceeds generated from the sale of those shares no later than FY2027 will be spent for redeeming Reconstruction Bonds.

### Utilizing Settlement Surplus

The supplementary provisions of the "Reconstruction Funding Act" stipulate that, if settlement surplus in the General Account revenues and expenditures from FY2011 to FY2015 is utilized to finance redemption of Public Bonds or repayment of borrowings, the government is supposed to put a higher priority on redemption of Reconstruction Bonds.

## c. Redemption Resources for Other JGBs

### Special Tobacco Tax Revenues

The government has created the Special Tobacco Tax in accordance with the "Act on Special Measures for Securing Necessary Financial Resources Incidental to Transfer of Debt to General Account" in order to cover a cost increase for the General Account to take over the Japanese National Railway (JNR) Settlement Corporation's long-term debt and the National Forest Service's accumulated debt. Special Tobacco Tax revenues are directly transferred to the GDCF Special Account to repay principals and interests of the JNR Settlement Corporation's long-term debt and the National Forest Service's accumulated debt.

According to the "Reconstruction Funding Act," the mandatory government's shareholding in JT has been reduced from "1/2 or more" of the total shares outstanding to "more than 1/3". As a result, during the period from February to March 2013, the government sold a portion that could be sold (1/6 of the shares outstanding). (The amount of net proceeds from the sale is approximately 973.4 billion yen.)

The government holds 53.4% of the total outstanding shares (as of the end of March 2020).

In November and December 2015, a total of about 880 million shares were sold (net proceeds at about 1,411 billion yen). In September 2017, about 1.06 billion shares were sold (net proceeds at about 1,398.5 billion yen). The government holds 56.9% of the total outstanding shares (as of the end of March 2020). The government is required to hold more than one-third of the total outstanding shares.

## Others

Among General Bonds, Special Bonds for Covering Public Pension Funding are set to be redeemed with a tax revenue increase through the implementation of the revised Consumption Tax Act from FY2014.

Among the other bonds, FILP Bonds are redeemed with the collection of Fiscal Loan receivable.

## C. GDCF Special Account

Ref. "FILP Report"

The GDCF Special Account is an independent account created for the purpose of clarifying the status of the country's total debt management, centered on the government debt issued under the General Account. It is a special account for the payment of the principals and interests of JGBs, funded through fiscal transfers from the General Account and other special accounts.

A portion of funds transferred to the GDCF Special Account from other accounts at a fixed rate is accumulated as the GDCF, which serves as a sinking fund to finance the redemption of JGBs.

### a. Basic roles

To redeem Construction and Special Deficit-Financing JGBs, which account for most of JGBs, and their Refunding Bonds in accordance with the 60-year redemption rule, the GDCF temporarily accumulates resources for secure redemption. In addition, by making sure steady redemption, the fund also plays a role in maintaining market confidence in JGBs.

### b. Secondary roles

The GDCF plays the secondary roles as follows.

#### Contributing to financing the National Treasury

The GDCF serves for smoothly financing the National Treasury by underwriting Financing Bills.

#### Compensating for deficit in the General Account

The GDCF will compensate for deficits in the General Account by transferring some funds to the Account Settlement Adjustment Fund. If the GDCF transfers some funds to the Account Settlement Adjustment Fund, the funds will be transferred back to the GDCF from the General Account by the first fiscal year after the fiscal year including the day for the transfer, avoiding any JGB redemption resource shortage.

## D. Recent Measures for GDCF Special Account

Recent measures for the GDCF Special Account are explained below:

### a. Reducing GDCF Balance

The GDCF is annually accumulated in the GDCF Special Account under a certain framework to respond to lags of redemption and transfer such as fixed-rate transfer from the General Account (1.6% of the total JGB outstanding at the beginning of the previous fiscal year).

The GDCF balance had been maintained at approximately 10 trillion yen using issuance amount of approximately one week ( ) as a guide in order to prepare for operational risks and other emergencies (possibilities that Refunding Bonds cannot be issued due to reasons such as large-scale disasters or system failure) until FY2012.

The FY2013 JGB Issuance Plan stated that the government was allowed to use temporary borrowings from the BOJ for covering operational risks. As a result, the government in FY2013 reduced the GDCF balance to 3 trillion yen equivalent to the level prepared for accidental underbidding in JGB auctions, which cannot be covered by such borrowings, and used residual 7 trillion yen for redeeming JGBs to cut Refunding Bond issuance. The government plans to keep the GDCF balance at 3 trillion yen in FY2020.

Maximum issuance amount of JGBs: 9.6 trillion yen per day, 9.9 trillion yen per week (both figures current as of September 2011).

**Fig.2-21 Changes in outstanding amount of GDCF**

FY2017 (Actual)	FY2018 (Actual)	FY2019 (Estimate)
3,007.4 billion yen	3,005.9 billion yen	3,002.7 billion yen

### b. Revised Act on Special Accounts

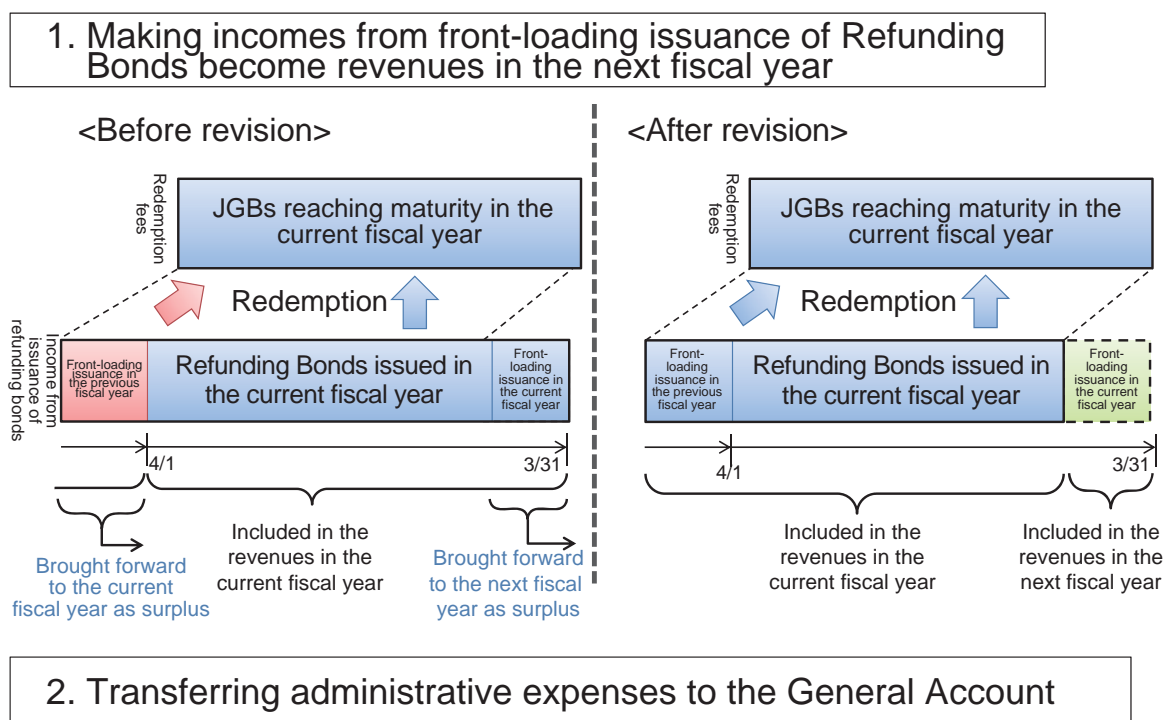
Based on a report on special account reform (as compiled by the Administrative Reform Promotion Council on June 5, 2013), the government submitted to the Diet a bill to revise part of the “Act on Special Accounts” on October 25, 2013, and won its passage through the legislature on November 15, 2013. The revision allows the government:

To book revenues from the front-loading issuance of Refunding Bonds for the next fiscal year rather than for the issuance year instead of booking such revenues for the issuance year and carrying over them as a surplus to the next fiscal year, and

To transfer relevant administrative costs to the General Account from FY2014 budget.

Ref: Chapter 1 I(1) A (Reference) Front-loading issuance of Refunding Bonds (P39)

**Fig.2-22 Changes in the GDCF Special Account through the revision of the Act on Special Account**



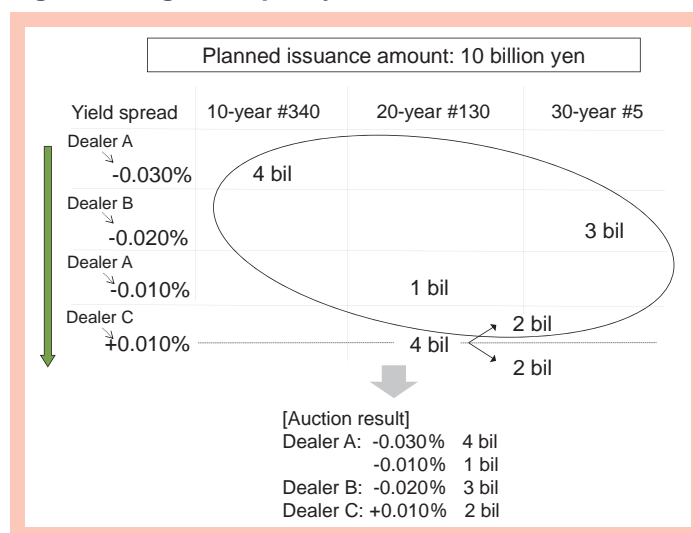


## (2) Liquidity Enhancement Auctions

Liquidity Enhancement Auctions reopen existing JGB issues, which have structural liquidity shortages or temporary liquidity shortages due to expanding demand, in order to facilitate JGB trading and correct JGB market distortions to maintain and improve JGB market liquidity and stabilize the JGB market for holding down the fundraising costs.

The yield-spread-competitive auction under the conventional method for JGB Market Special Participants alone is used for Liquidity Enhancement Auctions. In the auction, a bidder submits a bidding yield spread with a standard yield ( ) (a bidding yield-spread ( )) and a bidding amount for each issue subjected to reopening. In principle, regardless of issues, the bidding amounts are allocated with priority placed on smaller bidding yield-spreads ( ). Bids whose bidding amounts are allocated before the planned issuance amount is reached are successful (Fig. 2-23).

Fig.2-23 Image of Liquidity Enhancement Auctions



Liquidity Enhancement Auctions were launched in April 2006 to issue 100 billion yen worth of bonds a month for small 20-Year Bond issues with 11-16 years remaining to maturity that structurally lacked liquidity. Later, the range of JGB issues, issuance amounts and frequency for Liquidity Enhancement Auctions have been gradually expanded to counter a remarkable decline in the JGB market's liquidity following the global financial crisis (Fig. 2-24). Subject to Liquidity Enhancement Auctions at present are all 2- to 40-Year JGB off-the-run issues ( ), which are divided into three zones by remaining maturity range – 1-5 years, 5-15.5 years, and 15.5-39 years.

The FY2020 JGB Issuance Plan sets the amount for Liquidity Enhancement Auctions at 11.4 trillion yen, cutting auctions by 1.2 trillion yen for JGBs maturing in 5-15.5 years for which demand has declined. Specifically, the plan sets the issuance amount through Liquidity Enhancement Auctions at 2.4 trillion yen for 2-, 5-, 10- and 20-Year Bonds maturing in 1-5 years, at 6.0 trillion yen for 10-, 20- and 30-Year Bonds maturing in 5-15.5 years and at 3.0 trillion yen for 20-, 30- and 40-Year Bonds maturing in 15.5-39 years, publishing planned zone-by-zone issuance amounts to improve the transparency of the auctions. Actual zone-by-zone issuance amounts will be adjusted flexibly in response to the market environment and investment needs, based on discussions with market participants.

For Liquidity Enhancement Auctions in the April-June 2020 quarter, the government decided

Standard yield means the average simple yield cited in the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association on the auction day.

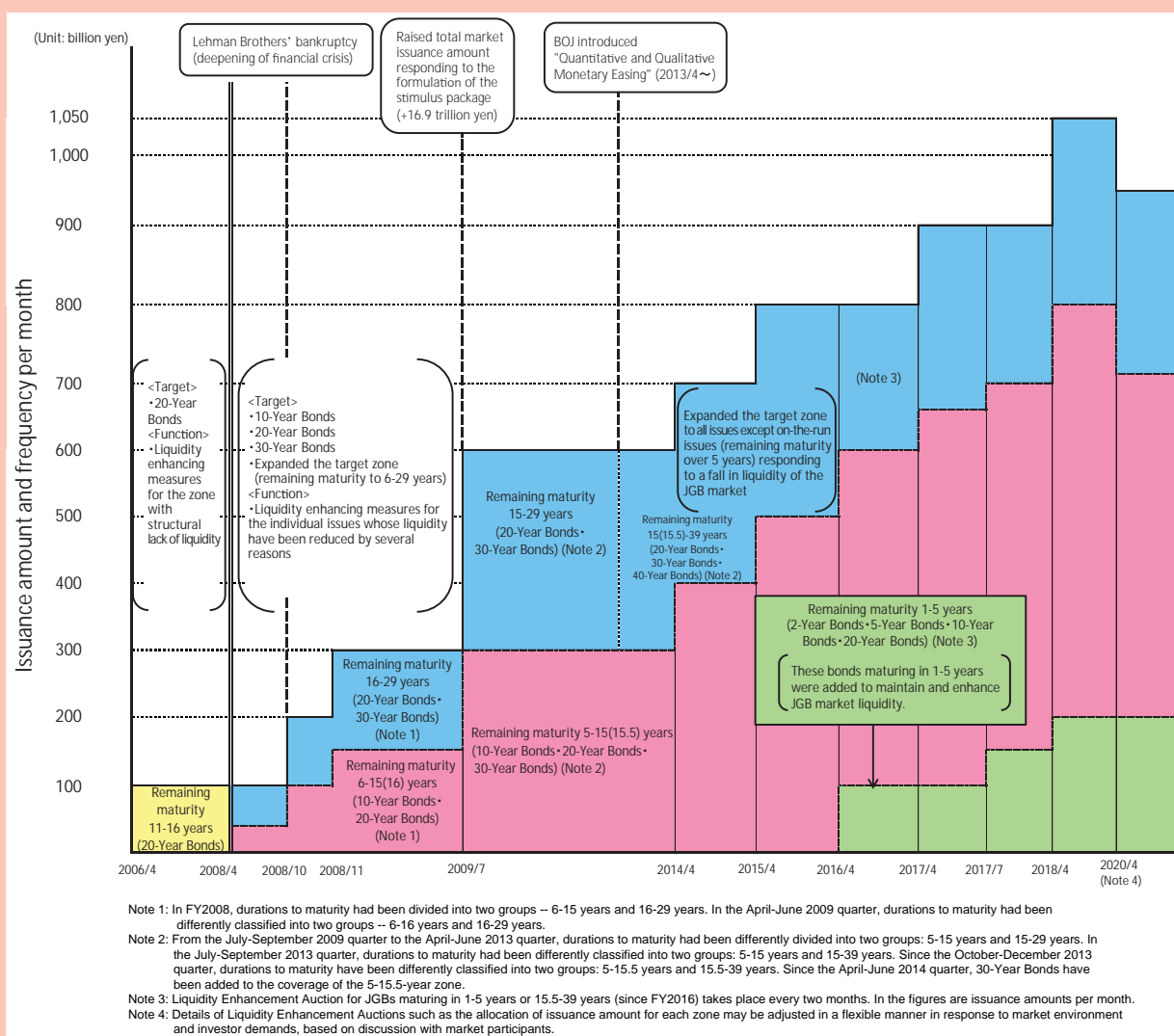
A bidding yield-spread may be positive or negative. If a bidding yield is 1.030% against a standard yield of 1.000%, the bidding yield-spread is plus 0.030%. If a bidding yield is 0.970% against a standard yield of 1.000%, however, the bidding yield-spread is minus 0.030%.

If bidding yield-spreads are positive, priority is placed on smaller absolute values. If bidding yield-spreads are negative, however, priority is placed on larger absolute values.

However, Liquidity Enhancement Auctions cover on-the-run issues for which other additional issuances (including reopening issuances but excluding new over-the-counter sales) have been finished as of the first day of each Liquidity Enhancement Auction month.

to issue 500 billion yen in each month for 10-, 20- and 30-Year Bonds with 5-15.5 years remaining to maturity, 500 billion yen each in April and June for 20-, 30- and 40-Year Bonds with 15.5-39 years remaining to maturity, and 400 billion yen in May for 2-, 5-, 10- and 20-Year Bonds with 1-5 years remaining to maturity, based on discussions at the Meeting of JGB Market Special Participants and the Meeting of JGB Investors.

Fig.2-24 Transition of Liquidity Enhancement Auctions



### (3) Buy-back Program

Buy-back is defined as a scheme for the government as the issuer of JGBs to retire debt by purchasing existing bonds at a price agreed upon with the respective holders willing to take part in the deals prior to maturity of the bonds ( ).

For the Buy-back Program, the price-spread-competitive auction under the conventional method for JGB Market Special Participants is used with the government clarifying a planned Buy-back amount in advance. In the auction, a bidder submits a bidding price spread with a standard price ( ) (a bidding price-spread( )) and a bidding amount for the name and code of each target JGB issue. In principle, the bidding amounts are allocated with priority

Pre-maturity redemption, same as a scheme to retire debt, differs from Buy-back in that the government reserves an option to redeem existing bonds at the face value. The Ministry of Finance has stated on its website its vow not to implement the pre-maturity redemption of JGBs.



placed on a smaller bidding price-spread ( ) until the Buy-back amount is reached.

In the past, Buy-back program used to be implemented on very limited occasion: when JGBs are paid in kind to the government in accordance with the “Inheritance Tax Act”; or when JGBs deposited with the government pursuant to the “Public Office Election Act” are confiscated with the candidate s election loss. However, the June 2002 amendment to the “Government Bond Securities Buy-back Act” including the following relevant preparation entitled the issuing authorities to flexibly implement Buy-back program. Buy-back program has been conducted according to the respective objectives under Debt Management Policy as well since February 2003.

Specifically, Buy-backs for specific purposes in debt management namely to level off the concentration of JGB maturities in FY2008 and to compress the outstanding debt through transfers from the FILP Special Account were implemented. Furthermore, Buy-backs were implemented for 15-Year Floating-Rate Bonds and old Inflation-Indexed Bonds (issued in and before August 2008 without deflation floor) since the second half of FY2008 to correct the supply-demand balance to support liquidity when JGB market liquidity declined remarkably in the wake of the global financial crisis.

When Inflation-Indexed Bonds (issued in and after October 2013 with deflation floor) were issued in October 2013, additional buying (additional Buy-backs) of old Inflation-Indexed Bonds up to an Inflation-Indexed Bond issue amount was implemented to meet demand for switching from outstanding issues to new ones. Such Buy-backs were carried out until January 2015.

In FY2015 and FY2016, Buy-backs of old Inflation-Indexed Bonds and of 15-Year Floating-Rate Bonds for which selling needs had declined were suspended based on discussions at the Meeting of JGB Market Special Participants and the Meeting of JGB Investors, respectively. However, Buy-backs started for Inflation-Indexed Bonds to improve the supply-demand balance and liquidity as market participants pointed out that a persistent supply-demand imbalance was seen and that liquidity premiums were expanding.

From October 2019, the government switched from a bimonthly Buy-back to a monthly Buy-back for Inflation-Indexed Bonds after discussions at The Meeting of JGB Market Special Participants. Since February 2020, Inflation-Indexed Bond supply and demand have remained unstable as JGB market liquidity has declined due to the global expansion of the COVID-19 outbreak. In response, an additional Buy-back worth 300 billion yen was implemented in March 2020.

While the government plans to implement JGB Buy-backs as necessary based on market conditions and discussions with market participants, many market participants voice hopes to have Buy-backs continued for Inflation-Indexed Bonds. Considering that the development of the Inflation-Indexed Bond market is a key challenge for future JGB Management Policy, the government has set the planned Buy-back amount at 150 billion yen for the April-June quarter of 2020, based on market conditions.

Standard price means the average price cited in the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association on the auction day.

A bidding price-spread may be positive or negative. If a bidding price is 101.30 yen against a standard price of 101.00 yen, the bidding price-spread is plus 0.30 yen. If a bidding price is 100.70 yen against a standard price of 101.00 yen, however, the bidding price-spread is minus 0.30 yen.

If bidding price-spreads are positive, priority is placed on smaller absolute values. If bidding price-spreads are negative, however, priority is placed on larger absolute values.

Fig.2-25 Mechanisms for Liquidity Enhancement Auctions and Buy-backs

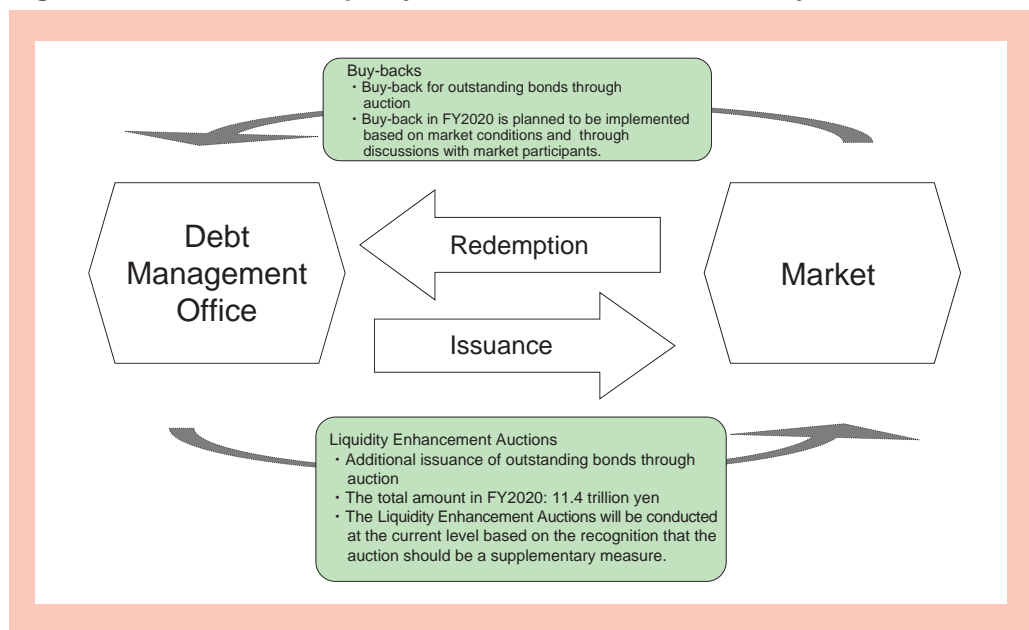
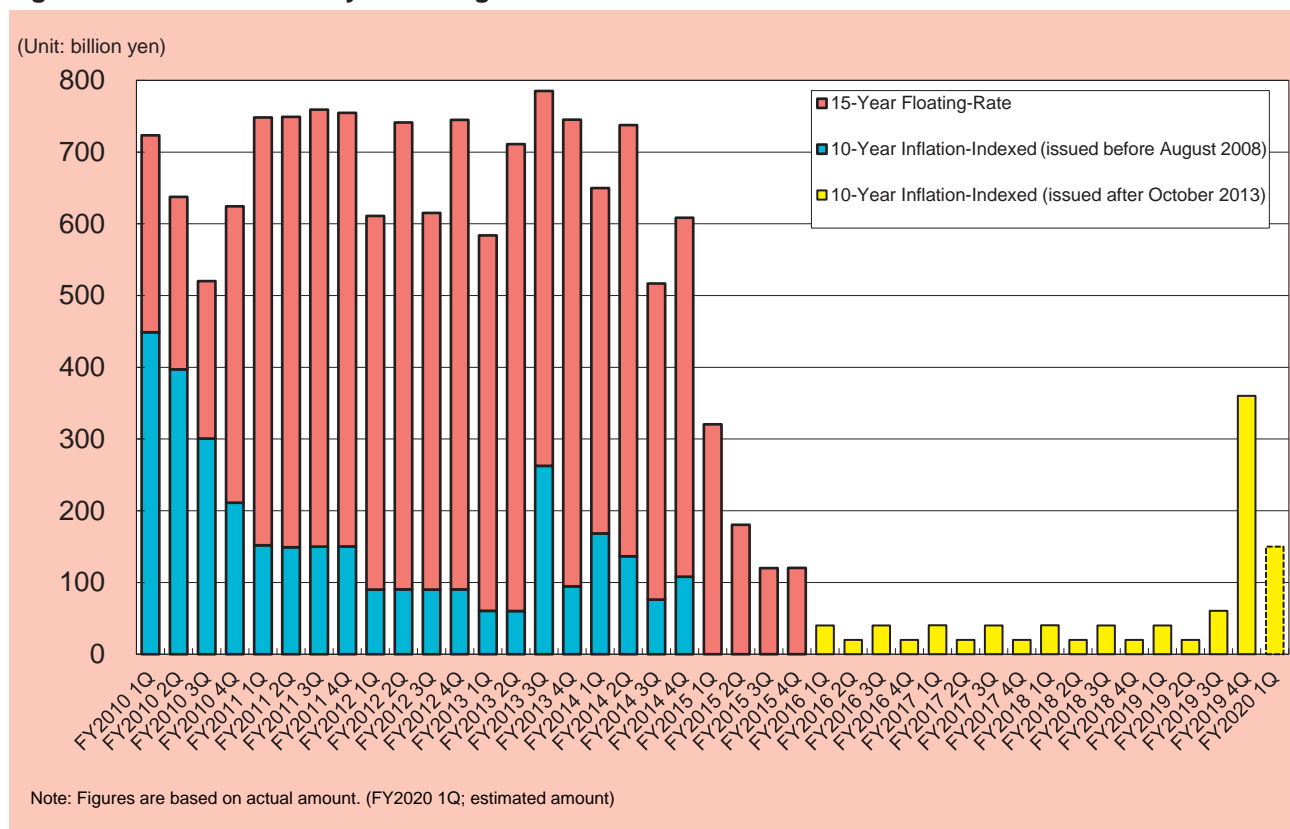


Fig.2-26 Transition of the Buy-back Program



## (4) Interest Rate Swap Transaction

An interest rate swap transaction is a transaction in which different types of interest payments (e.g., floating-rate and fixed-rate) are exchanged for a specific period of time.

Interest rate swap transaction in connection with JGBs became possible under the “Act for the Special Account for the GDCF,” as amended in June 2002. In the “New Promotion of JGB Management Policy” (published in December 2003), it was stated that the government would utilize swap transactions (starting in FY2005) in order to control the duration of the outstanding JGBs, thereby managing interest rate risk.

In consideration of the above, the MOF has worked to upgrade the relevant systems, and entered into a master agreement with counterparties, most of which are JGB Market Special Participants, pursuant to the guidelines issued by ISDA (the International Swaps and Derivatives Association, Inc.). Since February 2006, swap transactions have been started. Transaction results are published on a semi-annual basis on the MOF website (in April and October).

No new transactions have been implemented since the second half of FY2009.

## (5) Dialogue with Market Participants

In order to secure stable financing and to implement appropriate policies to enhance market liquidity of JGBs, the MOF Financial Bureau aims to promote the dialogue with market and boost confidence in Debt Management Policy through various forums including the following:

### A. The Advisory Council on Government Debt Management

Since November 2004, the MOF has convened the Advisory Council on Government Debt Management to receive opinions and advice from private sector experts with a high degree of insight on public debt management with a focus on Debt Management Policy from a medium to long-term perspective.

The council compiled “Current Situation and Future Challenges of Debt Management Policy Discussion Paper ” (December 16, 2009) and another report (June 18, 2014) and has widely discussed the fiscal situation, monetary policy and financial regulations involving government debt.

### B. The Meeting of JGB Market Special Participants

Since the introduction of the JGB Market Special Participants scheme in October 2004, the MOF also has hosted the Meeting of JGB Market Special Participants to exchange opinions between members and the MOF concerning important topics relating to the bond market.

The MOF hosts the meeting every quarter to deal mainly with methods for implementing Liquidity Enhancement Auctions and Buy-backs and JGB market trends. In addition, the MOF calls the meeting to receive opinions from market participants for formulating and revising an annual JGB Issuance Plan.

### C. The Meeting of JGB Investors

The MOF has hosted the Meeting of JGB Investors since April 2002, to directly and

continually share ideas with JGB investors. This meeting consists of major institutional investors such as banks and life insurance companies.

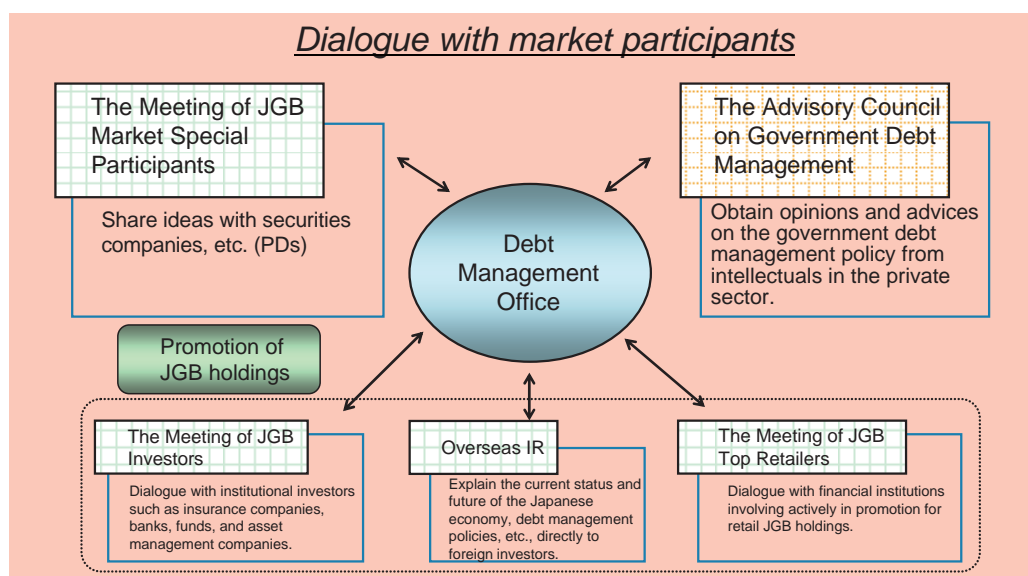
Usually, the MOF convenes the meeting to receive opinions from investors for formulating and revising the annual JGB Issuance Plan.

### D. The Meeting of JGB Top Retailers

From the perspective of promoting bond ownership by retail investors, in June 2007 the MOF began to hold meetings with top JGB retail brokers to express their appreciation of the performance achieved and efforts made by financial institutions that aggressively make offerings to and solicit subscriptions from retail investors. The meetings also allow for a mutual exchange of views and opinions between JGB selling agencies and the MOF on the further promotion of JGB sales to retail investors.

Since the first meeting in June 2007, the MOF has convened the meeting once or twice a year. It also publishes top sellers of JGBs for retail investors and the new OTC sales system by business category every six months.

Fig.2-27 Dialogue with the Markets



## Column 7 Liquidity on the JGB Market

### Recent JGB Market Liquidity Conditions and Responses

Liquidity means the ease with which assets are traded on the market. In the state of being highly liquid, market participants can quickly trade assets at prices close to market prices in the quantities they want. When liquidity is low, massive buy or sell orders could move prices, leading market participants to buy them at higher prices or sell assets at lower prices than market prices before orders, or to remain unable to buy or sell them. Increasing liquidity is a key challenge for the JGB market. It is desirable for market liquidity to be maintained and improved through trading by financial institutions, including JGB Market Special Participants, and investors through autonomous market functions. The MOF closely consults with market participants and adequately implements Liquidity Enhancement Auctions for maintenance and improvement of JGB market liquidity that are expected to contribute to holding down fundraising costs over a medium to long term.

Since the BOJ introduced the Quantitative and Qualitative Monetary Easing in April 2013, the central bank has continued to purchase JGBs. Its JGB holdings now account for more than 45% of the total outstanding JGBs (see Part I, 4 “Diversification of JGB Investor Base” (P28)). Since the BOJ’s introduction of Yield Curve Control in September 2016, JGB price fluctuations have become very narrow. As a result, JGB market participants voiced concern that market liquidity was declining as it became difficult to procure bonds of some issues held heavily by the BOJ or as trading volume decreased due to narrower price fluctuations.

In response, the MOF took such measures as expansion of Liquidity Enhancement Auctions (Fig. c7-1). The BOJ for its part decided on “Strengthening the Framework for Continuous Powerful Monetary Easing” in July 2018 (Note). It also took measures regarding the Outright Purchases of JGBs and Securities Lending Facility. These measures led market participants to point out that JGB market volatility had improved from excessively low levels and that tightening of the supply-demand balance for cheapest-to-deliver issue was improved.

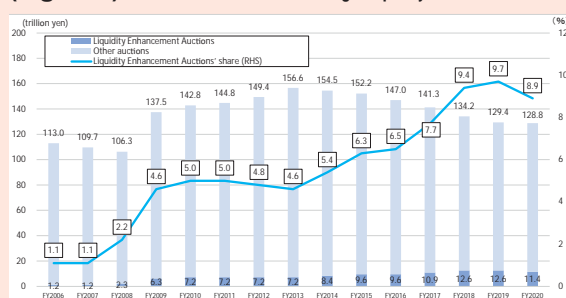
Note: The BOJ then said that interest rates could fluctuate to some extent in response to economic and price situation changes. At a press conference after the decision, BOJ Governor KURODA Haruhiko said that interest rates would deviate upward and downward at about double the range of around plus or minus 0.1 percent.

### Impacts of the Novel Coronavirus Outbreak Expansion

In late FY2019, JGB market participants’ risk tolerance substantially declined as the market was destabilized due to rapid deterioration of the financial environment amid expansion of the Novel Coronavirus (COVID-19) outbreak. After the Japanese government declared a state of emergency for seven prefectures on April 7 and for the whole of Japan on April 16, trading on the JGB market had become inactive as market participants’ risk tolerance fell further due to the spread of split operations and working remotely (Fig. c7-2).

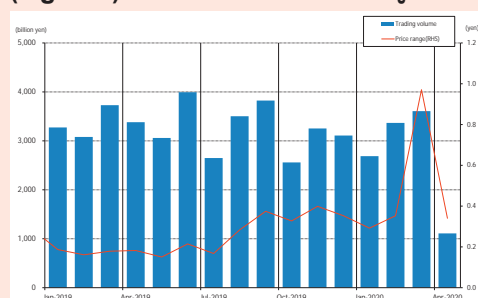
The MOF continues efforts to maintain and improve JGB market liquidity for the market’s stable absorption of JGBs while monitoring market conditions and investor trends and consulting with market participants.

(Fig.c7-1) Trend of JGB Issuances through Liquidity Enhancement Auctions



Note: Up to FY 2019: Supplementary budget basis, FY2020: Initial budget basis  
(Source) Ministry of Finance

(Fig.c7-2) Trends of 10-Year JGB Futures Trading Volume and Price Range



Note: Night session trading is included.  
(Source) Japan Exchange Group

## Column 8 Public Relations Ads Promoting Retail Investors' JGB Holdings

### Ads for JGBs for Retail Investors

To expand the range of retail investors in JGBs over a medium- to long-term, the MOF focuses on internet ads to promote JGBs to the working generations (including women and young people) seeking stable investment.

### Ads in FY2019

In FY2019, the MOF provided banner, YouTube and other internet ads, video ads on trains, digital signages at major train stations and other outdoor ads, magazine and newspaper ads, posters and brochures, featuring “Kokusai Sensei” (“JGB Teacher”) as an image character. The MOF also offered regional ads and participated in regional events mainly in Miyagi and Kumamoto prefectures to promote JGBs.

“Kokusai Sensei” took part in regional events and newspaper-planned and other events for people raising children, playing a role in increasing the event participants' awareness of JGBs for retail investors.

The MOF has also enhanced information transmission using social networking sites such as Twitter and Facebook, offering not only information on monthly interest rate decisions but also event participants' information and relief topics.

(Fig. c8-1) Newspaper ads

The advertisement features a group of children and Kokusai Sensei. The headline reads: **本日 募集開始! 個人向け国債** (Today, Recruitment Starts! Individual JGBs). Below this, it states the period: **【募集期間】令和元年12月5日(木)～令和元年12月30日(月)** and **JAPANESE GOVERNMENT BONDS**. The ad lists three bond types with their interest rates:

種類	利率
変動10 (Variable 10-year)	0.039%
固定5 (Fixed 5-year)	0.039%
固定3 (Fixed 3-year)	0.039%

Additional details include: **元本割れなし** (No principal discount), **1万円から購入可能** (Purchase possible from 10,000 yen), and **0.05%の最低金利保証** (Minimum interest rate guarantee of 0.05%). The ad also mentions a special event: **スペシャルムービー公開中!** (Special movie screening now on!).

(Fig. c8-2) Kokusai Sensei's Twitter messages

The image shows two tweets from Kokusai Sensei (@kokusai\_sensei). The top tweet, dated October 29th, says: **こんにちは！コクサイ先生です。** (Hello! This is Kokusai Sensei.) and mentions a family park event. The bottom tweet, dated November 1st, shows a photo of Kokusai Sensei at a public event with children and says: **コクサイ先生の出張日記** (Kokusai Sensei's Outing Diary).



## FY2020 Plans

In FY2020, “Kokochan” as a new image character will be added to “Kokusai Sensei.”

“Kokochan” represents an image of a young woman among working people as the JGB ad target. The MOF will enhance SNS-based information transmission using the catch copy “Watashimuke Kokusai (JGBs for me)” to lead mainly young women to become aware of JGBs for retail investors and their attractiveness along with “Kokochan.”

(Fig. c8-3) New character “Kokochan”



(Fig. c8-4) Posters and Leaflets





## 4 Taxation of Government Bonds

Taxation of JGBs varies depending on the bondholder (e.g. resident individual, domestic corporation, domestic financial institution, nonresident individual, foreign corporation) and on the type of bonds.

In order to secure smooth and stable financing at a time when large-scale JGB issuance is expected to continue, it is essential to have a deep and diverse investor base. To that end, various tax exemption schemes, including providing tax exemption for interest, etc., are offered to certain qualified investors under certain conditions. To promote JGB holdings, the tax exemption schemes are offered not only to domestic financial institutions and certain corporations, but also to nonresident individuals and foreign corporations ( ).

### (1) Individuals (Residents)

#### A. Coupon-bearing bonds

Interest, capital gains and profits from redemption on coupon-bearing bonds are subject to separate self-assessment taxation at a rate of 20% (15% income tax + 5% local tax) ( ) and profit/loss offset among them and listed stocks, etc. is allowed.

With regards to interest, taxes are withheld when a coupon is paid.

Other tax breaks, known as “*Maruyu*” and “*Tokubetsu-Maruyu*” tax-free saving schemes which provide tax exemption on interest income from JGBs, are offered to individuals with disabilities and certain other types of individuals.

#### B. T-Bills and STRIPS

Capital gains and profits from redemption on T-Bills (Treasury Discount Bills) and STRIPS (principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs) are subject to separate self-assessment taxation at a rate of 20% (15% income tax + 5% local tax) ( ) and profit/loss offset among them and listed stocks, etc. is allowed.

At the time of redemption, tax on net profits on redemption is withheld.

See Fig. 2-28 for taxation for individuals.

The MOF does not accept tax consultation requests, which should be referred to a tax office close to you. Remember that the MOF cannot transfer any call to any tax office or telephone consultation center.

In addition to the income tax, a special income tax for reconstruction (2.1% of income tax in principle) is imposed from 2013 to 2037.

In addition to the income tax, a special income tax for reconstruction (2.1% of income tax in principle) is imposed from 2013 to 2037.

Fig.2-28 JGB Interest Taxation System (for individuals)

Category	Type of income	Taxation
Coupon-bearing bonds	Interest (interest income)	Separate self-assessment taxation Withholding at source upon interest payment (it has two options as below) <ul style="list-style-type: none"> <li>• Not to file final tax return (tax payment is completed only by withholding.)</li> <li>• To file final tax return as income gain, etc. on listed stocks, etc.</li> </ul>
		Tax exemption (only for the disabled, etc.) <ul style="list-style-type: none"> <li>• <i>Maruyu</i> (Non-taxable interest income from small-sum deposits of the disabled, etc.) Maximum face value: ¥3.5 million</li> <li>• <i>Tokubetsu-Maruyu</i> (Non-taxable interest income from small-sum public bonds held by the disabled, etc.) Maximum face value: ¥3.5 million</li> </ul>
	Profits from redemption (capital gain)	Separate self-assessment taxation Paid by declaration as taxation on capital gains, etc. on listed stocks, etc.
Discount Bonds (T-Bills and STRIPS)	Profits from sale (capital gain)	
	Profits from redemption (capital gain)	Separate self-assessment taxation Withholding at source upon redemption
	Profits from sale (capital gain)	Separate self-assessment taxation Paid by declaration as taxation on capital gains, etc. on listed stocks, etc.

Note 1: The tax rates on the income above are 15% income tax (special income tax for reconstruction (basically 2.1% of income tax) is imposed additionally from 2013 to 2037) and 5% local tax.

Note 2: It is able to offset profit/loss among the income above and income from listed stocks, etc.

## (2) Domestic Corporations

### A. Coupon-bearing bonds

Interest, capital gains and profits from redemption on coupon-bearing bonds are counted as profits, and are subject to corporate tax and the *houjinzei-wari* local tax (municipal tax multiplied by a certain rate) (Public Interest Incorporated Associations or Public Interest Incorporated Foundations may be exempt from tax).

With regards to interest, taxes are withheld when the interest is paid. Financial institutions such as banks, and financial instruments firms and domestic corporations capitalized at 100 million yen or more may be exempt from withholding tax imposed on the interest income.

### B. T-Bills and STRIPS

Capital gains and profits from redemption on T-Bills and STRIPS (principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs) are counted as profits, and are subject to corporate tax and the *houjinzei-wari* local tax (municipal tax multiplied by a certain rate) (Public Interest Incorporated Associations or Public Interest Incorporated Foundations may be exempt from tax).

With regards to profits from redemption received by General Incorporated Associations or General Incorporated Foundations (excluding Public Interest Incorporated Associations or Public Interest Incorporated Foundations), etc., taxes are withheld at the time of redemption.

### (3) Nonresident Individuals and Foreign Corporations

#### Coupon-bearing bonds, T-Bills and STRIPS

Interest, etc. on book-entry transfer JGBs (interest on book-entry transfer JGBs or profits from redemption of T-Bills and STRIPS) held by nonresident individuals or foreign corporations without a permanent establishment in Japan are exempt from tax under certain conditions under the tax exemption scheme as described in (4) below. Aside from such tax exemption scheme, if there is a tax treaty in effect between Japan and the country of residence of the nonresident individuals or the country where the foreign corporation is located, and the tax rate on interest stipulated under the treaty is set lower than 15%, the withholding tax rate on the interest, etc. from book-entry transfer JGBs will be lowered to match the rate stipulated under the treaty, provided that the relevant procedures have been completed.

In addition, for coupon-bearing bonds held by foreign corporations with a permanent establishment in Japan, the income tax is withheld, but the income tax withheld will be deducted from their corporation tax.

### (4) Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations

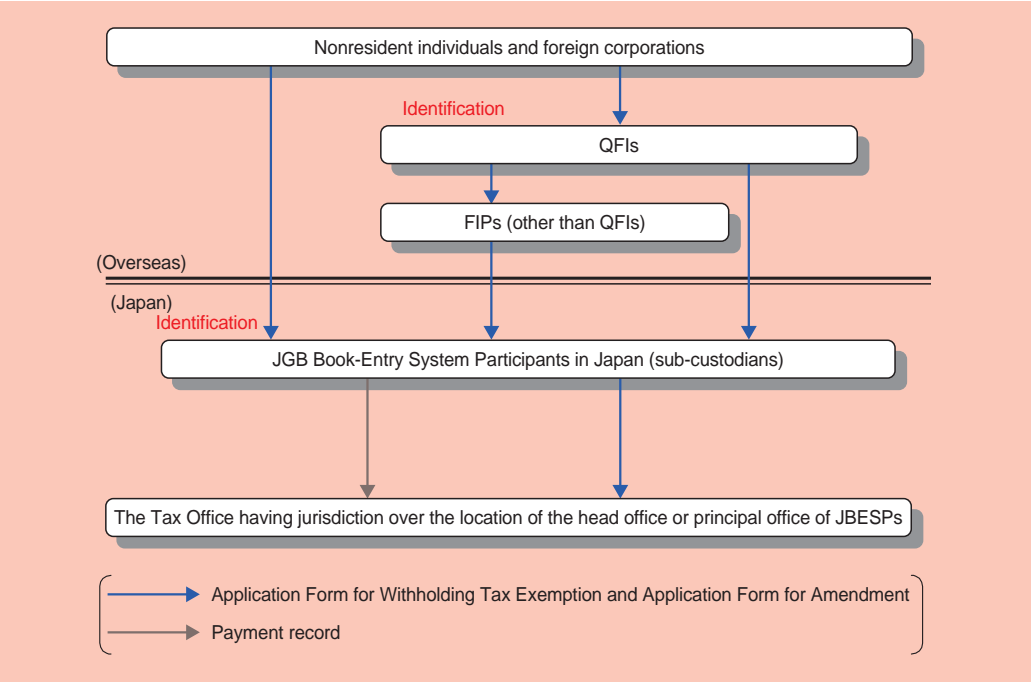
In order to secure smooth and stable financing at a time when large-scale JGB issuance is expected to continue, it is essential to have a deep, diverse investor base. Toward this goal, since September 1999, various tax schemes, including a tax exemption scheme for interest on book-entry transfer JGBs, have been introduced to enable nonresident individuals and foreign corporations to invest more easily in JGBs. Such schemes have been established with consideration given to fair and equitable taxation and are offered to nonresident individuals and foreign corporations under certain conditions.

#### A. Income Tax

Interest, etc. on JGBs (interest on JGBs or profits from redemption on T-Bills or STRIPS) held by nonresident individuals or foreign corporations (including trustees for Qualified Foreign Securities Investment Trusts and Foreign Pension Trusts) without a permanent establishment in Japan in transfer accounts at a JGB Book-Entry System Participant in Japan (JBESP) ( ) or a Qualified Foreign Intermediary (QFI) are exempt from income tax, provided that certain requirements have been met.

Financial institutions or financial instruments firms in Japan acting as account management institutions for JGBs.

Fig. 2-29 Overview of Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations



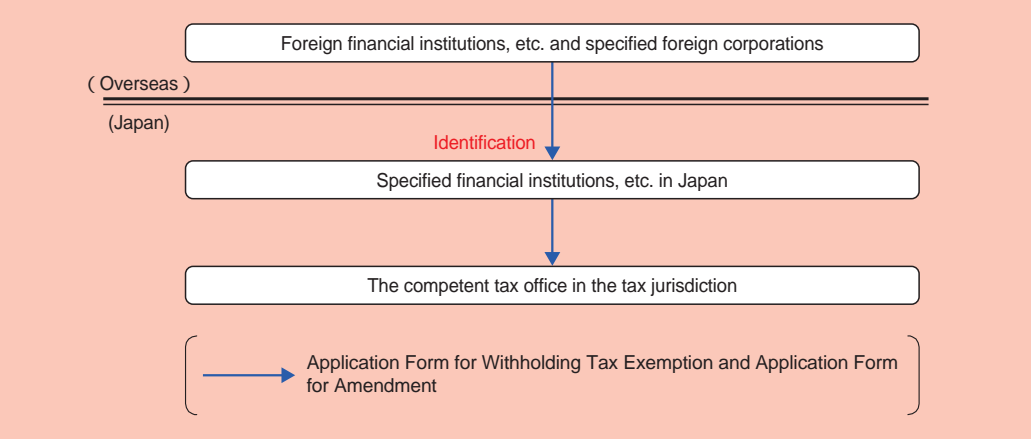
## B. Corporation Tax

The corporation tax does not apply to interest, etc. on JGBs held by foreign corporations without a permanent establishment in Japan in transfer accounts at a QFI, etc.

## C. Bond *Gensaki* Transactions and Securities Lending Transactions

Interest, etc. that foreign financial institutions, etc. ( ) receive from specified financial institutions, etc. ( ) in Japan on their Bond *Gensaki* Transactions or Securities Lending Transactions and that those specified foreign corporations ( ) receive from specified financial institutions in Japan on their Bond *Gensaki* Transactions are exempt from tax, provided that certain requirements are met.

Fig.2-30 Overview of Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations (Bond *Gensaki* Transactions)



Foreign financial institutions, etc. are foreign corporations that operate banking business, financial instruments business or insurance business, foreign clearing institutions, foreign central banks and international organizations.

Specified financial institutions, etc. are financial institutions and financial instruments firms, etc. that are subject to the “Act on Collective Liquidation of Specified Transaction Conducted by Financial Institutions, etc.,” financial instruments transaction clearing institutions (clearing institutions in Japan) and the Bank of Japan.

Specified foreign corporations are foreign corporations other than foreign financial institutions, etc. (However, they exclude foreign corporations in countries or regions that have no tax treaties with Japan and foreign affiliated persons. Foreign affiliated persons are those who directly or indirectly owned 50% or greater stakes by specified financial institutions, etc. or those who effectively controlled by specified financial institutions, etc.)

Fig.2-31 Recent Tax-Related Initiatives

Fiscal Year	Tax Reform (Main Points)
FY 1999	<ul style="list-style-type: none"> <li>• Application of tax exemption to interest on coupon-bearing JGBs held by nonresident individuals or foreign corporations which are directly deposited in transfer accounts at JBESPs.</li> <li>• Exemption from tax for redemption profits arising from TBs/FBs (which are now collectively called "T-bills") held by foreign corporations which are directly deposited in transfer accounts at JBESPs.</li> </ul>
FY 2000	<ul style="list-style-type: none"> <li>• Application of tax exemption for the accrued interest on JGBs that needs to be paid back to the national treasury when the JGBs have been reopened (i.e. additional issuance of the existing JGBs).</li> </ul>
FY 2001	<ul style="list-style-type: none"> <li>• Expansion of the tax exemption to cover interest on coupon-bearing JGBs held by nonresident individuals or foreign corporations in transfer accounts with QFIs.</li> </ul>
FY 2002	<ul style="list-style-type: none"> <li>• Expansion of the tax exemption to cover the interest on JGBs held by non-juridical foreign investment trusts, provided that the investment trusts are publicly offered and are not offered in Japan.</li> <li>• Application of tax exemption, under certain conditions, to interest generated from Bond <i>Gensaki</i> Transactions involving JGBs, which is received by foreign financial institutions (till March 31, 2004).</li> <li>• Introduction of STRIPS related tax systems in light of the limitation that only corporations can hold principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs.</li> <li>• Adoption of the necessary tax related measures in conjunction with the transition to the new JGB book-entry transfer system.</li> </ul>
FY 2003	<ul style="list-style-type: none"> <li>• Application of withholding tax exemption to the interest on coupon-bearing JGBs held by non-financial domestic companies capitalized at 100 million yen or more.</li> <li>• Application of withholding tax exemption to the interest on coupon-bearing JGBs held by Japan Government Bond Clearing Corporation.</li> </ul>
FY 2004	<ul style="list-style-type: none"> <li>• Expansion of tax exemption to cover redemption profits arising from TBs/FBs (which are now collectively called "T-bills") held in transfer accounts with QFIs by foreign corporations.</li> <li>• Extension of the applicable period of tax exemption on interest generated from Bond <i>Gensaki</i> Transactions which is received by foreign financial institutions by 2 years (till March 31, 2006).</li> </ul>
FY 2005	<ul style="list-style-type: none"> <li>• Expansion of eligible holders of Inflation-Indexed bonds to include foreign juridical persons, provided that they are not subject to income tax on interest income.</li> <li>• Relaxation/Simplification of the various procedural requirements to apply for beneficial tax treatment schemes related to JGBs held by nonresident individuals or foreign corporations, including: (i) simplification of the procedure required for notification from QFIs to JBESPs when the nonresident individuals or foreign corporations hold the JGBs in transfer accounts with QFIs and (ii) simplification of the procedures required for application of tax exemption concerning the interest on coupon-bearing JGBs to those who have tax exemption concerning TBs/FBs (which are now collectively called "T-bills") under certain conditions.</li> </ul>
FY 2006	<ul style="list-style-type: none"> <li>• Extension of the applicable period of tax exemption on interest generated from Bond <i>Gensaki</i> Transactions which is received by foreign financial institutions by 2 years (till March 31, 2008).</li> </ul>
FY 2008	<ul style="list-style-type: none"> <li>• Tax exemption on interest generated from Bond <i>Gensaki</i> Transactions which is received by foreign financial institutions becomes a permanent measure.</li> </ul>
FY 2010	<ul style="list-style-type: none"> <li>• The book prepared for each investor by JBESPs upon receiving notice from QFIs can be omitted under certain conditions.</li> <li>• Expansion of the scope of the Qualified Foreign Securities Investment Trusts.</li> </ul>
FY 2011	<ul style="list-style-type: none"> <li>• Procedures for applying tax-exemption measures on interest of book-entry transfer JGBs to Foreign Pension Trusts, partnerships and Trusts Taxable on Beneficiaries were refined.</li> <li>• With respect to the Securities Lending Transactions using JGBs, tax exemption measures were applied on the interest received by foreign financial institutions, etc. as in the case of Bond <i>Gensaki</i> Transactions.</li> </ul>
FY 2012	<ul style="list-style-type: none"> <li>• Submission etc. of Application Form for Withholding Tax Exemption on interest of book-entry transfer JGBs pertaining to the trust property of Trusts Taxable on Beneficiaries were made possible to be performed by the trustees of the relevant trust.</li> </ul>
FY 2013	<ul style="list-style-type: none"> <li>• After January 2016, the taxation system for public and corporate bonds was changed to separate self-assessment taxation. Moreover, the extent of profit-loss offsetting for financial products was expanded to public and corporate bonds (Integration of financial income taxes).</li> </ul>
FY 2014	<ul style="list-style-type: none"> <li>• Regarding the integration of financial income taxes to be implemented in January 2016, the scope of discount bills has been revised.</li> </ul>
FY 2017	<ul style="list-style-type: none"> <li>• Expansion of tax exemption to cover interest generated from Bond <i>Gensaki</i> Transactions using JGBs which is received by specified foreign corporations (till March 31, 2019).</li> </ul>
FY 2019	<ul style="list-style-type: none"> <li>• Extension of the applicable period of tax exemption on interest generated from Bond <i>Gensaki</i> Transactions using JGBs which is received by specified foreign corporations by 2 years (till March 31, 2021).</li> </ul>

## Chapter 2 Financing Bills, Borrowings, Government-Guaranteed Debt and Subsidy Bonds

In addition to issuing JGBs to finance fiscal expenditures as explained in Chapter 1, the central government also issues Financing Bills, has borrowings, and grants government guarantees. They have different features, but they are similar to JGBs in that they are part of the debt associated with financing the fiscal activities of the central government. The government also issues Subsidy Bonds in place of monetary payments. These debt instruments are outlined below:

### 1 Financing Bills

The central government is able to issue Financing Bills (FBs) to finance the national treasury on a short-term basis or cope with temporary fund shortage in special accounts. As Treasury Financing Bills issued to finance the national treasury will address cash position within a fiscal year, they will be redeemed with revenues in the same fiscal year.

#### (1) Legal Grounds of Financing Bills

The government may issue Financing Bills for the General Account or some Special Accounts within the parameters as approved by the Diet in accordance with the “Public Finance Act,” “Act on Special Accounts,” and some other legislation.

**Fig.2-32 Financing Bills by Legal Grounds of Issuance ( , )**

Financing Bills	Legal grounds	Main purpose
Treasury Financing Bills	Article 7 (1) of the Public Finance Act	Issued “when it is required to balance the National Treasury.”
Fiscal Loan Fund Financing Bills	Article 9 (1) of the Fiscal Loan Fund Act	Issued “when there is insufficient cash in the Fiscal Loan Fund”
Foreign Exchange Fund Financing Bills	Article 83 (1) of the Act on Special Accounts	Issued “when there are insufficient reserves in the Foreign Exchange Fund”
Petroleum Financing Bills	Article 94 (2) and 95 (1) of the Act on Special Accounts	Issued “as necessary to provide revenue sources for purchase for national petroleum reserves etc.” and “when there is insufficient cash for payment.”
Nuclear Damage Liability Facilitation Financing Bills	Article 94 (4) and 95 (1) of the Act on Special Accounts	Issued “as necessary to provide revenue sources for transfer for Special Account for the Government Debt Consolidation Fund etc.” and “when there is insufficient cash for payment.”
Food Financing Bills	Article 136 (1) and 137 (1) of the Act on Special Accounts	Issued “when revenue sources are required for the purchase of foodstuffs, agricultural products or imported livestock feed” and “when there is insufficient cash for payment.”

Because these different bonds and Treasury Bills (later mention) are all issued as Treasury Discount Bills, there is no difference in each other as financial instruments.

This table shows the types of Financing Bills which have been issued in the past.

#### (2) Status of Financing Bills in the Budget

The budget's general provisions set forth the upper limit of Financing Bills for that fiscal year. This upper limit requires an approval at the Diet.



### (3) Auction Methods, etc.

In principle, Financing Bills are issued to the market through public auction. They are basically issued to the market on the first business day in a week. They are redeemable in three months, in principle ( ).

If some Financing Bills remain unsold through public auction, or if there emerge unexpected cash needs, the Bank of Japan may exceptionally accept Financing Bills ( ).

Since February 2009, the MOF has jointly issued Treasury Bills (TBs) and Financing Bills, under unified names of Treasury Discount Bills (T-Bills) and these have been circulated in the markets.

2-Month, 6-Month and 1-Year Financing Bills are also issued.

In this case, Financing Bills accepted by the BOJ are redeemed as quickly as possible by the cash raised through the revenue of Financing Bills at public auction.

In addition to 1-Year Treasury Bills, 6-Month Treasury Bills are planned to be issued in FY 2020.

**Fig.2-33 Comparison of Treasury Bills and Financing Bills**

	TBs	FBs
Official name	Treasury Bills	Financing Bills
Purpose of issue	To finance fiscal expenditures (the same as JGBs with other maturities)	To finance the National Treasury on a short-term basis, or cover temporary fund shortage in a special account
Manner of issue	Issued at a discount	
Maturities (FY2020)	6 months, 1 year ( )	Approx. 2 months, 3 months, 6 months, 1 year
Minimum face value	50,000 yen	
Method of issue	<ul style="list-style-type: none"> <li>• In principle, public auction (conventional, competitive price auction)</li> <li>• Jointly issued by the name of "Treasury discount bills"</li> </ul>	
Transfer restrictions	Unrestricted	

### (4) Outline of Cash Management of the National Treasury

The balance of the National Treasury may have temporary cash shortage or surplus caused by timing differences between daily receipts and payments. The adjustment means of treasury balance are: issuance of Financing Bills, temporary use of the treasury surplus, advanced redemption of Financing Bills possessed by the BOJ or the National Treasury, and reclassification to domestic designated deposit (interest-bearing deposits). The Financial Bureau of the MOF estimates receipts and payments of the National Treasury in order to secure smooth and stable financing and gives due consideration of impact on private financial markets.

Specifically, the MOF issues 3-Month, 6-Month and 1-Year Financing Bills and ensures that the issuance date of the new bill basically matches the maturity date of the outstanding bill. While for 2-Month Financing Bills, the MOF sets the issuance date on the day of net payments from the National Treasury and the redemption date on the day of net receipts into the National Treasury.

The MOF also strives to refrain from concentrated issuance in the market, through active temporary use of treasury surplus into special accounts facing fund shortage as well as through active underwriting in the National Treasury.



## 2 Borrowings

Borrowings include two categories, one is “Borrowings” to meet annual government expenditure demand in a narrow sense and the other is “Temporary Borrowings” to cover temporary cash shortage. In fiscal-related legislations, the term “Borrowings” refers to the borrowings in a narrow sense, in principle.

Borrowings in a narrow sense basically mature beyond the fiscal year for their provision, while Temporary Borrowings must be redeemed within the fiscal year for their provision. Temporary Borrowings and borrowings redeemed within one year are called “short-term borrowings,” while other borrowings in a narrow sense are referred to as “long-term borrowings.”

### (1) Legal Grounds of Borrowings

The General Account and each special account carry out borrowings within the limit of the amount approved by the Diet pursuant to the “Public Finance Act” and the “Act on Special Accounts.”

### (2) Status of Borrowings in the Budget

The maximum amount that each special account can “borrow” or “temporarily borrow” for every fiscal year must be provided under the general budget provisions, which is subject to Diet approval each fiscal year.

### (3) Source of Borrowings

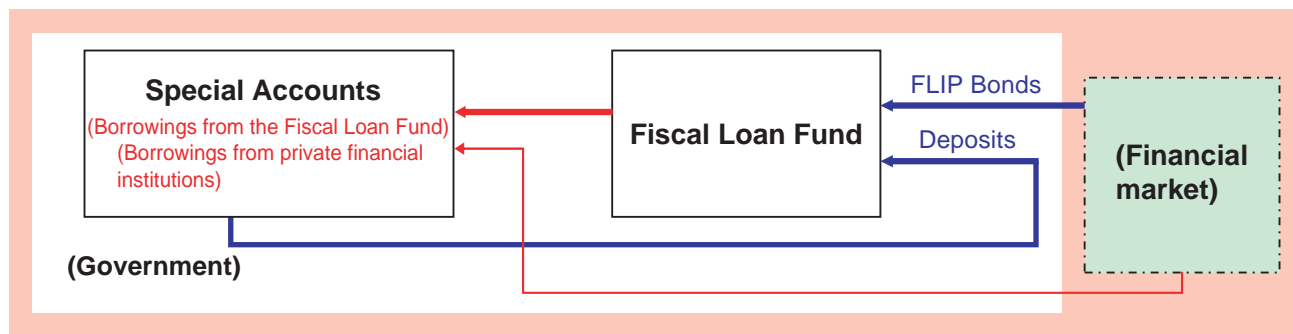
Borrowings of each special account are made from the Fiscal Loan Fund and private financial institutions. At the end of March 2020, the General Account and 6 special accounts had outstanding borrowings from the Fiscal Loan Fund, and 3 special accounts had outstanding borrowings from private financial institutions.

While borrowings from private financial institutions constitute part of the government debt to the private sector, borrowings from the Fiscal Loan Fund are the government debt within the government ( ).

Ref: Chapter 1 1(1) B “FILP Bonds” (P41)  
See the MOF website.  
“FILP” (Explanation of Framework)

The Fiscal Loan Fund issues FILP Bonds or uses deposits from special accounts, etc., in order to make loans to these special accounts.

Fig. 2-34 Flow Related to the Borrowings by Special Accounts from the Fiscal Loan Fund



## (4) Borrowings from the Private Sector

The Special Account for Allotment of Local Allocation Tax and Local Transfer Tax (the Special Account for Local Allocation Tax), the Special Account for the National Forest Debt Management, and the Special Account for Energy Policy carry out borrowings from private financial institutions by public auctions.

### A. Special Account for Local Allocation Tax

Borrowings by the Special Account for Local Allocation Tax finance deficits in local public finances. It covers part of the Local Allocation Tax for the relevant fiscal year. Since July 2000, the Special Account has been borrowing partly from private financial institutions. However, from FY2007, it decided to stop borrowing additional funds. It now borrows only to repay outstanding debt.

Borrowings by the Special Account had been designed to cover the forest environment transfer tax during a transitional period to the creation of the forest environment transfer tax. In FY2020, however, the government decided to use the reserves for interest rate volatility at the Japan Finance Organization for Municipalities, instead of the borrowings by the Special Account for Local Allocation Tax, for the coverage and to take in no new borrowings. The borrowings regarding the forest environment transfer tax will be repaid in FY2020.

### B. Special Account for the National Forest Debt Management

The Special Account for National Forest Service has undergone certain reforms in FY1998 enforcing the “Special Measure Act for the Reform of the National Forest Service.” In that fiscal year, the Special Account switched its borrowing source from the Fiscal Loan Fund to private financial institutions.

To ensure that such borrowings are made in a fair, equitable and transparent manner, in FY2003 the Special Account switched from the previous practice of using syndicated loans to obtaining loans by public auctions.

Pursuant to the “Law concerning Partial Revision, Etc. of Laws, Etc. including the Law on Management and Operation of the National Forests to Enhance the Public Interest Functions of National Forests” which came into effect in April 2013, the Special Account for National Forest Service was abolished, whereupon obligations relating to borrowings attributed to the Account were transferred to the Special Account for the National Forest Debt Management.

Borrowings of the Special Account for the National Forest Debt Management from private financial institutions are to be used to repay the outstanding debt. No new additional borrowings are being made.

### C. Special Account for Energy Policy

Japan National Oil Corporation (JNOC) was abolished in accordance with “Reorganization and Rationalization Plan for Special Public Institutions.” The state oil reserves that had until that point been taken care of by JNOC came under the direct control and management of the government in the form of the Special Accounts for Petroleum and the More Sophisticated Structure of Demand and Supply of Energy Policies (the Special Account for Petroleum) (

). In line with the transfer, the Special Account for Petroleum began to borrow to finance its costs and expenses related to the construction of stockpiling facilities.

Pursuant to the “Act on Special Accounts” that took effect in April 2007, the Special Account for Petroleum was abolished, whereupon the rights and obligations attributed to the Account were transferred to the Special Account for Energy Policy.

Borrowings of the Special Account for Energy Policy from private financial institutions are to be used to repay the outstanding debt. No new additional borrowings are being made.

The government has borrowed funds in the Nuclear Damage Liability Facilitation Account since February 2012 to cover the redemption of JGBs granted to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation ( ).

State petroleum reserves came under direct state supervision in April 2003, and the responsibility for the stockpiling facilities was transferred in February 2004.

The Nuclear Damage Compensation Facilitation Corporation was reorganized into the Nuclear Damage Compensation and Decommissioning Facilitation Corporation as a revision to the Nuclear Damage Compensation Facilitation Corporation Act took effect in August 2014.

## (5) Borrowing through Public Auction on Private-sector Borrowings

For borrowings from private sectors, the government employs the interest rate competitive bidding or noncompetitive bidding process (only for the Special Account for Local Allocation Tax) in which the government will accept biddings that offer lower interest rates until the borrowing amount reaches the scheduled fundraising amount. Bidding participants are private financial institutions, including major city banks and regional banks. A total of 119 private financial institutions participate in the bidding program as of March 31, 2020.

## 3 Government-Guaranteed Debt

Incorporated administrative agencies run businesses for public purposes as government agencies. The government guarantees their debt within the maximum amount provided in the budget to make it easier for them to raise funds. As is the case with JGBs, the government works to ensure smooth and stable fundraising and to make sure that the given terms and conditions are favorable and appropriate as government-guaranteed debt.

### (1) Legal Ground of Government Guarantee

In principle, government guarantees for corporate debt are prohibited under Article 3 of the “Act on Restrictions on Financial Assistance by Government to Corporations.” Exceptions are only made by specific acts under cases where the following conditions are satisfied:

- i) Conducting businesses for highly public purposes as agencies for the government.
- ii) Their financial accounting and administration are under governmental supervision, and thus the use of guaranteed-debt borrowing and repayment schedules are thoroughly monitored.

When guarantees are given, appropriate supervisions including checking financial condition are exercised at the ministries and agencies that hold jurisdiction over the relevant agencies.

### (2) Features of Government-Guaranteed Debt

Government-guaranteed debt is broadly divided into Government-Guaranteed Bonds and Borrowings. Government-Guaranteed Bonds are divided into domestic and foreign bonds. Raising funds through Government-Guaranteed Borrowings generally has the advantage of flexibility in meeting temporary demands for funds, but also has the defect in liquidity of the secondary market as compared to Government-Guaranteed Bonds.

### (3) Treatment in the Budget and Examination Process

#### A. Treatment in the budget

##### a. The maximum amount of government guarantee

There are cases in which the government is permitted to guarantee debt based on specific acts, as mentioned above. These acts also provide that the government must receive Diet approval for the maximum amount of government guarantee. Therefore, the maximum amount for individual corporations is provided under the general provisions of the General Account budget, which is subjected to Diet approval in each fiscal year.

##### b. Provision in the FILP Plan

The maximum amount of government-guaranteed debt is specified in the budget as stated above. The government guarantees for those agencies that are eligible for FILP lending or specified by cabinet orders, when the guarantee term is 5 years or longer, shall be reported in the FILP Plan based on Article 5, paragraph (2), item(iii) of the “Act for the Special Measures on the Long-Term Management of the Fiscal Loan Fund.”

Ref: See the MOF website.  
“FILP” (FILP Plan of each  
fiscal year)

## B. Examination of Government-Guaranteed Bonds and Borrowings

Every fiscal year, the MOF plans the issuance amount of Government-Guaranteed Bonds and the maturity structure of the following fiscal year taking account of market trends, and announces them together with the JGB Issuance Plan (For FY2020, the scheduled issuances are tabulated below.). Furthermore, whenever an agency raises funds through issuance of Government-Guaranteed Bonds or Borrowings, the MOF examines whether or not interest rates and prices in each case are appropriate for the guaranteed debt.

**Fig.2-35 Breakdown of the Planned Issuance Amount for FY2020 of Government-Guaranteed Bonds**

(billion yen)

	FY2019 (Initial)	FY2019 (2nd Revised)	FY2020 (Initial)			Main Issuer
				-	-	
40-year	110.0	110.0	70.0	-40.0	-40.0	Japan Expressway Holding and Debt Repayment Agency (JEHDRA), Development Bank of Japan Inc. (DBJ)
30-year	300.0	300.0	-	-300.0	-300.0	
20-year	-	15.0	70.0	70.0	55.0	JEHDRA, Organization for Promoting Urban Development
10-year	378.9	368.9	143.4	-235.5	-225.5	DBJ, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development, etc.
8-year	50.0	50.0	-	-50.0	-50.0	
7-year	90.0	90.0	130.0	40.0	40.0	DBJ, Private Finance Initiative Promotion Corporation of Japan
6-year	90.0	90.0	-	-90.0	-90.0	
4-year	220.0	220.0	430.0	210.0	210.0	Deposit Insurance Corporation of Japan (DICJ), Japan Finance Organization for Municipalities
3-year	150.0	150.0	250.0	100.0	100.0	Nuclear Damage Compensation and Decommissioning Facilitation Corporation
2-year	900.0	900.0	610.0	-290.0	-290.0	DICJ, Banks Shareholdings Purchase Corporation
Subtotal	2,288.9	2,293.9	1,703.4	-585.5	-590.5	
Foreign Bonds	1,343.2	1,808.2	2,168.5	825.3	360.3	Japan Bank for International Cooperation, DBJ, etc.
Total	3,632.1	4,102.1	3,871.9	239.8	-230.2	

Note 1: Apart from the plan shown above, Development Bank of Japan Inc. (DBJ) and Japan Finance Corporation (JFC) plan further issuances

(maturity less than 5 years) depending on the progress of operations. Maximum amounts of these further issuances are 100 billion yen for DBJ and JFC, respectively.

Note 2: The issuance amount may be modified during FY2020.

**Fig.2-36 Breakdown of the Planned Issuance Amount for FY2020 of Government-Guaranteed Bonds by Issuers and Maturities**

(billion yen)

Issuer	40-year	20-year	10-year	7-year	4-year	3-year	2-year	Subtotal	Foreign Bonds	Total
Japan Bank for International Cooperation								-	1,902.5	1,902.5
Japan International Cooperation Agency								-	66.0	66.0
Japan Expressway Holding and Debt Repayment Agency	60.0	60.0						120.0		120.0
Development Bank of Japan Inc.	10.0		50.0	90.0				150.0	200.0	350.0
Deposit Insurance Corporation of Japan					370.0		210.0	580.0		580.0
Banks Shareholdings Purchase Corporation							400.0	400.0		400.0
Nuclear Damage Compensation and Decommissioning Facilitation Corporation						250.0		250.0		250.0
Private Finance Initiative Promotion Corporation of Japan				40.0				40.0		40.0
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development			41.9					41.9		41.9
Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.			14.2					14.2		14.2
Organization for Promoting Urban Development		10.0	20.0					30.0		30.0
Central Japan International Airport Co., Ltd.			17.3					17.3		17.3
Japan Finance Organization for Municipalities					60.0			60.0		60.0
<b>Total</b>	<b>70.0</b>	<b>70.0</b>	<b>143.4</b>	<b>130.0</b>	<b>430.0</b>	<b>250.0</b>	<b>610.0</b>	<b>1,703.4</b>	<b>2,168.5</b>	<b>3,871.9</b>

Note 1: Apart from the plan shown above, Development Bank of Japan Inc. (DBJ) and Japan Finance Corporation (JFC) plan further issuances (maturity less than 5 years) depending on the progress of operations. Maximum amounts of these further issuances are 100 billion yen for DBJ and JFC, respectively.

Note 2: The issuance amount may be modified during FY2020.

## 4 Subsidy Bonds

Subsidy Bonds are the government bonds issued in place of provision of cash. Accordingly, issuance of Subsidy Bonds does not generate revenues ( ).

Subsidy Bonds include (narrowly defined) Subsidy Bonds issued by the government in place of monetary payments including condolence money and benefits and Subscription/Contribution Bonds issued for subscriptions or contributions to international organizations such as the International Monetary Fund.

### (1) Subsidy Bonds (narrowly defined)

Subsidy Bonds are currently issued to the bereaved families of the war dead or those who suffered physical or spiritual damage in World War II and those who were repatriated after the war, in lieu of monetary payments such as condolence money and benefits.

The first such government bonds were issued to the bereaved families of the war dead and others based on the “Act on Relief of War Victims and Survivors” (Act No.127, 1952) established in 1952. Since then, a total of 45 types of Subsidy Bonds have been issued under relevant special laws by the end of FY2019. The number of such bond issues totals 18.95 million, worth 4,262.6 billion yen. Subsidy Bonds outstanding at the end of FY2019 totaled 87.0 billion yen.

In the context of leveling fiscal spending, redemption of these bonds is made over a period of several years on an installment payment basis ( ).

### (2) Subscription/Contribution Bonds

Subscription/Contribution Bonds ( ) are kinds of Subsidy Bonds, and are issued to pay the subscription or contribution in whole or in part to international institutions, in lieu of the amount to be paid in the currency. Thus, these bonds are non-interest bearing, nontransferable, and payable on demand (whenever the institution concerned needs the currency and requests for encashment, the cash should be paid to the institution).

As of the end of FY2019, there is a total of 19 outstanding issues of subscription or contribution bonds issued to 13 institutions, including the IMF. As prescribed in the articles of agreement for each institution, using government bonds to make a payment to an international institution is permitted only when the institution concerned does not require the currency for the time being for the conduct of its operations.

Domestically, the Accession Measures Act for each international institution provides a legal base for the issuance of these Subscription/Contribution Bonds.

### (3) Others

#### A. Government Bonds issued to Development Bank of Japan

Government Bonds issued to the Development Bank of Japan (DBJ) are government bonds issued/provided for the purpose of strengthening the financial foundations of the DBJ to facilitate the implementation of crisis response operations carried out by the DBJ; these bonds

Subscription/Contribution Bonds, Government Bonds issued to the Development Bank of Japan for crisis response operations and Government Bonds issued to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation are also issued by the government in place of provision of cash and do not generate revenues. Therefore, they are treated as widely defined Subsidy Bonds in addition to narrowly defined Subsidy Bonds in (1).

Also, given the purpose for issuance and the nature that the recipients of redemption money are limited, Subsidy Bonds are offered as name bonds, and in principle their transfer and attachment are prohibited.

While the difference between “subscription” and “contribution” paid to international institutions is not very clear, the former is used if all of the following requirements (1) to (3) are met, otherwise the latter is used.

- (1) Funds necessary for institutions with independent articles of agreement to perform their primary operations set forth in their articles of agreement are provided.
- (2) The purpose of providing the funds is to participate in the management of the institution concerned and voting rights commensurate with the amount of funds paid are granted.
- (3) In cases including withdrawal from the institution concerned, the right to distribution of property commensurate with funds paid until then is granted.



are non-interest bearing, non-transferable, and payable on demand (whenever the DBJ needs to reinforce its financial foundation and requests for encashment, the cash should be paid to the DBJ).

### **B. Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation**

Government Bonds issued to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF) are issued/provided to raise funds for the NDF to cover special financial assistance. These bonds are non-interest-bearing, non-transferable, and payable on demand (whenever the NDF needs to subsidize funds for a nuclear energy firm to pay damages compensation and requests the encashment of these bonds, the cash should be paid to the NDF).

It should be noted that these bonds are redeemed with cash at the expense of the Special Account for Energy Policy (Nuclear Damage Liability Facilitation Account).

## Chapter 3 Other Public Debt

In addition to the bonds or borrowings explained in chapter 1 and 2 such as Construction Bonds, there are other categories of Public Debt, such as Public Pensions, Local Government Bonds (LGBs), and the debt of Incorporated Administrative Agencies, etc. Although these debt categories are subject to governance frameworks which are different from those used for JGBs and Borrowings by the central government, and none of these debt categories relate to fundraising in connection with fiscal activities of the central government, these are considered to be potentially influential factors on the country's debt management principles. The following section will specifically discuss LGBs and the debt of Incorporated Administrative Agencies, etc.

### 1 Local Government Bonds (LGBs)

#### (1) Basic Scheme of LGBs

##### A. Basic scheme

LGBs are issued by local governments to cover part of their expenditures and constitute their debt.

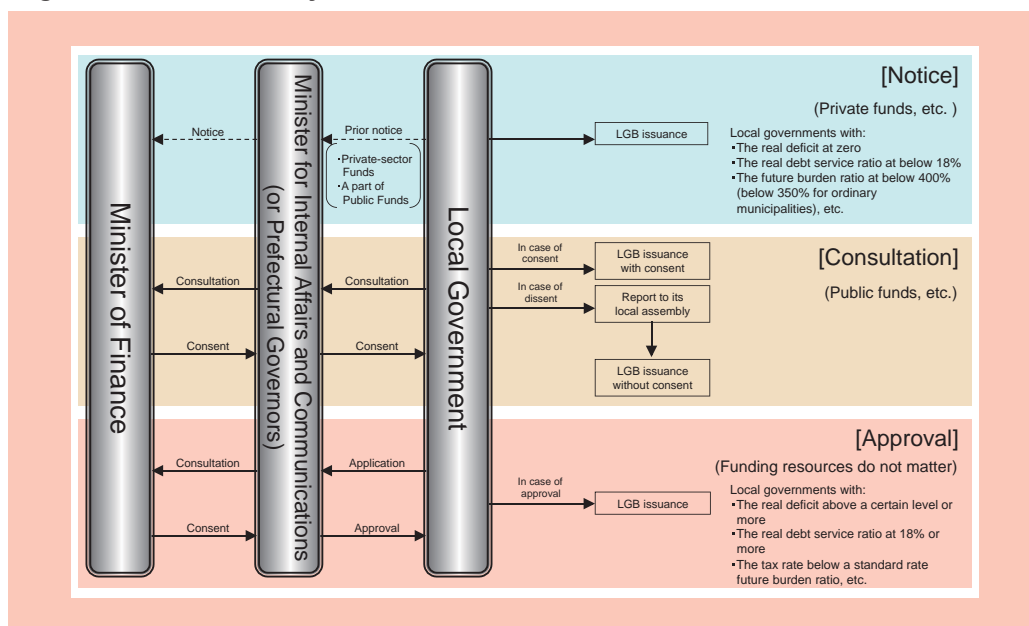
While, in principle, LGBs can only be issued as resources for construction expenses, etc. as stipulated in Article 5 of the "Local Government Finance Act," there are exceptions such as extraordinary financial countermeasures bonds ( ), etc.

When a local government intends to issue LGBs, it needs to consult with the Minister for Internal Affairs and Communications or its prefectural governor and obtain his/her consent. If the Minister is planning to grant his/her consent in the consultation process, he/she needs to consult with the Minister of Finance in advance.

Local governments which satisfy certain requirements are able to issue their LGBs financed with private funds, etc. from FY2012 and with a part of public funds from FY2016 by giving prior notice to the Minister for Internal Affairs and Communications or prefectural governor.

Until FY2000, shortages in ordinary revenue appearing in the Local Public Finance Program has been covered by the borrowings of the Special Account for Local Allocation Tax. From FY2001, extraordinary financial countermeasures bonds, a type of LGBs, were introduced as a new bond to cover shortfall.

Fig.2-37 Consultation System for the LGB Issuance



Ref: Ministry of Internal Affairs and Communications website (Local Bond Program and Local Public Finance Program)

## B. Classification of LGBs

The planned issuance amount of LGBs for the following fiscal year is announced by the central government in the LGB Program at the time of determination of a government budget draft for the following fiscal year. According to the LGB Program, the following tables show the breakdown by funding resources, project types and accounts.

### a. Breakdown by funding resource

Fig.2-38 Breakdown by Funding Resources of LGBs

Local Government Bonds	Public Funds	Fiscal Loan Funds
		Japan Finance Organization for Municipalities (JFM) Funds ( )
	Private Funds	Public Offering Funds
		Private Placement Funds

LGBs can be classified by the funding resources: Public Funds (Fiscal Loan Funds and Japan Finance Organization for Municipalities Funds) and Private Funds (Public Offering Funds and Private Placement Funds). The LGB Program provides the planned issuance amount for each group.

From the viewpoint of encouraging local governments' self-reliant fiscal operations, local governments should basically employ LGBs to raise private funds, while public funds should rather play complementary roles.

### b. Breakdown by project type

As for project types financed with LGBs, General Account Bonds are covering public works, disaster restoration projects, education/welfare facilities development projects, depopulation and remote region projects, and some other projects. On the other hand,

Japan Finance Organization for Municipalities Funds are based on the funds raised by Japan Finance Organization for Municipalities through the issuance of bonds. Japan Finance Organization for Municipalities is founded by investment from all Prefectures and Municipalities, and accommodates local governments with long-term and low-interest rate funds for LGBs.

Municipal Enterprise Bonds are financing water-supply projects, transportation projects, hospital and elderly care service projects, and sewage projects. The LGB Program sets forth the budgeted LGB amount for each project type.

## c. Breakdown by accounts issuing LGBs

LGBs can be classified by the following two accounts: ordinary account ( ) and public enterprise account.

An outlook on annual revenues and expenditures for the following year appearing in the Local Public Finance Program is submitted to the Diet. The LGB issuance amount appearing in the Local Public Finance Program covers only ordinary accounts, excluding public enterprise accounts.

The ordinary account is an account category used uniformly for local public finance statistics, combining the general account and special accounts excluding municipal enterprise accounts and eliminating moves between relevant accounts.

## (2) LGB Program

The FY2020 LGB Program has been designed to allow local governments to secure local bond funds required for steadily promoting emergency measures for the prevention and reduction of disasters and the enhancement of land resilience, the adequate management of public facilities, and the vitalization of local communities, totaling 11,736.0 billion yen (compared with 12,008.4 billion yen in FY2019).

### A. Loans to Local Government by Public Funds

As for the funds for LGBs, public funds totaling 4,757.1 billion yen (compared with 4,792.0 billion yen in FY2019) are planned for promoting the development of infrastructure linked closely to local residents' livelihood ( ).

Loans from the public funds are available in the form of loans on deed.

The breakdown consists of 2,934.6 billion yen in Fiscal Loan Funds (FY2019: 2,952.7 billion yen) and 1,822.5 billion yen in Japan Finance Organization for Municipalities Funds (FY2019: 1,839.3 billion yen).

### B. Local Funds Offered by Private Sectors, etc.

#### a. Public Offering Funds

Public Offering Funds mean the funds that local governments will raise by issuing their security certificates through markets. Since local governments are urged to take greater responsibility for their administrative and fiscal management in line with the promotion of decentralization, Public Offering Funds' share of the LGB Program has followed an uptrend in recent years.

#### Joint-LGBs, etc.

##### i. Joint-LGBs

In FY2003, local governments started offering Joint-LGBs to reduce costs and to secure stable financing by increasing the lot size of issuance. "Joint-LGBs" are issued every month under the name of local governments, and the bonds are the joint debt of local governments based on Article 5-7 of the "Local Government Finance Act."

##### ii. Citizen Participatory-type Public Offering LGB

Since March 2002, apart from "Nationwide Public Offering LGB," "Citizen Participatory-type Public Offering LGB" have been issued. This is not only to diversify financing

Ref: See the website below  
<http://www.kyodohakko.jp/>  
<http://www.chihousai.or.jp/>  
 (Japanese version only)

methods of public offerings targeting at individual investors but also to encourage the residents' participation in local government.

### Method of issuing Public Offering LGB

The method of issuance includes “issuance for offering/underwriting by a syndicate composed of financial institutions and securities companies (“Underwriting Syndicate”),” “issuance for offering/underwriting led by the lead manager,” and “issuance for offering/underwriting by auction.” Issuance terms were discussed and deliberated on from April 2002, and were set out in two tables: one for Tokyo Metropolitan Government Bonds, and the other for other local government bonds. In 2004 and 2006, the method for determining the appropriate terms was revised, and now each local government issuer decides on the terms of each issue separately and independently.

**Fig. 2-39 Planned Issuance of Public Offering LGB in FY2020**



### b. Private Placement Funds

Private Placement Funds are funds based on borrowings from financial institutions and the several mutual aid associations which have business transactions with the local governments.

The bonds financed through the Private Placement Funds are called “Private Placement Bond,” and this is financed either by deed borrowings or by actual issuance of the bonds.

## 2 Debt of Incorporated Administrative Agencies, etc.

### (1) Debt of Incorporated Administrative Agencies, etc.

The debt of “Incorporated Administrative Agencies, etc.” includes government-guaranteed debt, borrowings from the General Account, the Fiscal Loan Fund, and other Special Accounts. Their debt also includes FILP Agency Bonds, etc. as means of financing from the private sector.

“Incorporated Administrative Agencies, etc.” refer to Incorporated Administrative Agencies ( ), public corporations ( ), and authorized organizations ( ). All of these are corporations that are engaged in public policy implementation under governmental supervision.

#### A. Financing from the central government

##### a. Borrowing from Fiscal Loan Fund

Some projects of “Incorporated Administrative Agencies, etc.” are financed by FILP to flexibly cope with national demand or socioeconomic changes. In line with FILP reform efforts, FILP-target projects are further focused and made more efficient. The organizations that utilize FILP are called FILP Agencies.

##### b. Other Borrowings from the central government

There are also interest-free loans from the General Account and Special Accounts to “Incorporated Administrative Agencies, etc.”

#### B. Financing from the private sector

As a result of the FILP reform, FILP Agency Bonds, which are not guaranteed by the government and are publicly offered, have been introduced as a new financial method for FILP Agencies to raise funds independently. It is thought that FILP Agencies promote information disclosure and improve their business operational efficiency by FILP Agency Bonds issuing. Some kinds of “Incorporated Administrative Agencies, etc.” such as finance corporations, etc. need Diet authorization to issue bonds. Furthermore, an approval from the Competent Minister is required in general for a FILP Agency to issue bonds or make long-term borrowings. The Competent Minister can give their approval only after consulting with the Minister of Finance.

The term generally refers to corporate bodies established pursuant to stipulations in Article 2, paragraph (1) of the “Act on General Rules for Incorporated Administrative Agencies”: “A corporation, incorporated pursuant to the provisions of this Act and the relevant Individual Act as an agency managed under the medium-term objectives, a national research and development agency or an agency engaged in administrative execution, for the purpose of effectively and efficiently conducting, from among the processes and services that need to be implemented securely from a public perspective, such as the stability of the lives of the people, society and the economy, and that do not need to be implemented directly by the State itself, those affairs that may not necessarily be implemented properly if entrusted to private entities or that need to be conducted monopolistically by a single entity.” Here, the “Individual Acts” refer to laws that provide for matters concerning the name, purpose, and scope of operations, etc. of the respective incorporated administrative agencies.

The term generally refers to “the corporations established directly by law, or the corporations required by a special law to be established by a special procedure (excluding Incorporated Administrative Agencies)” as stipulated in Article 4, paragraph (1), item ( ) of “Act for Establishment of the Ministry of Internal Affairs and Communications.” In this case, “established through special measures” refers to “establishment conducted by government appointed commissioners.”

The term generally refers to “corporate bodies established independently by an interested party from the private sector, the establishment of which requires approval by the Competent Minister, based on the special acts due to the public nature of their activities” (Source: “Legal Terms Dictionary,” Legislative Terminology Research Forum Edition).

## (2) Financial Conditions of Incorporated Administrative Agencies, etc.

“Incorporated Administrative Agencies, etc.” disclose information on their financial conditions in various forms.

Incorporated Administrative Agencies compile financial statements, which are based on corporate accounting principles as a general rule, pursuant to the provisions of order of the competent ministry, in accordance with the “Act on General Rules for Incorporated Administrative Agencies.” The financial statements are audited by an auditor and an accounting auditor and are approved by the Competent Minister before their disclosure ( ). Government supervision of Incorporated Administrative Agencies has shifted its focus from ex-ante control to ex-post check in order to strengthen their independence. The financial statements of Incorporated Administrative Agencies contribute not only to better understanding of how these agencies conduct businesses but also to appropriate evaluations of their business results.

Each public corporation and authorized organization also compiles financial statements in accordance with the Act under which it was established, receives approval from the Competent Minister, and discloses this information. Each institution compiles and discloses an “administrative cost analysis statement,” etc., based on corporate accounting principles to fulfill its accountability to explain future burden on taxpayers.

The financial statements of major “Incorporated Administrative Agencies, etc.” in which the government has invested are attached to the budget submitted to the Diet as reference materials as stipulated in Article 28 of the “Public Finance Act.”

Auditing by an accounting auditor is not required for an Incorporated Administrative Agency whose operational size, including its capital amount, fails to reach the standards provided by Cabinet Order (Article 39, paragraph (1) of the “Act on General Rules for Incorporated Administrative Agencies.”).





# Appendices

This part contains supplementary information  
which was not covered in previous parts of this brochure.

# Chapter 1 Government Bonds (JGBs)

## 1 Primary Market for Government Bonds

### (1) Issuance Amount of Government Bonds

(Unit: billion yen, %)

FY (Unit)	Issuance Amount							Total billion yen	Bond Dependency Ratio (%)	JGB Outstanding		(A) GDP (%)	National Debt Service (Initial) (B) (billion yen)	(B) General Account Total (%)
	Subtotal billion yen	Construction Bonds (billion yen)	Special Deficit- Financing Bonds (billion yen)	Special Bonds for covering Public Pension Funding (billion yen)	Reconstruction Bonds (billion yen)	FILP Bonds (billion yen)	Refunding Bonds (billion yen)			General Bonds Outstanding (A) (billion yen)	FILP Bonds Outstanding (billion yen)			
1947 ~ 64	In the period of balanced budget, there hadn t been JGBs issued.													
65	197.2	—	197.2	—	—	—	—	197.2	5.3	200.0	—	0.6	22.0	0.6
66	665.6	665.6	—	—	—	—	—	665.6	14.9	875.0	—	2.2	48.9	1.1
67	709.4	709.4	—	—	—	—	—	709.4	13.9	1,595.0	—	3.4	115.3	2.3
68	462.1	462.1	—	—	—	—	—	462.1	7.8	2,054.4	—	3.7	201.3	3.5
69	412.6	412.6	—	—	—	—	—	412.6	6.0	2,463.4	—	3.8	278.8	4.1
70	347.2	347.2	—	—	—	—	—	347.2	4.2	2,811.2	—	3.7	290.9	3.7
71	1,187.1	1,187.1	—	—	—	—	—	1,187.1	12.4	3,952.1	—	4.8	319.3	3.4
72	1,950.0	1,950.0	—	—	—	—	—	1,950.0	16.3	5,818.6	—	6.0	455.4	4.0
73	1,766.2	1,766.2	—	—	—	—	595.8	2,362.0	12.0	7,550.4	—	6.5	704.5	4.9
74	2,160.0	2,160.0	—	—	—	—	635.8	2,795.8	11.3	9,658.4	—	7.0	862.2	5.0
75	5,280.5	3,190.0	2,090.5	—	—	—	415.6	5,696.1	25.3	14,973.1	—	9.8	1,039.4	4.9
76	7,198.2	3,725.0	3,473.2	—	—	—	371.2	7,569.4	29.4	22,076.7	—	12.9	1,664.7	6.9
77	9,561.2	5,028.0	4,533.3	—	—	—	312.8	9,874.1	32.9	31,902.4	—	16.8	2,348.7	8.2
78	10,674.0	6,330.0	4,344.0	—	—	—	632.6	11,306.6	31.3	42,615.8	—	20.4	3,222.7	9.4
79	13,472.0	7,133.0	6,339.0	—	—	—	—	13,472.0	34.7	56,251.3	—	25.0	4,078.4	10.6
80	14,170.2	6,955.0	7,215.2	—	—	—	290.3	14,460.5	32.6	70,509.8	—	28.4	5,310.4	12.5
81	12,899.9	7,039.9	5,860.0	—	—	—	895.2	13,795.1	27.5	82,273.4	—	31.1	6,654.2	14.2
82	14,044.7	7,036.0	7,008.7	—	—	—	3,272.7	17,317.5	29.7	96,482.2	—	34.9	7,829.9	15.8
83	13,486.3	6,809.9	6,676.5	—	—	—	4,514.5	18,000.9	26.6	109,694.7	—	38.0	8,192.5	16.3
84	12,781.3	6,409.9	6,371.4	—	—	—	5,360.3	18,141.7	24.8	121,693.6	—	39.5	9,155.1	18.1
85	12,308.0	6,303.0	6,005.0	—	—	—	8,957.3	21,265.3	23.2	134,431.4	—	40.7	10,224.2	19.5
86	11,254.9	6,248.9	5,006.0	—	—	—	11,488.6	22,743.5	21.0	145,126.7	—	42.4	11,319.5	20.9
87	9,418.1	6,880.0	2,538.2	—	—	—	15,449.0	24,867.2	16.3	151,809.3	—	41.9	11,333.5	20.9
88	7,152.5	6,196.0	956.5	—	—	—	13,946.1	21,098.6	11.6	156,780.3	—	40.4	11,512.0	20.3
89	6,638.5	6,430.0	208.5	—	—	—	15,079.8	21,718.3	10.1	160,910.0	—	38.7	11,664.9	19.3
90	7,312.0	6,343.2	(968.9)	—	—	—	18,653.2	25,965.2	9.2	166,337.9	—	36.8	14,288.6	21.6
91	6,730.0	6,730.0	—	—	—	—	18,875.7	25,605.7	9.5	171,647.3	—	36.2	16,036.0	22.8
92	9,536.0	9,536.0	—	—	—	—	21,496.9	31,032.9	13.5	178,368.1	—	36.9	16,447.3	22.8
93	16,174.0	16,174.0	—	—	—	—	21,812.9	37,986.9	21.5	192,539.3	—	39.9	15,442.3	21.3
94	16,490.0	12,345.7	<3,333.7> [810.6]	-	-	-	22,881.7	39,371.7	17.9	206,604.6	-	41.1	14,360.2	19.6
95	21,247.0	16,440.1	<2,851.1> 1,955.8	-	-	-	25,376.7	46,623.8	24.2	225,184.7	-	43.6	13,221.3	18.6
96	21,748.3	10,707.0	<1,879.6> 9,161.7	-	-	-	26,552.4	48,300.7	25.2	244,658.1	-	46.3	16,375.2	21.8
97	18,458.0	9,940.0	8,518.0	—	—	—	31,432.0	49,890.0	23.5	257,987.5	—	48.4	16,802.3	21.7
98	34,000.0	17,050.0	16,950.0	—	—	—	42,431.0	76,431.0	40.3	295,249.1	—	56.1	17,262.8	22.2
99	37,513.6	13,166.0	24,347.6	—	—	—	40,084.4	77,597.9	42.1	331,668.7	—	63.5	19,831.9	24.2
00	33,004.0	11,138.0	21,866.0	—	—	—	53,269.7	86,273.7	36.9	367,554.7	—	69.6	21,965.3	25.8
01	30,000.0	9,076.0	20,924.0	—	—	43,883.1	59,329.6	133,212.7	35.4	392,434.1	43,760.5	75.6	17,170.5	20.8
02	34,968.0	9,148.0	25,820.0	—	—	31,843.5	69,615.5	136,427.1	41.8	421,099.1	75,564.4	81.8	16,671.2	20.5
03	35,345.0	6,693.0	28,652.0	—	—	28,508.6	74,948.9	138,802.5	42.9	456,973.6	91,849.0	88.3	16,798.1	20.5
04	35,490.0	8,704.0	26,786.0	—	—	40,129.7	84,450.5	160,070.2	41.8	499,013.7	121,553.2	95.7	17,568.6	21.4
05	31,269.0	7,762.0	23,507.0	—	—	28,249.4	105,519.5	165,037.9	36.6	526,927.9	139,353.2	100.2	18,442.2	22.4
06	27,470.0	6,415.0	21,055.0	—	—	25,559.5	108,120.6	161,150.2	33.7	531,701.5	138,906.1	100.5	18,761.6	23.5
07	25,382.0	6,044.0	19,338.0	—	—	16,769.6	99,189.4	141,341.0	31.0	541,458.4	139,754.3	102.0	20,998.8	25.3
08	33,168.0	6,975.0	26,193.0	—	—	8,600.0	93,909.5	135,677.5	39.2	545,935.6	131,050.1	107.2	20,163.2	24.3
09	51,955.0	15,011.0	36,944.0	—	—	9,410.0	90,480.3	151,845.3	51.5	593,971.7	122,225.3	120.7	20,243.7	22.9
10	42,303.0	7,603.0	34,700.0	—	—	8,400.0	100,835.5	151,538.5	44.4	636,311.7	118,191.8	127.4	20,649.1	22.4
11	42,798.0	8,368.0	34,430.0	—	11,250.0	13,100.0	109,020.0	176,168.0	42.5	669,867.4	110,912.2	135.6	21,549.1	23.3
12	47,465.0	11,429.0	36,036.0	2,584.2	2,303.3	14,220.0	110,957.9	177,530.3	48.9	705,007.2	109,260.7	142.6	21,944.2	24.3
13	40,851.0	7,014.0	33,837.0	2,603.5	—	10,700.0	110,156.9	164,311.4	40.8	743,867.6	104,210.4	146.6	22,241.5	24.0
14	38,492.9	6,577.0	31,915.9	—	120.0	14,000.0	119,372.8	171,985.7	39.0	774,083.1	98,991.0	149.4	23,270.2	24.3
15	34,918.3	6,479.0	28,439.3	—	1,320.0	13,400.0	114,230.8	163,869.1	35.5	805,418.2	96,115.5	151.1	23,450.7	24.3
16	38,034.6	8,901.4	29,133.2	—	790.9	19,600.0	109,479.8	167,905.3	39.0	830,573.3	96,250.9	154.7	23,612.1	24.4
17	33,554.6	7,281.8	26,272.8	—	76.8	12,000.0	106,382.0	152,013.4	34.2	853,178.9	94,525.9	155.9	23,528.5	24.1
18	34,395.4	8,097.2	26,298.2	—	—	10,630.0	103,285.3	148,310.7	34.8	874,043.4	92,245.6	159.4	23,302.0	23.8
19	37,081.9	9,143.7	27,938.2	—	904.2	12,550.0	104,323.5	154,859.6	35.4	897,839.5	91,184.1	160.8	23,508.2	23.2
20	32,556.2	7,110.0	25,446.2	—	924.1	12,000.0	107,981.8	153,462.1	31.7	905,982.3	91,872.5	158.9	23,351.5	22.7

Note 1: Issuance Amount is calculated on a revenue basis. Up to FY2018: actual; FY2019: supplementary budget; FY2020: initial

The figures in ( ) indicate Ad-hoc Deficit-Financing Bonds, &lt; &gt; are Special Deficit-Financing Bonds for Offset tax cuts, [ ] are Special Deficit-Financing Bonds for Earthquake.

Note 2: Reconstruction Bonds are issued under the General Account in 2011 and under the Special Account for Reconstruction from the Great East Japan Earthquake from 2012 onward.

Note 3: The figure of Special Deficit-Financing Bonds in FY1965 includes Revenue Supplementary Bonds issued at the time of supplementary budget for reasons of expediency.

Note 4: Bond Dependency Ratio is the issuance amount of (Construction Bonds+Special Deficit-Financing Bonds)/general account total. Up to FY2018: actual; FY2019: supplementary budget; 2020: initial

Note 5: JGB Outstanding is calculated on a nominal basis, up to FY2018: actual; FY2019: supplementary budget; FY2020: initial

Note 6: JGB Outstanding/GDP is calculated on a nominal basis. Up to FY2018: actual; FY2019 and 2020: figures on the "Fiscal 2020 Economic Outlook and Basic Stance for Economic and Fiscal Management (January 20, 2020 Cabinet Decision)"

Note 7: National Debt Service and National Debt Service/General Account Total: initial

## (2) Historical Changes in JGB Market Issuance by JGB Types

(Unit: billion yen, %)

	FY2001 (Actual)		FY2002 (Actual)		FY2003 (Actual)		FY2004 (Actual)		FY2005 (Actual)		FY2006 (Actual)		FY2007 (Actual)		FY2008 (Actual)		FY2009 (Actual)		FY2010 (Actual)	
		Share		Share		Share		Share		Share		Share		Share		Share		Share		Share
40-Year	—	—	—	—	—	—	—	—	—	—	—	—	99.9	0.1	601.9	0.6	1,100.0	0.8	1,198.7	0.8
30-Year	599.5	0.6	898.9	0.9	1,599.3	1.4	1,998.3	1.7	1,998.7	1.7	2,299.2	2.0	2,397.4	2.2	2,898.7	2.7	3,995.5	2.9	4,795.1	3.4
20-Year	3,195.1	3.5	4,195.3	4.0	5,392.6	4.7	7,190.4	6.1	8,390.4	7.1	9,595.0	8.5	9,590.4	8.7	10,091.7	9.5	12,597.7	9.2	13,190.1	9.2
15-Year CMT	3,596.9	3.9	5,494.5	5.2	5,994.2	5.3	7,194.2	6.1	8,794.2	7.4	5,389.1	4.8	3,396.7	3.1	599.6	0.6	—	—	—	—
10-Year	20,400.0	22.1	21,600.0	20.5	22,800.0	20.0	22,800.0	19.4	22,800.0	19.3	22,799.0	20.2	22,792.5	20.8	22,657.7	21.4	24,992.5	18.2	26,389.9	18.5
10-Year JGBi	—	—	—	—	99.8	0.1	799.2	0.7	1,998.5	1.7	2,498.9	2.2	2,997.5	2.7	1,499.3	1.4	—	—	—	—
5-Year	19,684.7	21.3	22,579.3	21.4	22,790.3	20.0	23,987.6	20.4	23,988.5	20.3	23,992.3	21.2	23,989.0	21.9	22,962.9	21.7	27,190.0	19.8	28,790.0	20.2
3-Year Discount	597.0	0.6	398.2	0.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2-Year	16,778.3	18.1	19,383.0	18.4	20,985.4	18.4	20,384.4	17.3	20,388.0	17.2	20,390.6	18.1	20,389.7	18.6	21,316.3	20.1	28,389.2	20.7	31,189.0	21.8
Subtotal	64,851.4	70.1	74,549.2	70.6	79,661.7	70.0	84,354.1	71.6	88,358.3	74.7	86,964.1	77.0	85,653.1	78.1	82,628.1	78.0	98,264.9	71.5	105,552.8	73.9
TBtotal	27,597.3	29.9	30,997.3	29.4	34,198.4	30.0	33,395.9	28.4	29,910.7	25.3	24,799.5	22.0	22,795.9	20.8	20,999.7	19.8	32,899.3	23.9	29,999.2	21.0
TB1Y	15,298.3	16.5	18,198.6	17.2	20,399.1	17.9	19,998.6	17.0	17,911.0	15.1	16,799.8	14.9	16,798.5	15.3	17,999.7	17.0	27,399.3	19.9	29,999.2	21.0
TB6M	12,299.0	13.3	12,798.7	12.1	13,799.3	12.1	13,397.3	11.4	11,999.7	10.1	7,999.7	7.1	5,997.4	5.5	3,000.0	2.8	5,500.0	4.0	—	—
Liquidity Enhancement Auction	—	—	—	—	—	—	—	—	—	—	1,196.3	1.1	1,195.9	1.1	2,295.2	2.2	6,286.2	4.6	7,190.6	5.0
Total	92,448.7	100.0	105,546.4	100.0	113,860.0	100.0	117,750.0	100.0	118,269.0	100.0	112,959.9	100.0	109,644.9	100.0	105,923.0	100.0	137,450.4	100.0	142,742.6	100.0

	FY2011 (Actual)		FY2012 (Actual)		FY2013 (Actual)		FY2014 (Actual)		FY2015 (Actual)		FY2016 (Actual)		FY2017 (Actual)		FY2018 (Actual)		FY2019 (Actual)		FY2020 (Initial)	
		Share		Share		Share		Share		Share		Share		Share		Share		Share		Share
40-Year	1,598.9	1.1	1,597.5	1.1	1,597.8	1.0	1,598.0	1.0	1,998.3	1.3	2,797.1	1.9	2,997.0	2.1	2,396.1	1.8	2,397.4	1.9	3,000.0	2.3
30-Year	5,593.9	3.9	5,593.1	3.7	6,791.8	4.3	7,991.4	5.2	9,591.0	6.3	9,592.1	6.5	9,589.3	6.8	8,389.0	6.3	8,390.7	6.5	8,400.0	6.5
20-Year	13,189.9	9.1	14,389.8	9.6	14,389.4	9.2	14,388.8	9.3	14,388.5	9.5	13,189.8	9.0	11,988.6	8.5	11,988.4	8.9	10,790.4	8.3	10,800.0	8.4
15-Year CMT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10-Year	26,388.5	18.2	27,788.4	18.6	28,789.7	18.4	28,791.8	18.6	28,791.8	18.9	28,791.5	19.6	27,589.7	19.5	26,388.1	19.7	25,191.9	19.5	25,200.0	19.6
10-Year JGBi	—	—	—	—	599.4	0.4	1,799.5	1.2	1,999.5	1.3	1,599.7	1.1	1,598.3	1.1	1,598.3	1.2	1,598.6	1.2	1,600.0	1.2
5-Year	29,188.1	20.2	30,387.8	20.3	32,388.6	20.7	32,390.3	21.0	29,990.3	19.7	28,791.6	19.6	26,389.9	18.7	23,989.7	17.9	22,790.1	17.6	22,800.0	17.7
3-Year Discount	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2-Year	31,594.4	21.8	32,388.7	21.7	34,790.5	22.2	32,392.4	21.0	29,991.1	19.7	27,591.8	18.8	26,391.2	18.7	25,192.5	18.8	23,993.7	18.6	24,000.0	18.6
Subtotal	107,553.7	74.3	112,145.4	75.1	119,347.2	76.2	119,352.2	77.3	116,750.5	76.7	112,353.6	76.5	106,544.0	75.5	99,942.1	74.5	95,152.8	73.6	95,800.0	74.4
TB total	29,999.0	20.7	29,999.1	20.1	29,999.4	19.2	26,700.0	17.3	25,800.0	17.0	25,000.0	17.0	23,800.0	16.9	21,600.0	16.1	21,600.0	16.7	21,600.0	16.8
TB1Y	29,999.0	20.7	29,999.1	20.1	29,999.4	19.2	26,700.0	17.3	25,800.0	17.0	25,000.0	17.0	23,800.0	16.9	21,600.0	16.1	21,600.0	16.7	21,600.0	16.8
TB6M	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Liquidity Enhancement Auction	7,182.0	5.0	7,181.6	4.8	7,187.8	4.6	8,383.4	5.4	9,579.8	6.3	9,579.2	6.5	10,865.4	7.7	12,567.1	9.4	12,566.6	9.7	11,400.0	8.9
Total	144,734.7	100.0	149,326.0	100.0	156,534.4	100.0	154,435.6	100.0	152,130.3	100.0	146,932.8	100.0	141,209.4	100.0	134,109.2	100.0	129,319.4	100.0	128,800.0	100.0

Note 1: Figures may not sum up to total because of rounding. Figures are calculated on a nominal basis.

Note 2: The figures include the amount of issuance to Syndicate until 2005.

## (3) Auction Results for JGBs and T-Bills in FY2019

### 40-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction II (billion yen)
12	5.28.19	5.29.19	3.20.59	0.5	400	1,547.6	399.5	98.75	0.535	5.0
12	7.23.19	7.24.19	3.20.59	0.5	400	1,207.7	399.6	102.73	0.425	0.0
12	9.25.19	9.26.19	3.20.59	0.5	400	1,075.8	399.9	102.36	0.435	55.7
12	11.26.19	11.27.19	3.20.59	0.5	400	1,399.4	399.6	101.44	0.460	55.4
12	1.28.20	1.29.20	3.20.59	0.5	400	1,143.2	399.2	103.62	0.400	5.0
12	3.26.20	3.27.20	3.20.59	0.5	400	1,062.1	399.6	101.79	0.450	15.5

### 30-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
62	4.4.19	4.5.19	3.20.49	0.5	700	2,563.3	562.8	98.96	0.540	98.90	0.542	135.7	48.8
62	5.14.19	5.15.19	3.20.49	0.5	700	2,635.3	567.0	99.23	0.529	99.20	0.531	132.4	0.0
62	6.13.19	6.14.19	3.20.49	0.5	700	2,054.2	591.4	104.92	0.319	104.05	0.349	108.3	0.0
63	7.4.19	7.5.19	6.20.49	0.4	700	2,304.2	574.5	101.15	0.357	101.00	0.362	124.8	100.1
63	8.6.19	8.7.19	6.20.49	0.4	700	2,017.5	576.6	102.95	0.292	102.75	0.299	122.7	0.0
63	9.5.19	9.6.19	6.20.49	0.4	700	1,975.9	572.8	107.41	0.140	107.30	0.144	126.3	98.5
64	10.10.19	10.11.19	9.20.49	0.4	700	2,240.3	578.6	100.46	0.382	100.40	0.385	120.4	96.1
64	11.12.19	11.13.19	9.20.49	0.4	700	2,083.1	568.9	98.46	0.458	98.30	0.464	130.6	0.0
64	12.5.19	12.6.19	9.20.49	0.4	700	2,108.7	571.6	99.20	0.430	99.15	0.432	128.0	102.9
65	1.9.20	1.10.20	12.20.49	0.4	700	2,087.2	571.0	99.18	0.430	99.10	0.433	128.0	0.0
65	2.6.20	2.7.20	12.20.49	0.4	700	2,107.7	565.0	99.30	0.426	99.25	0.428	134.4	2.2
65	3.5.20	3.6.20	12.20.49	0.4	700	2,070.9	567.4	101.75	0.335	101.65	0.339	131.5	21.6

### 20-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
168	4.16.19	4.17.19	3.20.39	0.4	900	3,712.5	727.7	100.63	0.366	100.60	0.367	171.3	90.4
168	5.22.19	5.23.19	3.20.39	0.4	900	4,018.1	735.1	100.75	0.359	100.70	0.362	164.1	108.0
168	6.25.19	6.26.19	3.20.39	0.4	900	3,043.3	745.5	103.63	0.208	103.55	0.212	153.7	117.8
169	7.17.19	7.18.19	6.20.39	0.3	900	3,563.8	728.2	100.96	0.249	100.95	0.249	170.8	119.1
169	8.20.19	8.21.19	6.20.39	0.3	900	2,767.4	726.6	103.67	0.110	103.60	0.114	172.4	119.7
169	9.18.19	9.19.19	6.20.39	0.3	900	2,565.4	738.0	101.79	0.205	101.70	0.210	161.7	49.6
170	10.24.19	10.25.19	9.20.39	0.3	900	2,871.7	735.2	101.04	0.245	100.95	0.249	164.1	0.0
170	11.20.19	11.21.19	9.20.39	0.3	900	3,078.2	731.6	100.63	0.266	100.60	0.268	167.3	133.9
170	12.17.19	12.18.19	9.20.39	0.3	900	3,026.9	737.4	100.25	0.286	100.20	0.289	162.0	128.1
171	1.17.20	1.20.20	12.20.39	0.3	900	2,818.5	736.3	99.99	0.300	99.90	0.305	162.8	0.0
171	2.20.20	2.21.20	12.20.39	0.3	900	2,894.6	726.3	101.27	0.232	101.25	0.234	172.8	70.7
171	3.12.20	3.13.20	12.20.39	0.3	900	2,718.2	736.2	100.98	0.248	100.90	0.252	163.3	64.0

### 10-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Noncompetitive (billion yen)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
354	4.2.19	4.3.19	3.20.29	0.1	2,100	8,512.6	1,679.6	101.61	▲ 0.060	101.60	▲ 0.059	0.265	418.9	313.6
354	5.8.19	5.9.19	3.20.29	0.1	2,100	7,551.4	1,699.4	101.59	▲ 0.060	101.57	▲ 0.058	0.265	399.7	0.0
354	6.4.19	6.5.19	3.20.29	0.1	2,100	6,838.0	1,715.3	102.04	▲ 0.106	102.01	▲ 0.103	0.238	383.7	0.0
355	7.2.19	7.3.19	6.20.29	0.1	2,100	6,798.7	1,734.5	102.42	▲ 0.139	102.40	▲ 0.137	0.309	364.4	0.0
355	8.1.19	8.2.19	6.20.29	0.1	2,100	6,436.5	1,711.1	102.53	▲ 0.152	102.51	▲ 0.150	0.266	387.7	0.0
355	9.3.19	9.4.19	6.20.29	0.1	2,100	6,161.1	1,713.0	103.68	▲ 0.265	103.66	▲ 0.264	0.280	385.7	313.4
356	10.1.19	10.2.19	9.20.29	0.1	2,100	5,980.8	1,746.7	102.62	▲ 0.158	102.33	▲ 0.130	0.265	353.0	0.0
356	11.6.19	11.7.19	9.20.29	0.1	2,100	6,175.8	1,705.5	101.99	▲ 0.099	101.94	▲ 0.094	0.265	393.9	0.0
356	12.3.19	12.4.19	9.20.29	0.1	2,100	5,679.7	1,730.1	101.40	▲ 0.042	101.24	▲ 0.026	0.332	369.3	0.0
357	1.7.20	1.8.20	12.20.29	0.1	2,100	6,343.6	1,712.6	101.05	▲ 0.005	101.03	▲ 0.003	0.265	386.1	72.4
357	2.4.20	2.5.20	12.20.29	0.1	2,100	6,158.0	1,694.3	101.50	▲ 0.051	101.48	▲ 0.049	0.265	404.7	171.3
357	3.3.20	3.4.20	12.20.29	0.1	2,100	5,471.8	1,709.7	101.98	▲ 0.100	101.84	▲ 0.086	0.280	389.7	209.0

### 10-Year Inflation-Indexed Bonds

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction II (billion yen)
24	5.10.19	5.13.19	3.10.29	0.1	400	1,486.8	399.9	103.70	▲ 0.266	30.3
24	8.8.19	8.9.19	3.10.29	0.1	400	1,534.7	399.6	104.25	▲ 0.329	14.7
24	11.8.19	11.11.19	3.10.29	0.1	400	1,368.7	399.6	102.90	▲ 0.204	10.7
24	2.12.20	2.13.20	3.10.29	0.1	400	1,499.9	399.5	102.30	▲ 0.150	15.8

## 5-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Noncompetitive (billion yen)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
139	4.9.19	4.10.19	3.20.24	0.1	1,900	8,162.7	1,536.0	101.32	▲ 0.164	101.31	▲ 0.162	0.000	363.0	192.2
139	5.16.19	5.17.19	3.20.24	0.1	1,900	7,622.9	1,543.8	101.32	▲ 0.170	101.31	▲ 0.168	0.000	355.1	221.0
139	6.18.19	6.19.19	3.20.24	0.1	1,900	7,145.2	1,584.3	101.58	▲ 0.228	101.57	▲ 0.226	0.000	315.0	219.2
140	7.9.19	7.10.19	6.20.24	0.1	1,900	7,002.9	1,613.7	101.67	▲ 0.233	101.66	▲ 0.231	0.000	285.2	50.7
140	8.15.19	8.16.19	6.20.24	0.1	1,900	7,318.9	1,564.9	102.04	▲ 0.314	102.02	▲ 0.310	0.000	333.6	283.2
140	9.11.19	9.12.19	6.20.24	0.1	1,900	5,629.0	1,558.8	101.98	▲ 0.308	101.95	▲ 0.302	0.000	340.7	0.0
141	10.17.19	10.18.19	9.20.24	0.1	1,900	5,836.3	1,579.6	101.90	▲ 0.280	101.87	▲ 0.274	0.000	319.6	0.0
141	11.14.19	11.15.19	9.20.24	0.1	1,900	6,273.3	1,556.5	101.42	▲ 0.190	101.41	▲ 0.188	0.000	343.0	283.9
141	12.10.19	12.11.19	9.20.24	0.1	1,900	6,255.8	1,555.4	100.88	▲ 0.083	100.80	▲ 0.066	0.000	344.1	283.9
142	1.15.20	1.16.20	12.20.24	0.1	1,900	6,991.9	1,560.3	100.93	▲ 0.087	100.93	▲ 0.087	0.000	338.8	189.2
142	2.18.20	2.19.20	12.20.24	0.1	1,900	6,918.6	1,540.4	101.19	▲ 0.144	101.18	▲ 0.142	0.000	358.4	188.9
142	3.10.20	3.11.20	12.20.24	0.1	1,900	4,308.9	1,575.9	101.55	▲ 0.220	101.37	▲ 0.184	0.000	324.0	0.0

## 2-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Noncompetitive (billion yen)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
400	4.23.19	5.7.19	5.1.21	0.1	2,000	8,164.8	1,619.7	100.503	▲ 0.152	100.500	▲ 0.150	0.000	379.4	0.0
401	5.30.19	6.3.19	6.1.21	0.1	2,000	8,974.1	1,649.6	100.540	▲ 0.169	100.535	▲ 0.166	0.000	349.6	0.0
402	6.27.19	7.1.19	7.1.21	0.1	2,000	7,449.9	1,695.5	100.636	▲ 0.216	100.625	▲ 0.211	0.000	304.1	55.9
403	7.25.19	8.1.19	8.1.21	0.1	2,000	7,708.4	1,637.8	100.625	▲ 0.211	100.620	▲ 0.208	0.000	361.4	188.2
404	8.29.19	9.2.19	9.1.21	0.1	2,000	8,832.8	1,634.5	100.829	▲ 0.311	100.825	▲ 0.309	0.000	365.1	123.0
405	9.27.19	10.1.19	10.1.21	0.1	2,000	6,199.5	1,654.1	100.872	▲ 0.333	100.860	▲ 0.327	0.000	345.3	0.0
406	10.29.19	11.1.19	11.1.21	0.1	2,000	7,881.4	1,638.2	100.620	▲ 0.208	100.620	▲ 0.208	0.000	361.2	299.0
407	11.28.19	12.2.19	12.1.21	0.1	2,000	6,875.9	1,664.9	100.581	▲ 0.189	100.570	▲ 0.183	0.000	334.6	0.0
408	12.24.19	1.6.20	1.1.22	0.1	2,000	7,762.9	1,656.0	100.395	▲ 0.098	100.390	▲ 0.095	0.000	343.5	257.7
409	1.30.20	2.3.20	2.1.22	0.1	2,000	7,326.5	1,632.1	100.496	▲ 0.147	100.495	▲ 0.147	0.000	367.6	198.9
410	2.28.20	3.2.20	3.1.22	0.1	2,000	7,450.5	1,622.8	100.685	▲ 0.241	100.685	▲ 0.241	0.000	377.1	197.3
411	3.31.20	4.1.20	4.1.22	0.1	2,000	6,949.8	1,622.4	100.452	▲ 0.125	100.425	▲ 0.112	0.000	377.1	117.1

## T-Bills

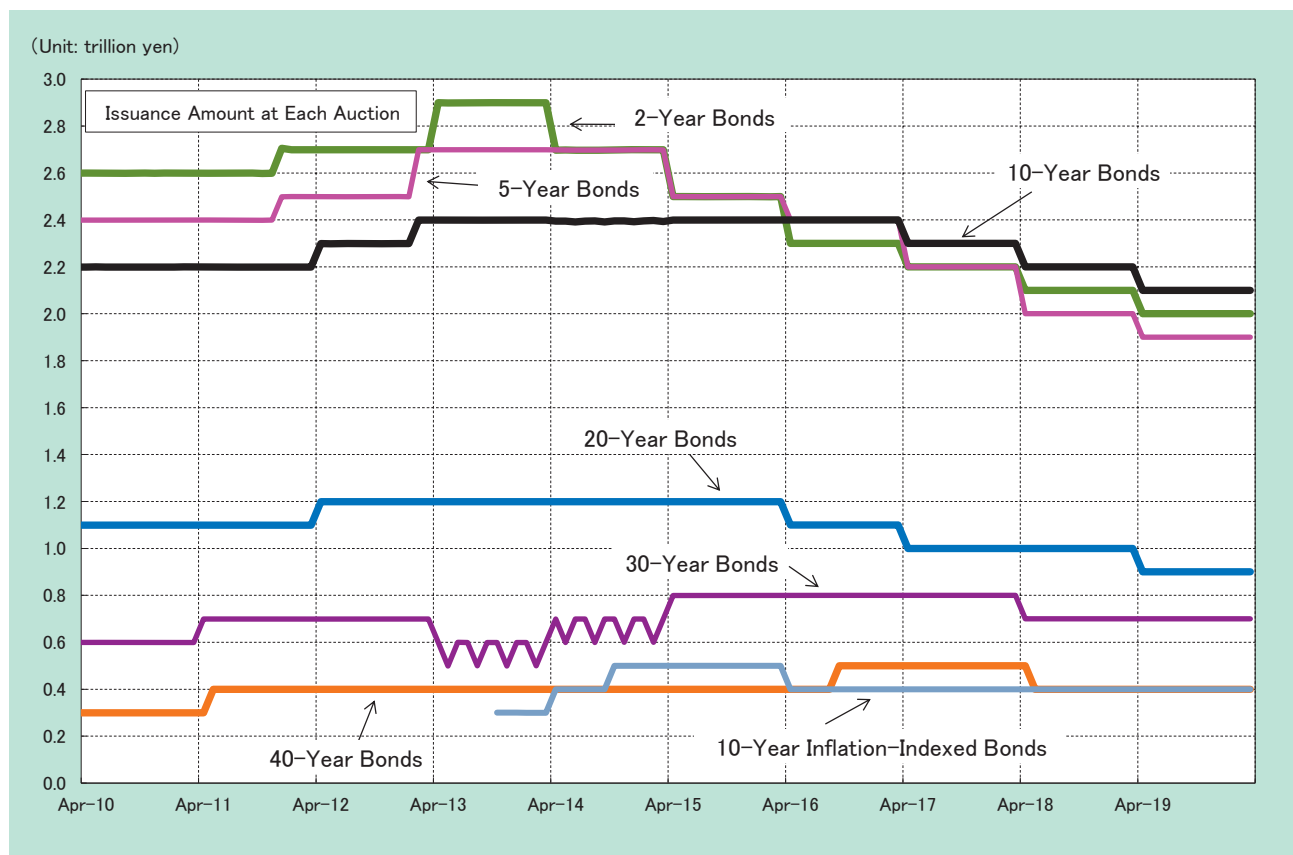
Issue Number	Auction Date	Issue Date	Maturity Date	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)
823	4.3.19	4.4.19	7.8.19	4,340.0	10,809.61	3,535.15	100.0424	0.1628	100.0390	0.1497	804.80
824	4.5.19	4.8.19	7.16.19	4,340.0	13,323.80	3,521.17	100.0392	0.1444	100.0380	0.1400	818.80
825	4.9.19	4.10.19	10.10.19	2,300.0	9,047.60	1,865.56	100.086	0.1713	100.084	0.1674	434.40
826	4.12.19	4.15.19	7.22.19	4,300.0	11,116.30	3,488.26	100.0533	0.1984	100.0500	0.1861	811.70
827	4.18.19	4.22.19	4.20.20	1,900.0	7,245.10	1,537.16	100.169	0.1691	100.165	0.1651	362.80
828	4.19.19	4.22.19	7.29.19	4,300.0	10,436.90	3,525.59	100.0417	0.1552	100.0365	0.1358	774.40
829	5.8.19	5.9.19	8.5.19	4,340.0	13,197.60	3,533.95	100.0360	0.1492	100.0340	0.1409	806.00
830	5.9.19	5.10.19	11.11.19	2,300.0	8,025.30	1,872.86	100.077	0.1518	100.074	0.1458	427.10
831	5.10.19	5.13.19	8.13.19	4,280.0	11,602.05	3,493.13	100.0404	0.1602	100.0385	0.1526	786.80
832	5.16.19	5.20.19	5.20.20	1,900.0	6,738.30	1,567.46	100.161	0.1603	100.156	0.1553	332.50
833	5.17.19	5.20.19	8.19.19	4,300.0	12,983.69	3,572.43	100.0381	0.1527	100.0365	0.1463	727.50
834	5.24.19	5.27.19	8.26.19	4,280.0	11,975.10	3,507.18	100.0374	0.1499	100.0355	0.1423	772.70
835	5.31.19	6.3.19	9.2.19	4,280.0	11,298.50	3,506.24	100.0396	0.1587	100.0375	0.1503	773.70
836	6.6.19	6.10.19	12.10.19	2,300.0	7,878.90	1,878.16	100.083	0.1654	100.081	0.1614	421.80
837	6.7.19	6.10.19	9.9.19	4,300.0	11,326.50	3,554.45	100.0360	0.1443	100.0340	0.1363	745.50
838	6.14.19	6.17.19	9.17.19	4,330.0	12,784.80	3,580.84	100.0374	0.1483	100.0355	0.1407	749.10
839	6.19.19	6.20.19	6.22.20	1,900.0	8,663.70	1,567.79	100.209	0.2068	100.187	0.1851	332.20
840	6.21.19	6.24.19	9.24.19	4,270.0	11,645.80	3,531.56	100.0349	0.1384	100.0325	0.1288	738.40
841	6.28.19	7.1.19	9.30.19	4,280.0	16,710.55	3,563.97	100.0284	0.1138	100.0260	0.1042	716.00
842	7.5.19	7.8.19	10.7.19	4,330.0	11,290.25	3,573.27	100.0363	0.1455	100.0330	0.1323	756.70
843	7.9.19	7.10.19	1.10.20	2,300.0	10,762.54	1,898.08	100.099	0.1961	100.096	0.1902	401.90
844	7.12.19	7.16.19	10.15.19	4,330.0	9,197.60	3,607.54	100.0365	0.1463	100.0340	0.1363	722.40
845	7.18.19	7.22.19	7.20.20	1,900.0	7,108.00	1,555.74	100.197	0.1971	100.193	0.1931	344.20
846	7.19.19	7.22.19	10.21.19	4,270.0	10,259.20	3,501.97	100.0351	0.1407	100.0325	0.1303	768.00
847	7.26.19	7.29.19	10.28.19	4,320.0	11,526.10	3,534.67	100.0317	0.1271	100.0300	0.1202	785.30
848	8.2.19	8.5.19	11.5.19	4,270.0	11,631.30	3,494.85	100.0291	0.1154	100.0270	0.1070	775.10
849	8.8.19	8.13.19	2.10.20	2,300.0	8,904.60	1,885.87	100.096	0.1934	100.093	0.1873	414.10
850	8.9.19	8.13.19	11.11.19	4,280.0	12,650.22	3,514.26	100.0244	0.0989	100.0230	0.0932	765.70
851	8.16.19	8.19.19	11.18.19	4,300.0	13,403.69	3,509.74	100.0305	0.1222	100.0290	0.1162	790.20

Issue Number	Auction Date	Issue Date	Maturity Date	Offering Amount ( billion yen )	Amount of Competitive Bids ( billion yen )	Amount of Bids Accepted ( billion yen )	Average Price ( yen )	Yield at the Average Price ( % )	Lowest Price ( yen )	Yield at the Lowest Price ( % )	Non-Price Competitive Auction 1 ( billion yen )
852	8.19.19	8.20.19	8.20.20	1,900.0	8,229.10	1,556.19	100.238	0.2367	100.224	0.2228	343.80
853	8.23.19	8.26.19	11.25.19	4,260.0	12,718.00	3,481.26	100.0365	0.1463	100.0345	0.1383	778.70
854	8.30.19	9.2.19	12.2.19	4,280.0	11,143.30	3,504.47	100.0432	0.1731	100.0405	0.1623	775.50
855	9.6.19	9.9.19	12.9.19	4,300.0	10,513.20	3,509.73	100.0404	0.1619	100.0390	0.1563	790.20
856	9.9.19	9.10.19	3.10.20	2,300.0	8,143.10	1,878.59	100.144	0.2883	100.132	0.2643	421.40
857	9.13.19	9.17.19	12.16.19	4,280.0	9,027.80	3,493.90	100.0353	0.1431	100.0305	0.1236	786.10
858	9.18.19	9.20.19	9.23.20	1,900.0	7,960.40	1,578.98	100.223	0.2200	100.220	0.2171	321.00
859	9.20.19	9.24.19	12.23.19	4,270.0	13,621.10	3,487.15	100.0366	0.1483	100.0340	0.1378	782.80
860	9.27.19	9.30.19	1.8.20	4,270.0	16,487.75	3,485.47	100.0743	0.2709	100.0700	0.2553	784.50
861	10.4.19	10.7.19	1.14.20	4,270.0	13,024.40	3,498.18	100.0993	0.3657	100.0905	0.3333	771.80
862	10.9.19	10.10.19	4.10.20	2,300.0	8,617.70	1,895.75	100.149	0.2967	100.136	0.2708	404.20
863	10.11.19	10.15.19	1.20.20	4,330.0	11,894.30	3,563.57	100.0811	0.3049	100.0745	0.2801	766.40
864	10.17.19	10.21.19	10.20.20	1,900.0	6,687.60	1,561.37	100.194	0.1936	100.188	0.1876	338.60
865	10.18.19	10.21.19	1.27.20	4,270.0	10,176.60	3,495.88	100.0641	0.2385	100.0535	0.1991	774.10
866	10.25.19	10.28.19	2.3.20	4,270.0	10,180.90	3,485.48	100.0522	0.1943	100.0460	0.1712	784.50
867	11.1.19	11.5.19	2.10.20	4,300.0	12,980.10	3,510.37	100.0452	0.1700	100.0420	0.1579	789.60
868	11.7.19	11.11.19	5.11.20	2,300.0	9,617.00	1,877.57	100.078	0.1563	100.073	0.1462	422.40
869	11.8.19	11.11.19	2.17.20	4,270.0	16,544.92	3,485.58	100.0401	0.1492	100.0390	0.1451	784.40
870	11.15.19	11.18.19	2.25.20	4,320.0	13,077.71	3,526.08	100.0580	0.2137	100.0540	0.1989	793.90
871	11.19.19	11.20.19	11.20.20	1,900.0	5,797.20	1,551.67	100.201	0.2000	100.192	0.1911	348.30
872	11.22.19	11.25.19	3.2.20	4,310.0	9,510.11	3,517.17	100.0608	0.2263	100.0565	0.2103	792.80
873	11.29.19	12.2.19	3.9.20	4,280.0	11,653.91	3,493.26	100.0479	0.1783	100.0405	0.1507	786.70
874	12.6.19	12.9.19	3.16.20	4,320.0	10,043.10	3,527.09	100.0319	0.1187	100.0265	0.0986	792.90
875	12.9.19	12.10.19	6.10.20	2,300.0	8,749.80	1,983.45	100.052	0.1036	100.050	0.0996	316.50
876	12.13.19	12.16.19	3.23.20	4,320.0	14,670.50	3,527.54	100.0345	0.1284	100.0310	0.1154	792.40
877	12.18.19	12.20.19	12.21.20	1,900.0	6,578.30	1,617.88	100.118	0.1172	100.106	0.1053	282.10
878	12.20.19	12.23.19	3.30.20	4,340.0	12,929.20	3,557.38	100.0285	0.1061	100.0240	0.0893	782.60
879	1.7.20	1.8.20	4.6.20	4,340.0	12,314.30	3,552.47	100.0265	0.1086	100.0240	0.0984	787.50
880	1.9.20	1.10.20	7.10.20	2,300.0	9,028.50	1,883.57	100.059	0.1182	100.058	0.1162	416.40
881	1.10.20	1.14.20	4.13.20	4,340.0	11,710.90	3,551.40	100.0290	0.1175	100.0265	0.1074	788.55
882	1.16.20	1.20.20	1.20.21	1,900.0	6,124.70	1,551.35	100.126	0.1254	100.122	0.1215	348.60
883	1.17.20	1.20.20	4.20.20	4,340.0	12,755.50	3,552.41	100.0292	0.1170	100.0280	0.1122	787.50
884	1.24.20	1.27.20	4.27.20	4,340.0	12,048.70	3,541.44	100.0305	0.1222	100.0290	0.1162	798.50
885	1.31.20	2.3.20	5.7.20	4,440.0	12,352.70	3,662.84	100.0324	0.1257	100.0310	0.1203	777.10
886	2.6.20	2.10.20	8.11.20	2,600.0	8,082.07	2,110.54	100.070	0.1395	100.069	0.1375	489.40
887	2.7.20	2.10.20	5.11.20	4,440.0	12,167.84	3,619.84	100.0341	0.1367	100.0330	0.1323	820.10
888	2.14.20	2.17.20	5.18.20	4,440.0	10,964.16	3,612.24	100.0320	0.1283	100.0305	0.1222	827.70
889	2.19.20	2.20.20	2.22.21	1,900.0	6,543.70	1,550.88	100.148	0.1465	100.145	0.1436	349.10
890	2.21.20	2.25.20	5.25.20	4,440.0	11,955.55	3,602.64	100.0317	0.1285	100.0300	0.1216	837.30
891	2.28.20	3.2.20	6.1.20	4,740.0	13,521.96	3,865.06	100.0347	0.1391	100.0335	0.1343	874.90
892	3.6.20	3.9.20	6.8.20	4,740.0	11,932.70	3,845.77	100.0673	0.2697	100.0625	0.2505	894.20
893	3.9.20	3.10.20	9.10.20	2,600.0	6,108.10	2,115.56	100.145	0.2872	100.127	0.2516	484.40
894	3.13.20	3.16.20	6.15.20	4,740.0	11,346.00	3,856.29	100.0595	0.2385	100.0455	0.1824	883.70
895	3.17.20	3.23.20	3.22.21	1,900.0	7,093.70	1,541.99	100.202	0.2021	100.198	0.1981	358.00
896	3.18.20	3.23.20	6.22.20	4,740.0	9,400.80	3,846.28	100.0723	0.2897	100.0505	0.2024	893.70
897	3.27.20	3.30.20	6.29.20	4,740.0	8,159.65	3,855.89	100.0470	0.1884	100.0255	0.1022	884.10

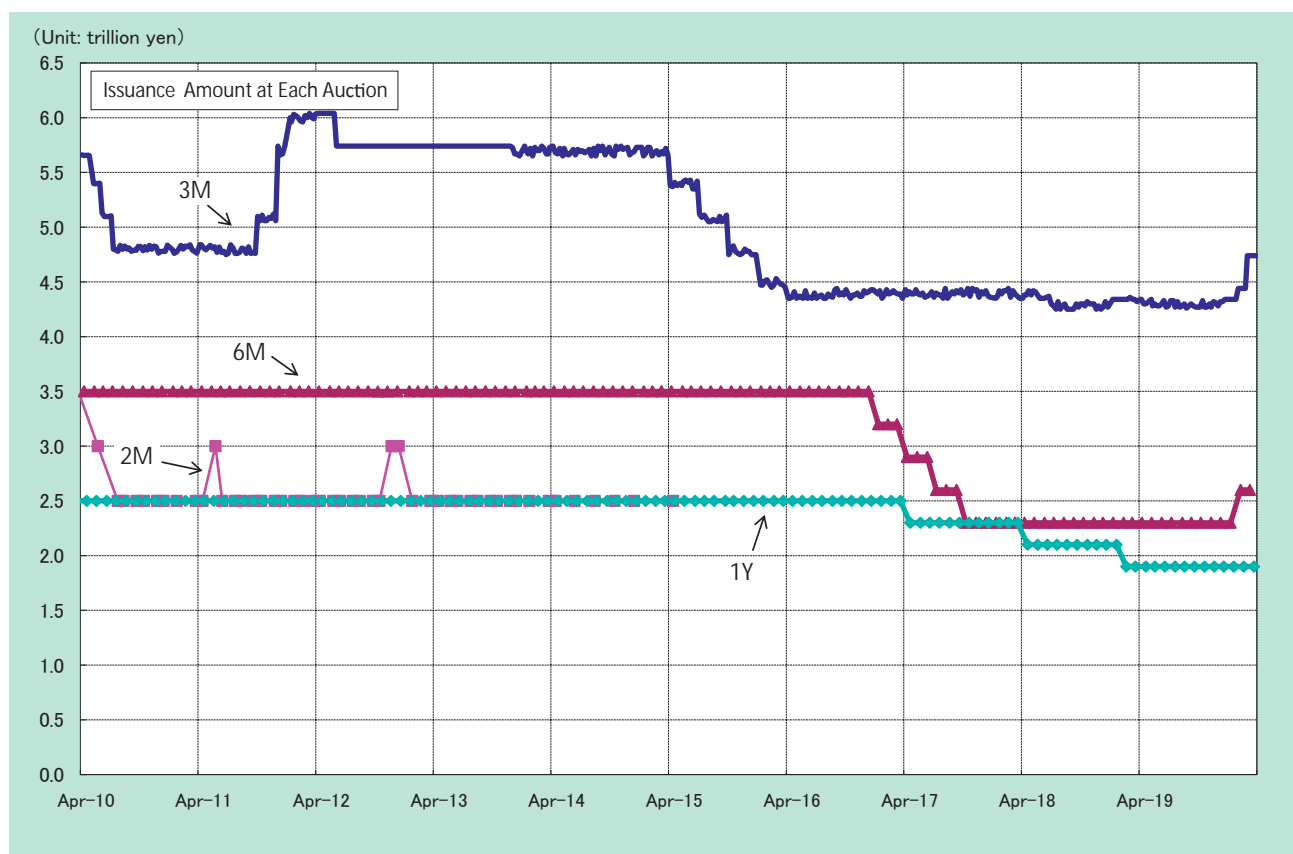


#### (4) Issuance Amount of JGBs and T-Bills Offered to the Market at Each Auction

##### JGBs



##### T-Bills



## (5) Principal/Coupon Payment Corresponding to Days of Issuance in FY2020

### 5, 10, 20, 30-Year Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
April	September	March, September	March	Maturity – 1 month
May	September	March, September	March	Maturity – 2 months
June	September	March, September	March	Maturity – 3 months
July	December	June, December	June	Maturity – 1 month
August	December	June, December	June	Maturity – 2 months
September	December	June, December	June	Maturity – 3 months
October	March	March, September	September	Maturity – 1 month
November	March	March, September	September	Maturity – 2 months
December	March	March, September	September	Maturity – 3 months
January	June	June, December	December	Maturity – 1 month
February	June	June, December	December	Maturity – 2 months
March	June	June, December	December	Maturity – 3 months

Note 1: The coupon payment date and the redemption date are the twentieth of the month.

Note 2: Issuance shall occur on T+1 (day of auction + 1 business day).

### 2-Year Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
April	October	April, October	April	As for term
May	November	May, November	May	As for term
June	December	June, December	June	As for term
July	January	January, July	July	As for term
August	February	February, August	August	As for term
September	March	March, September	September	As for term
October	April	April, October	October	As for term
November	May	May, November	November	As for term
December	June	June, December	December	As for term
January	July	January, July	January	As for term
February	August	February, August	February	As for term
March	September	March, September	March	As for term

Note 1: The coupon payment date and redemption date are the first of the month.

Note 2: With regard to establishing the day of issuance, as a rule, issuance shall occur on the first of the month.

### 40-Year Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
May	September	March, September	March	Maturity – 2 months
July	September	March, September	March	Maturity – 4 months
September	March	March, September	March	Maturity – 6 months
November	March	March, September	March	Maturity – 8 months
January	March	March, September	March	Maturity – 10 months
March	September	March, September	March	Maturity – 12 months

Note 1: The coupon payment date and redemption date are the twentieth of the month.

Note 2: Issuance shall occur on T+1 (day of auction + 1 business day).

### 10-Year Inflation-Indexed Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
May	September	March, September	March	Maturity – 2 months
August	September	March, September	March	Maturity – 5 months
November	March	March, September	March	Maturity – 8 months
February	March	March, September	March	Maturity – 11 months

Note 1: The coupon payment date and redemption date are the tenth of the month.

Note 2: Issuance shall occur on T+1 (day of auction + 1 business day).

## (6) Successful Bids Share for JGBs by Investor Type in FY2019

(Unit: billion yen, %)

	Securities Companies			Banks			Insurance Companies	Short-Term Credit/ Securities Finance Companies	Others	Total for FY2019
		Domestic	Foreign		Domestic	Foreign				
2-Year	15,645.4	9,101.4	6,544.0	3,959.1	3,959.1	0.0	0.0	19.7	102.9	19,727.1
Share	79.3	46.1	33.2	20.1	20.1	0.0	0.0	0.1	0.5	100.0
5-Year	16,442.7	9,800.9	6,641.8	2,326.9	2,326.9	0.0	0.0	0.0	0.0	18,769.6
Share	87.6	52.2	35.4	12.4	12.4	0.0	0.0	0.0	0.0	100.0
10-Year	18,125.5	10,285.7	7,839.8	2,296.9	2,296.9	0.0	0.0	0.0	129.4	20,551.8
Share	88.2	50.0	38.1	11.2	11.2	0.0	0.0	0.0	0.6	100.0
20-Year	7,355.9	4,684.4	2,671.5	1,323.2	1,323.2	0.0	125.0	0.0	0.0	8,804.1
Share	83.6	53.2	30.3	15.0	15.0	0.0	1.4	0.0	0.0	100.0
30-Year	6,668.3	4,000.6	2,667.7	43.1	43.1	0.0	156.2	0.0	0.0	6,867.6
Share	97.1	58.3	38.8	0.6	0.6	0.0	2.3	0.0	0.0	100.0
40-Year	2,326.7	1,137.0	1,189.7	10.0	10.0	0.0	60.7	0.0	0.0	2,397.4
Share	97.1	47.4	49.6	0.4	0.4	0.0	2.5	0.0	0.0	100.0
10-Year JGBi	1,568.6	546.4	1,022.2	30.0	30.0	0.0	0.0	0.0	0.0	1,598.6
Share	98.1	34.2	63.9	1.9	1.9	0.0	0.0	0.0	0.0	100.0
T-Bills	197,006.0	142,586.5	54,419.5	21,660.3	21,480.3	180.0	0.0	4,508.2	473.9	223,648.4
Share	88.1	63.8	24.3	9.7	9.6	0.1	0.0	2.0	0.2	100.0

Note 1: Figures may not sum up to the total because of rounding. Figures are calculated on a nominal basis.

Note 2: Figures are the total of price- / yield-competitive auctions.

## (7) Issuance of JGBs for Retail Investors

(Unit: billion yen)

Month of issue	3-Year Fixed-Rate (interest rate)	5-Year Fixed-Rate (interest rate)	10-Year Floating-Rate (first interest rate)	Total
Mar-03	—	—	383.5 : (0.09%)	383.5
Apr-03	—	—	348.6 : (0.05%)	348.6
Jul-03	—	—	280.2 : (0.05%)	280.2
Oct-03	—	—	943.2 : (0.77%)	943.2
Jan-04	—	—	1,395.1 : (0.62%)	1,395.1
Apr-04	—	—	1,418.5 : (0.55%)	1,418.5
Jul-04	—	—	1,772.6 : (0.74%)	1,772.6
Oct-04	—	—	1,865.2 : (0.74%)	1,865.2
Jan-05	—	—	1,764.7 : (0.67%)	1,764.7
Apr-05	—	—	2,337.4 : (0.73%)	2,337.4
Jul-05	—	—	1,642.3 : (0.45%)	1,642.3
Oct-05	—	—	1,362.9 : (0.55%)	1,362.9
Jan-06	—	1,128.5 : (0.80%)	800.1 : (0.68%)	1,928.6
Apr-06	—	988.3 : (1.01%)	828.5 : (0.85%)	1,816.8
Jul-06	—	1,243.0 : (1.30%)	981.3 : (1.10%)	2,224.3
Oct-06	—	858.4 : (1.13%)	732.3 : (0.92%)	1,590.7
Jan-07	—	1,073.0 : (1.20%)	433.4 : (0.84%)	1,506.4
Apr-07	—	832.6 : (1.13%)	347.9 : (0.87%)	1,180.5
Jul-07	—	1,596.4 : (1.50%)	371.3 : (1.01%)	1,967.6
Oct-07	—	769.2 : (1.15%)	193.2 : (0.85%)	962.4
Jan-08	—	419.6 : (0.94%)	131.6 : (0.68%)	551.1
Apr-08	—	291.9 : (0.81%)	62.2 : (0.57%)	354.0
Jul-08	—	894.2 : (1.22%)	101.0 : (1.00%)	995.2
Oct-08	—	392.9 : (0.99%)	46.1 : (0.69%)	439.0
Jan-09	—	472.9 : (0.80%)	31.7 : (0.58%)	504.7
Apr-09	—	294.1 : (0.71%)	26.7 : (0.50%)	320.8
Jul-09	—	444.1 : (0.82%)	43.2 : (0.73%)	487.3
Oct-09	—	269.0 : (0.60%)	41.4 : (0.53%)	310.4
Jan-10	—	186.6 : (0.44%)	54.6 : (0.45%)	241.2
Apr-10	—	142.7 : (0.48%)	47.6 : (0.53%)	190.3
Jul-10	59.2 : (0.19%)	156.3 : (0.42%)	56.6 : (0.48%)	272.1
Aug-10	25.8 : (0.14%)	—	—	25.8
Sep-10	29.3 : (0.15%)	—	—	29.3
Oct-10	30.8 : (0.11%)	40.3 : (0.23%)	15.5 : (0.25%)	86.5
Nov-10	31.8 : (0.12%)	—	—	31.8
Dec-10	26.7 : (0.13%)	—	—	26.7
Jan-11	79.5 : (0.21%)	82.8 : (0.37%)	24.1 : (0.39%)	186.5
Feb-11	116.4 : (0.22%)	—	—	116.4
Mar-11	62.3 : (0.27%)	—	—	62.3
Apr-11	83.9 : (0.32%)	143.4 : (0.52%)	12.6 : (0.51%)	239.9
May-11	105.5 : (0.26%)	—	—	105.5
Jun-11	58.3 : (0.24%)	—	—	58.3
Jul-11	50.1 : (0.20%)	168.8 : (0.41%)	231.9 : (0.77%)	450.8
Aug-11	116.6 : (0.21%)	—	—	116.6
Sep-11	50.3 : (0.18%)	—	—	50.3
Oct-11	53.7 : (0.17%)	110.0 : (0.32%)	227.6 : (0.72%)	391.3
Nov-11	82.7 : (0.17%)	—	—	82.7
Dec-11	35.1 : (0.18%)	—	—	35.1
Jan-12	103.4 : (0.18%)	236.9 : (0.33%)	405.1 : (0.72%)	745.4
Feb-12	104.5 : (0.17%)	—	—	104.5
Mar-12	45.5 : (0.18%)	—	—	45.5
Apr-12	46.9 : (0.12%)	97.3 : (0.27%)	240.6 : (0.64%)	384.8
May-12	84.2 : (0.14%)	—	—	84.2
Jun-12	38.6 : (0.10%)	—	—	38.6
Jul-12	33.5 : (0.07%)	82.7 : (0.19%)	403.3 : (0.57%)	519.5
Aug-12	54.2 : (0.07%)	—	—	54.2
Sep-12	26.9 : (0.07%)	—	—	26.9
Oct-12	23.3 : (0.07%)	57.6 : (0.17%)	222.5 : (0.53%)	303.4
Nov-12	43.9 : (0.07%)	—	—	43.9
Dec-12	18.0 : (0.07%)	—	—	18.0
Jan-13	26.2 : (0.07%)	49.4 : (0.13%)	278.3 : (0.48%)	353.9
Feb-13	32.5 : (0.07%)	—	—	32.5
Mar-13	14.9 : (0.05%)	—	—	14.9
Apr-13	28.1 : (0.05%)	14.5 : (0.06%)	207.1 : (0.42%)	249.7
May-13	26.2 : (0.05%)	—	—	26.2
Jun-13	33.3 : (0.12%)	—	—	33.3
Jul-13	41.5 : (0.14%)	128.6 : (0.30%)	296.6 : (0.57%)	466.8
Aug-13	91.7 : (0.14%)	—	—	91.7
Sep-13	94.3 : (0.12%)	—	—	94.3
Oct-13	89.0 : (0.11%)	137.9 : (0.24%)	666.1 : (0.51%)	893.0
Nov-13	107.9 : (0.10%)	—	—	107.9
Dec-13	34.1 : (0.10%)	—	—	34.1
Jan-14	67.1 : (0.08%)	77.9 : (0.15%)	625.3 : (0.43%)	770.3
Feb-14	44.8 : (0.09%)	62.1 : (0.17%)	235.5 : (0.48%)	342.4
Mar-14	36.5 : (0.08%)	36.8 : (0.15%)	166.2 : (0.40%)	239.5
Apr-14	46.9 : (0.07%)	52.3 : (0.14%)	265.7 : (0.40%)	364.9
May-14	43.7 : (0.08%)	64.6 : (0.15%)	210.0 : (0.42%)	318.4
Jun-14	27.7 : (0.08%)	33.1 : (0.14%)	96.3 : (0.40%)	157.1
Jul-14	37.0 : (0.07%)	53.8 : (0.14%)	256.2 : (0.40%)	347.0
Aug-14	35.8 : (0.06%)	65.4 : (0.12%)	169.3 : (0.37%)	270.5
Sep-14	25.8 : (0.06%)	29.0 : (0.10%)	125.0 : (0.34%)	179.8
Oct-14	25.0 : (0.06%)	42.0 : (0.12%)	163.3 : (0.34%)	230.3
Nov-14	24.8 : (0.05%)	53.9 : (0.11%)	142.8 : (0.34%)	221.5
Dec-14	17.4 : (0.05%)	14.8 : (0.08%)	63.4 : (0.29%)	95.7
Jan-15	30.4 : (0.05%)	9.6 : (0.05%)	139.1 : (0.31%)	179.0
Feb-15	41.8 : (0.05%)	10.3 : (0.05%)	92.4 : (0.20%)	144.5
Mar-15	29.2 : (0.05%)	4.0 : (0.05%)	90.8 : (0.20%)	124.1
Apr-15	27.5 : (0.05%)	11.8 : (0.05%)	135.5 : (0.26%)	174.8
May-15	40.7 : (0.05%)	15.2 : (0.05%)	127.8 : (0.24%)	183.7
Jun-15	20.5 : (0.05%)	11.1 : (0.08%)	114.9 : (0.28%)	146.6

Month of issue	3-Year Fixed-Rate (interest rate)	5-Year Fixed-Rate (interest rate)	10-Year Floating-Rate (first interest rate)	Total
Jul-15	28.7 : (0.05%)	8.2 : (0.05%)	159.3 : (0.30%)	196.3
Aug-15	19.2 : (0.05%)	31.1 : (0.09%)	175.3 : (0.34%)	225.5
Sep-15	20.2 : (0.05%)	7.2 : (0.05%)	132.6 : (0.26%)	160.1
Oct-15	19.3 : (0.05%)	9.2 : (0.05%)	131.0 : (0.28%)	159.5
Nov-15	21.8 : (0.05%)	12.9 : (0.05%)	147.6 : (0.22%)	182.3
Dec-15	14.5 : (0.05%)	3.7 : (0.05%)	54.7 : (0.21%)	72.9
Jan-16	21.7 : (0.05%)	14.3 : (0.05%)	189.0 : (0.21%)	225.1
Feb-16	15.3 : (0.05%)	12.3 : (0.05%)	149.0 : (0.17%)	176.5
Mar-16	36.5 : (0.05%)	31.1 : (0.05%)	165.9 : (0.05%)	233.5
Apr-16	41.8 : (0.05%)	111.7 : (0.05%)	246.7 : (0.05%)	400.3
May-16	30.2 : (0.05%)	85.1 : (0.05%)	159.6 : (0.05%)	274.9
Jun-16	31.4 : (0.05%)	55.5 : (0.05%)	123.5 : (0.05%)	210.4
Jul-16	45.3 : (0.05%)	100.0 : (0.05%)	165.3 : (0.05%)	310.5
Aug-16	39.6 : (0.05%)	93.9 : (0.05%)	187.5 : (0.05%)	320.9
Sep-16	43.0 : (0.05%)	43.6 : (0.05%)	82.6 : (0.05%)	169.2
Oct-16	42.8 : (0.05%)	94.9 : (0.05%)	205.8 : (0.05%)	343.4
Nov-16	43.4 : (0.05%)	68.8 : (0.05%)	84.3 : (0.05%)	196.4
Dec-16	47.6 : (0.05%)	38.4 : (0.05%)	105.3 : (0.05%)	191.3
Jan-17	69.8 : (0.05%)	181.6 : (0.05%)	382.8 : (0.05%)	634.2
Feb-17	52.3 : (0.05%)	170.0 : (0.05%)	350.4 : (0.05%)	572.7
Mar-17	46.7 : (0.05%)	207.6 : (0.05%)	677.2 : (0.06%)	931.5
Apr-17	46.0 : (0.05%)	19.9 : (0.05%)	137.1 : (0.05%)	203.0
May-17	40.8 : (0.05%)	24.0 : (0.05%)	124.6 : (0.05%)	189.4
Jun-17	38.4 : (0.05%)	11.0 : (0.05%)	184.0 : (0.05%)	233.4
Jul-17	49.4 : (0.05%)	33.4 : (0.05%)	242.8 : (0.05%)	325.6
Aug-17	44.3 : (0.05%)	32.5 : (0.05%)	274.3 : (0.05%)	351.0
Sep-17	42.6 : (0.05%)	9.5 : (0.05%)	159.4 : (0.05%)	211.5
Oct-17	43.8 : (0.05%)	17.5 : (0.05%)	290.3 : (0.05%)	351.6
Nov-17	41.3 : (0.05%)	17.6 : (0.05%)	218.7 : (0.05%)	277.6
Dec-17	47.2 : (0.05%)	12.9 : (0.05%)	208.1 : (0.05%)	268.2
Jan-18	66.5 : (0.05%)	20.0 : (0.05%)	281.9 : (0.05%)	368.5
Feb-18	41.9 : (0.05%)	15.8 : (0.05%)	278.3 : (0.05%)	336.0
Mar-18	36.2 : (0.05%)	12.6 : (0.05%)	284.5 : (0.06%)	333.4
Apr-18	55.1 : (0.05%)	14.3 : (0.05%)	347.4 : (0.05%)	416.9
May-18	35.3 : (0.05%)	15.8 : (0.05%)	312.4 : (0.05%)	363.5
Jun-18	46.6 : (0.05%)	17.6 : (0.05%)	297.2 : (0.05%)	361.3
Jul-18	46.6 : (0.05%)	23.6 : (0.05%)	356.3 : (0.05%)	426.5
Aug-18	49.8 : (0.05%)	20.3 : (0.05%)	323.6 : (0.05%)	393.7
Sep-18	37.9 : (0.05%)	11.1 : (0.05%)	313.4 : (0.09%)	362.4
Oct-18	25.6 : (0.05%)	12.0 : (0.05%)	335.1 : (0.07%)	372.8
Nov-18	27.3 : (0.05%)	15.8 : (0.05%)	351.7 : (0.09%)	394.8
Dec-18	24.5 : (0.05%)	8.3 : (0.05%)	259.0 : (0.09%)	291.8
Jan-19	37.7 : (0.05%)	14.3 : (0.05%)	310.7 : (0.05%)	362.7
Feb-19	38.5 : (0.05%)	15.2 : (0.05%)	308.5 : (0.05%)	362.2
Mar-19	36.0 : (0.05%)	27.7 : (0.05%)	520.5 : (0.05%)	584.2
Apr-19	37.4 : (0.05%)	31.5 : (0.05%)	369.0 : (0.05%)	437.8
May-19	32.9 : (0.05%)	14.5 : (0.05%)	282.1 : (0.05%)	329.6
Jun-19	45.1 : (0.05%)	16.8 : (0.05%)	309.5 : (0.05%)	371.4
Jul-19	57.9 : (0.05%)	20.7 : (0.05%)	356.6 : (0.05%)	435.2
Aug-19	61.5 : (0.05%)	19.8 : (0.05%)	372.2 : (0.05%)	453.5
Sep-19	59.4 : (0.05%)	21.7 : (0.05%)	335.4 : (0.05%)	416.6
Oct-19	59.4 : (0.05%)	20.1 : (0.05%)	374.8 : (0.05%)	454.3
Nov-19	50.0 : (0.05%)	19.1 : (0.05%)	257.4 : (0.05%)	326.5
Dec-19	63.5 : (0.05%)	22.5 : (0.05%)	435.2 : (0.05%)	521.1
Jan-20	93.4 : (0.05%)	30.4 : (0.05%)	502.3 : (0.05%)	626.1
Feb-20	60.4 : (0.05%)	16.5 : (0.05%)	354.1 : (0.05%)	431.0
Mar-20	54.4 : (0.05%)	18.0 : (0.05%)	372.9 : (0.05%)	445.3

FY Total (Unit: billion yen)

	3-Year Fixed-Rate	5-Year Fixed-Rate	10-Year Floating-Rate	Total
FY2002	—	—	383.5	383.5
FY2003	—	—	2,967.1	2,967.1
FY2004	—	—	6,821.0	6,821.0
FY2005	—	1,128.5	6,142.7	7,271.2
FY2006	—	4,162.7	2,975.6	7,138.3
FY2007	—	3,617.7	1,044.0	4,661.7
FY2008	—	2,051.9	241.0	2,292.9
FY2009	—	1,193.9	165.9	1,359.8
FY2010	462.0	422.1	143.7	1,027.8
FY2011	1,059.0	756.5	1,117.8	2,933.4
issued in FY2012	169.7	97.3	240.6	507.6
FY2012	361.0	204.2	1,111.2	1,676.4
issued in FY2013	87.6	14.5	207.1	309.3
FY2013	606.9	443.3	1,989.7	3,039.9
FY2014	385.4	432.8	1,814.4	2,632.6
FY2015	285.8	168.1	1,682.8	2,136.7
FY2016	533.9	1,251.0	2,770.7	4,555.6
FY2017	538.5	226.8	2,684.0	3,449.3
FY2018	461.0	196.0	4,035.7	4,692.7
FY2019	675.3	251.6	4,321.5	5,248.4

Note 1: From January 2012 to June 2013, JGBs for Retail Investors have been issued as Reconstruction Bonds.

Note 2: JGBs for Retail Investors issued from April to June 2012 were posted under revenues in FY2011 and issued from April to June 2013 were posted under revenues in FY2012, because Reconstruction Bonds are accepted to be issued between accounting adjustment term.

Note 3: Amounts of 10-Year Floating-Rate JGBs issued for FY2011 and FY2012 include those of Reconstruction Supporters Bonds for Retail Investors.

## (8) Issuance by the Bank of Japan Rollover

(Unit: billion yen)

FY	Amount of Rollover
FY2010	9,299.9
FY2011	11,799.8
FY2012	16,699.8
FY2013	11,699.8
FY2014	11,099.8
FY2015	10,399.9
FY2016	7,999.9
FY2017	3,000.0
FY2018	2,500.0
FY2019	2,200.0
FY2020	2,200.0

Note: Figures are calculated on a revenue basis. Up to FY2019: Actual; FY2020: Initial

## (9) Front-Loading Issuance of Refunding Bonds

(Unit: billion yen)

	Maximum Amount of Issuance (Face Value)	Issuance Amount (Revenue Basis)
FY2010 (Issued in FY2009)	12,000.0	8,126.4
FY2011 (Issued in FY2010)	20,000.0( initial plan: 12,000.0)	16,919.4
FY2012 (Issued in FY2011)	12,000.0	9,647.3
FY2013 (Issued in FY2012)	12,000.0	11,360.7
FY2014 (Issued in FY2013)	28,000.0( initial plan: 20,000.0)	23,275.8
FY2015 (Issued in FY2014)	29,000.0( initial plan: 25,000.0)	28,834.1
FY2016 (Issued in FY2015)	44,000.0( initial plan: 32,000.0)	42,250.9
FY2017 (Issued in FY2016)	56,000.0( initial plan: 48,000.0)	45,104.6
FY2018 (Issued in FY2017)	56,000.0	49,440.7
FY2019 (Issued in FY2018)	55,000.0	52,463.1
FY2020 (Issued in FY2019)	55,000.0	45,082.7
FY2021 (Issued in FY2020)	43,000.0	—

Note: Refunding Bonds issued in order to refinance JGBs that will mature in FY X are basically issued in FY X, but they can be issued in FY X-1 within an upper limit authorized by the General Rules for the Special Account Budget of FY X-1. This kind of issuance is called Front-Loading Issuance of Refunding Bonds.

## (10) List of Commissions for Issuing JGBs, etc.

( As of April 1, 2020 )

Categories		Calculation Formula	Payable to
Bond Sales Fee (New OTC Sales JGBs)	10-Year	0.20 yen per 100 yen nominal par	Handling Institutions
	5-Year	0.15 yen per 100 yen nominal par	
	2-Year	0.10 yen per 100 yen nominal par	
Bond Sales Fee (JGBs for Retail Investors)	10-Year Floating Rate	0.40 yen per 100 yen nominal par	Handling Institutions
	5-Year Fixed Rate	0.30 yen per 100 yen nominal par	
	3-Year Fixed Rate	0.20 yen per 100 yen nominal par	
Bond Issuance Fee		Necessary fee amount designated by the Minister of Finance	Bank of Japan
Interest Payment Fee		Principal receivable $\times$ 0.006/1,000 Except for JGBs held at a self-account (except for trust account)	BOJ Agents, etc.
Redemption Fee	Treasury Bills Financing Bills	Redemption proceeds receivable $\times$ 0.9/1,000,000 However, the following upper limit is applicable to fees per JGB category Self-account: 10,000 yen; and customer account: 15,000 yen	BOJ Agents, etc.
	Except for Above	Principal receivable $\times$ 0.006/1,000 Except for JGBs held at a self-account (except for trust account)	
Premature Redemption Fee (JGBs for Retail Investors)		JGB purchase amount payable $\times$ 0.9/1,000	Handling Institutions
Subsidy JGBs Delivery Fee		357 yen per JGB certificate	BOJ Agents, etc.
Subsidy JGBs Redemption Fee Interest Payment Fee Principal/Interest Payment Fee Redemption Amount Payment Fee		378 yen per interest coupon or attached coupon	BOJ Agents, etc.
Subsidy JGBs Buy-Back Redemption Fee		1,282 yen per JGB certificate	BOJ Agents, etc.

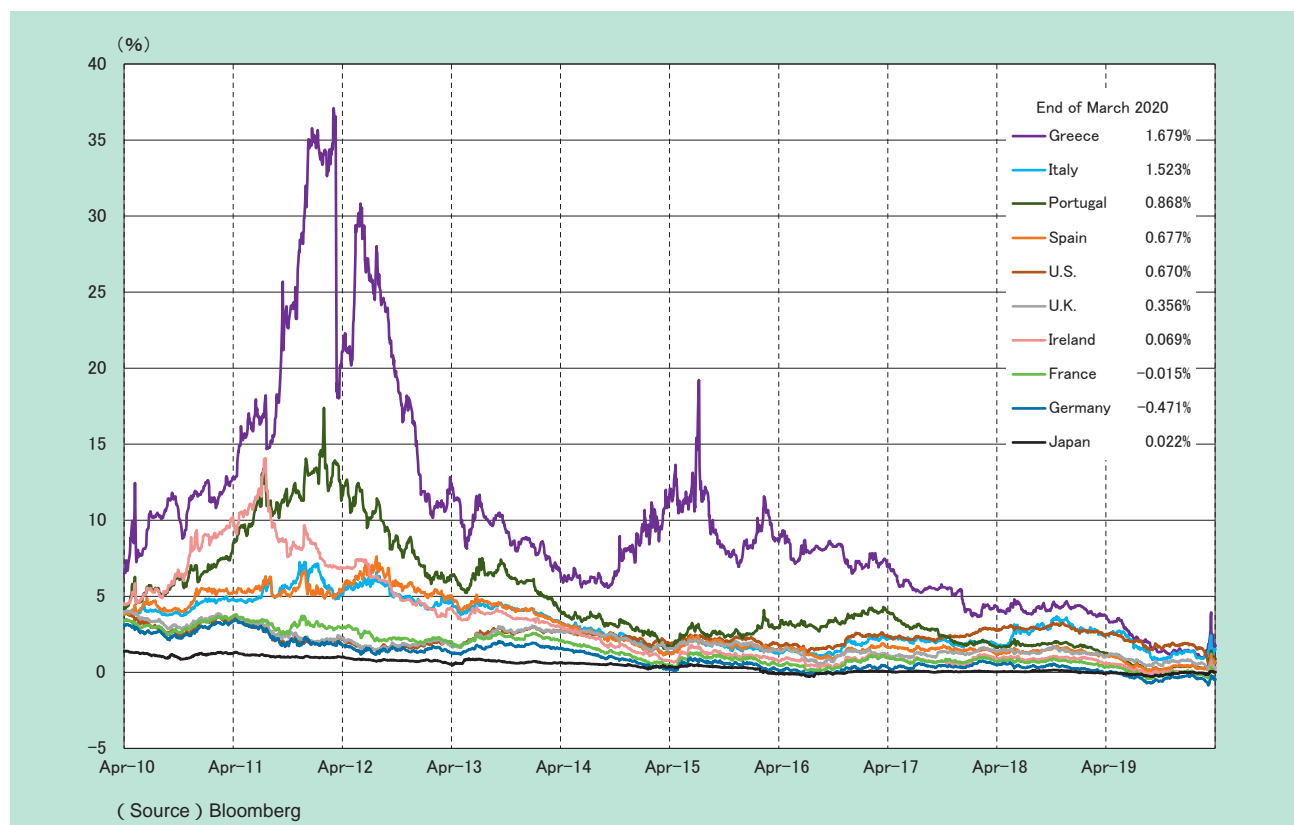
Note: The fees given above do not include consumption tax. Actual fees may include the tax.

## 2 Secondary Market for Government Bonds

### (1) 10-Year JGB Yield

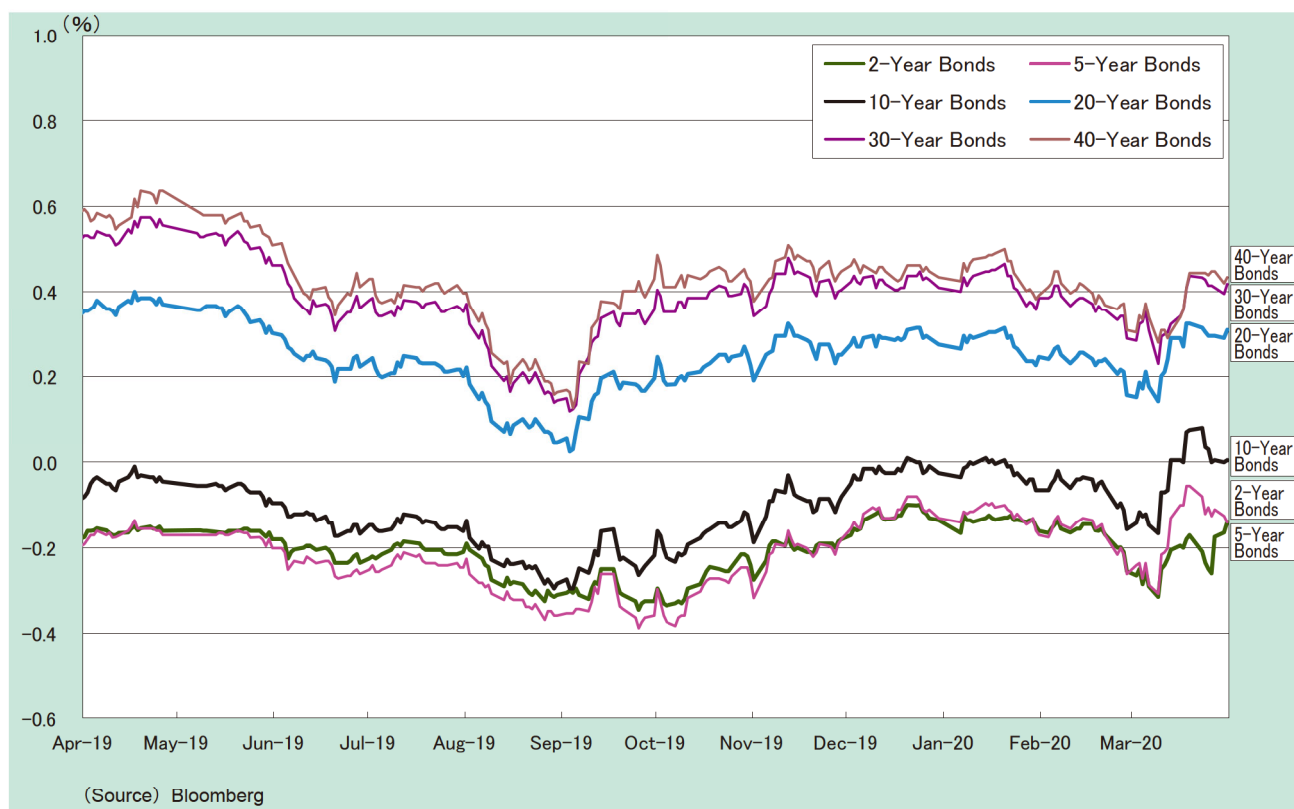


### (2) 10-Year Government Bonds Yields

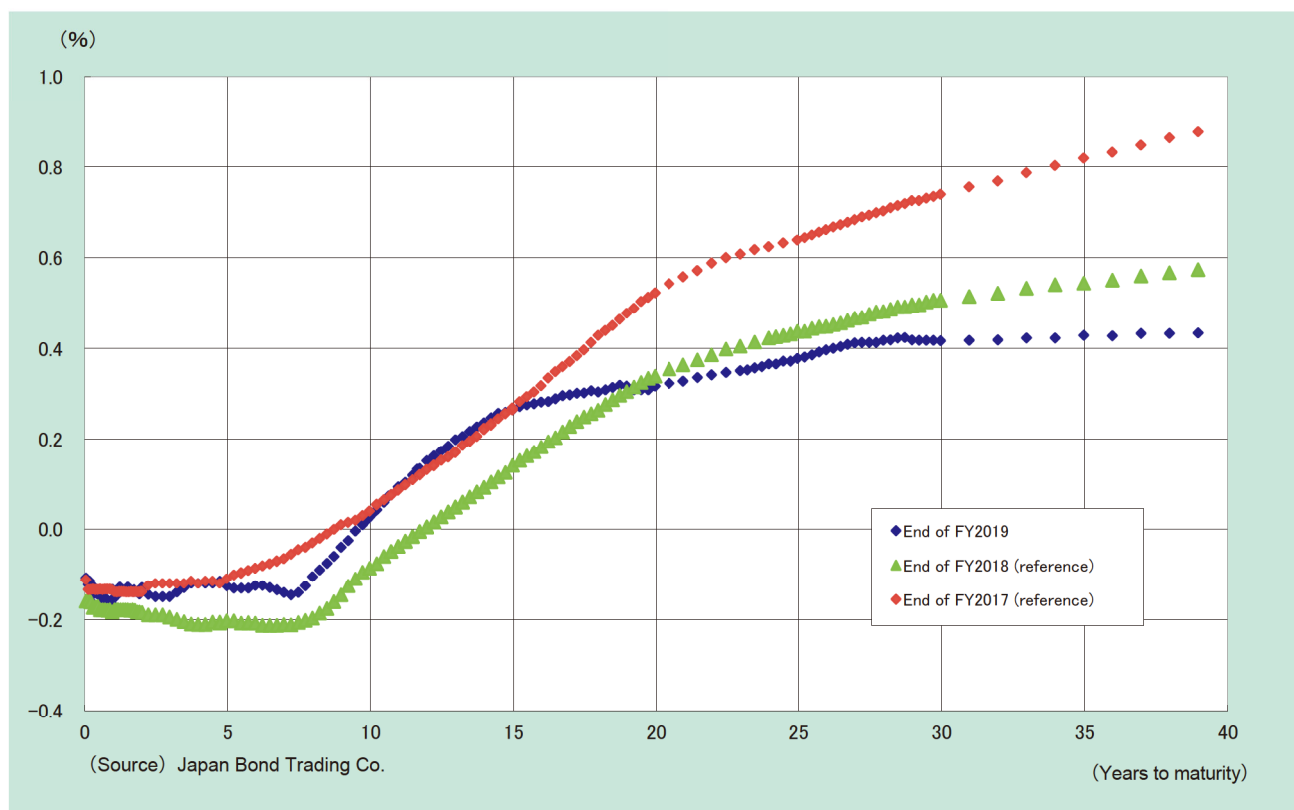




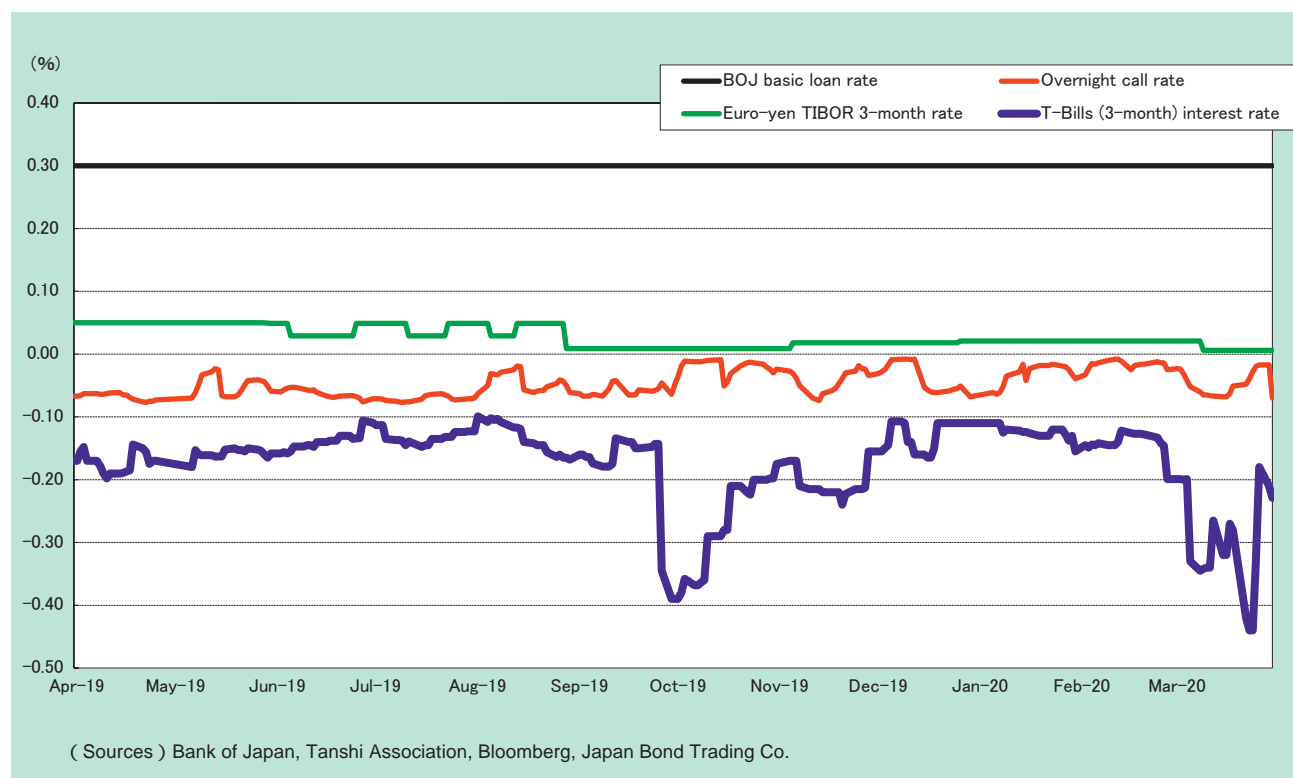
## (3) Yields of JGBs in FY2019



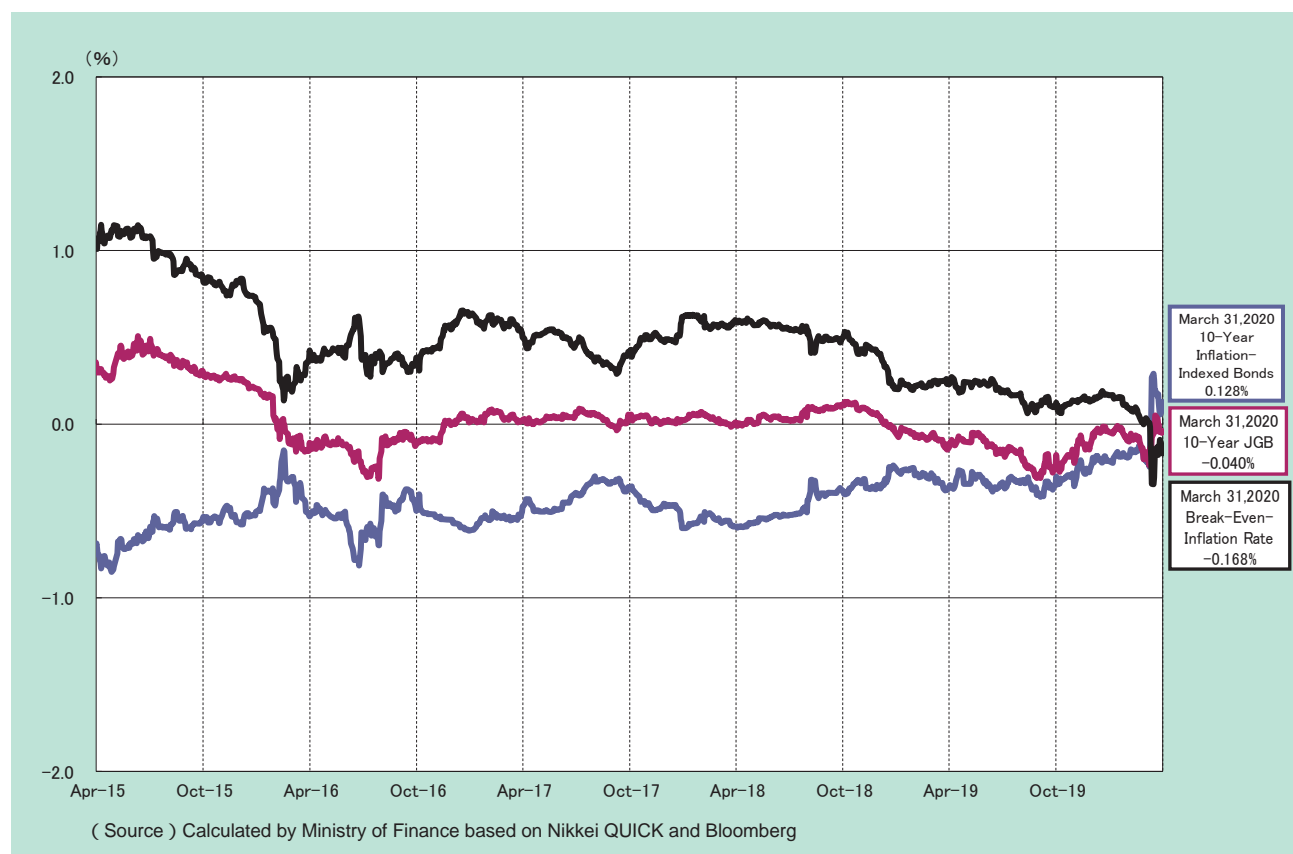
## (4) JGB Yield Curves



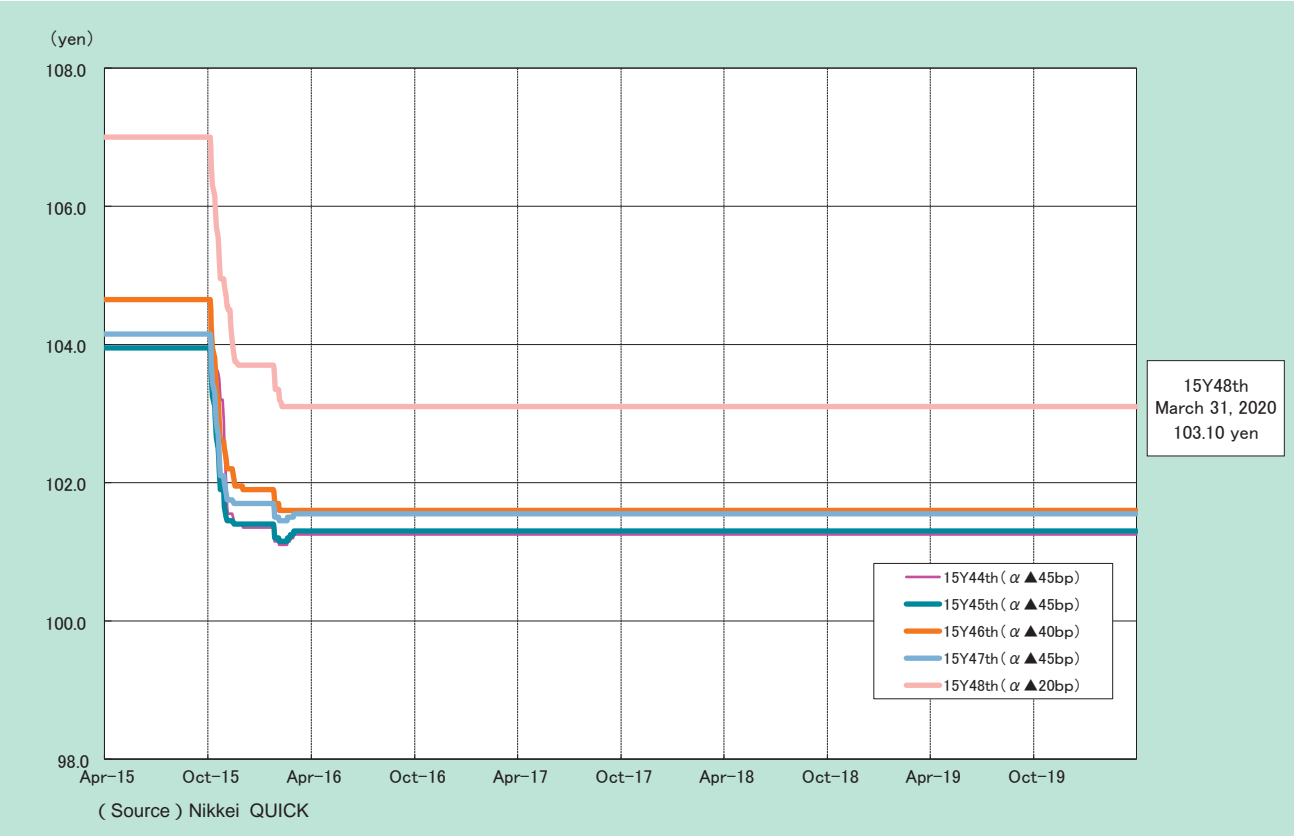
## (5) Various Rates in the Short-term Financial Market in FY2019



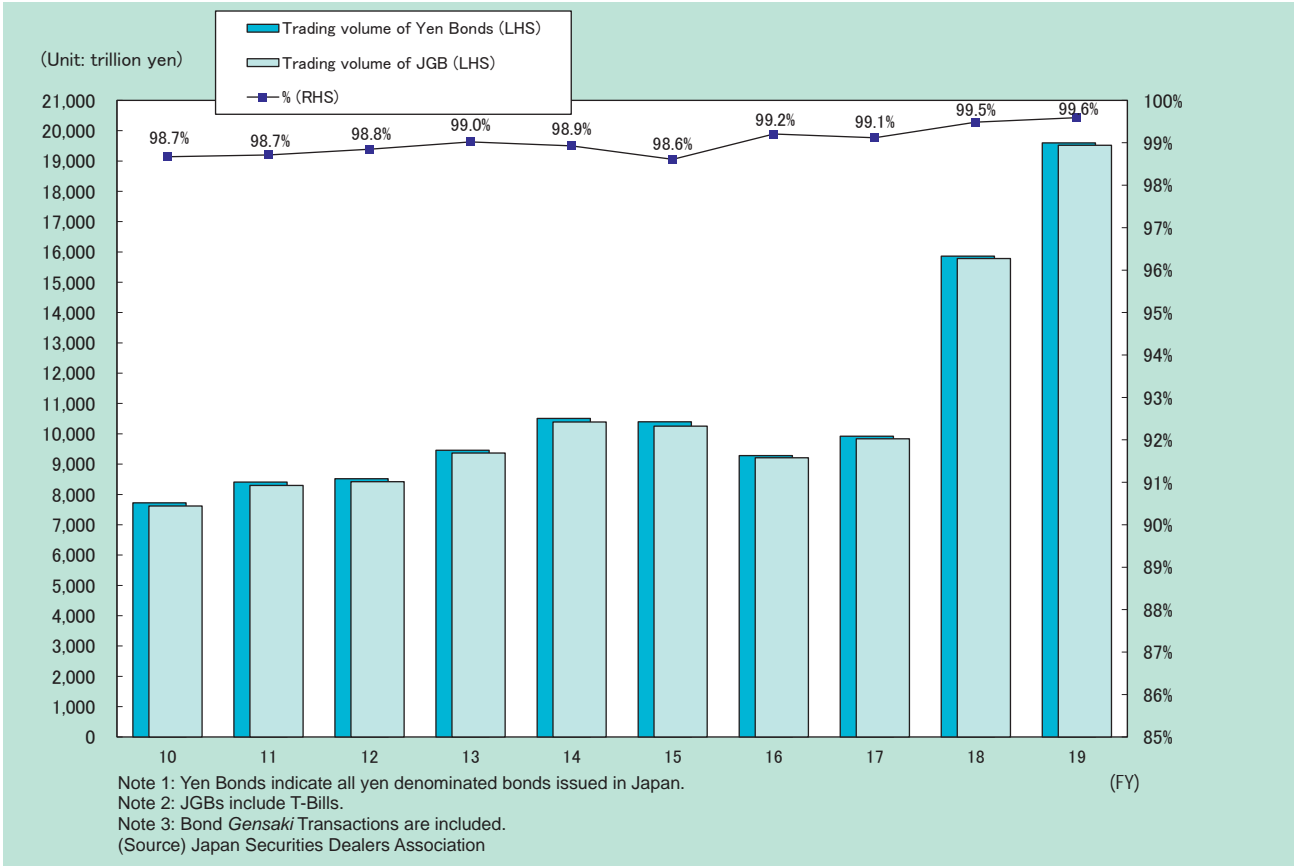
## (6) Break-Even-Inflation (BEI) Rate



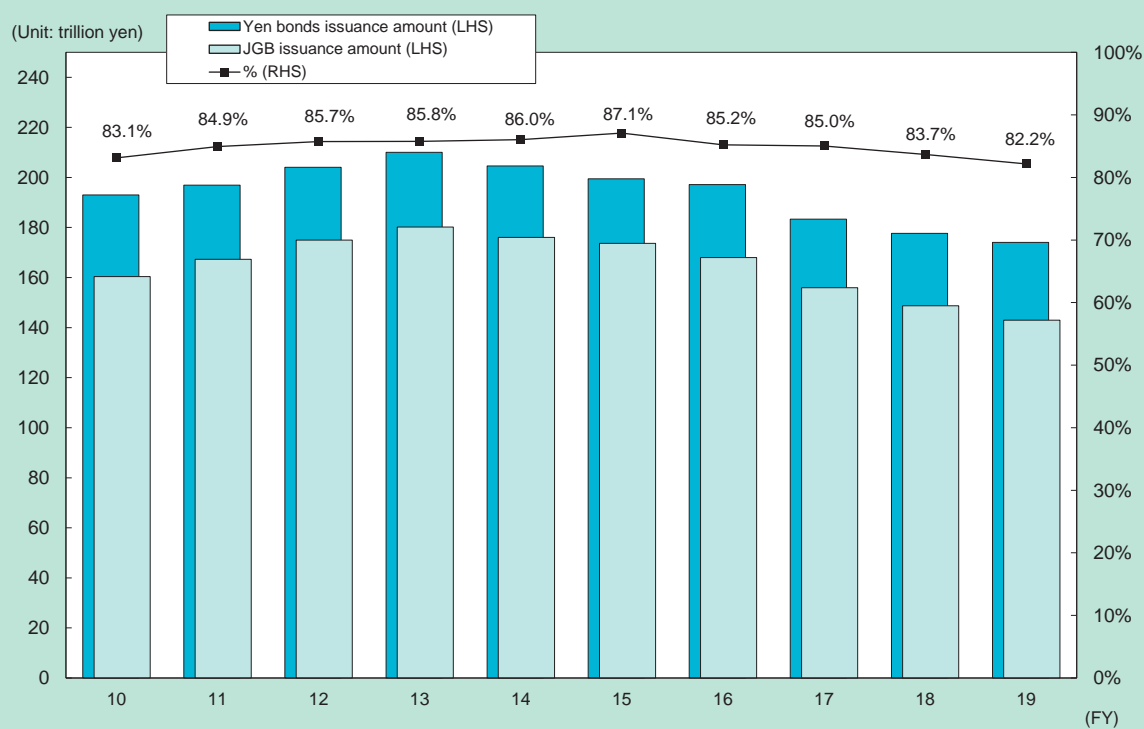
(7) Market Price of 15-Year Floating-Rate Bonds



(8) JGB Share in Total Trading Volume of Yen Bonds



## (9) JGB Share in Total Issuance Amount of Yen Bonds

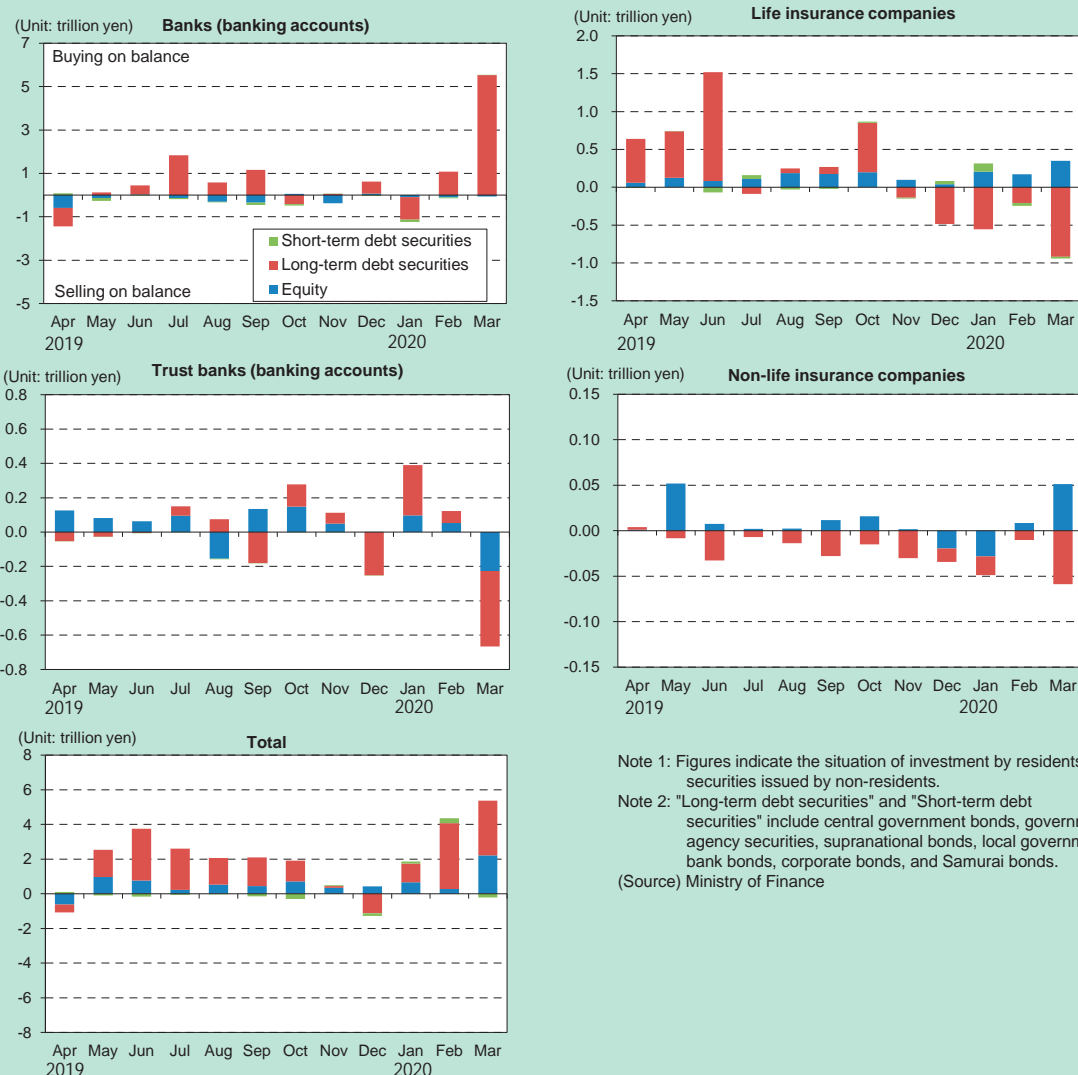


Note 1: Yen Bonds indicate the total of publicly offered public bonds, publicly offered private bonds, bank debentures, non-resident bonds.

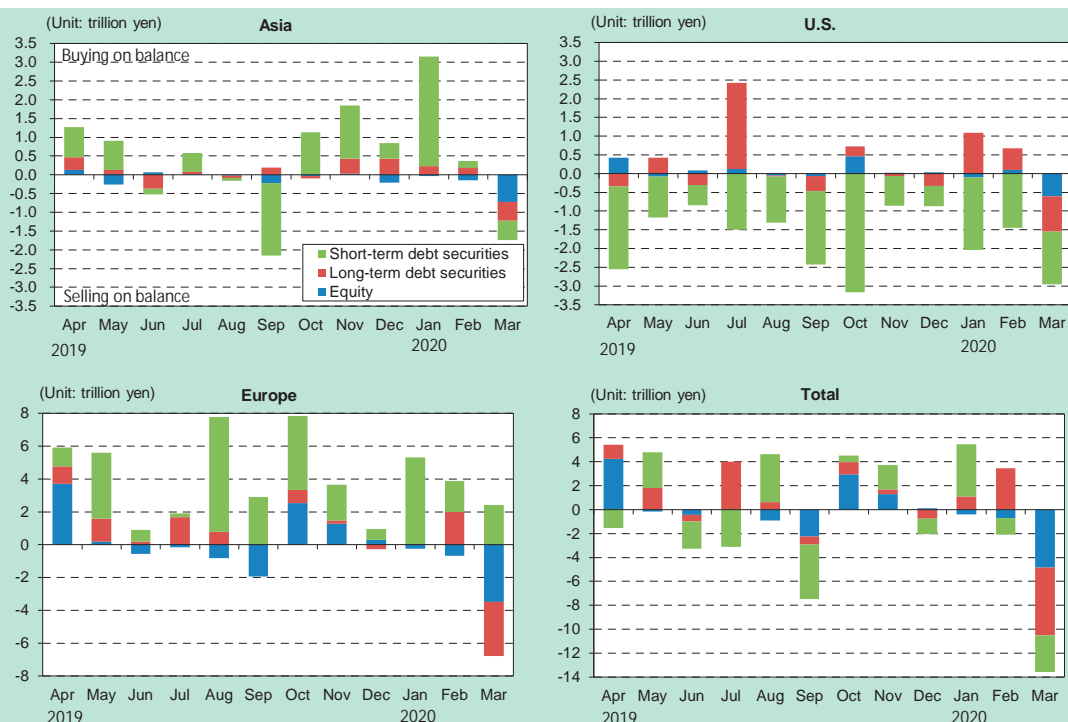
Note 2: JGBs include TBs (FBs, converted debt bonds, subsidy bonds, and subscription bonds are excluded.).

(Source) Japan Securities Dealers Association

## (10) Portfolio Investment Assets in FY2019

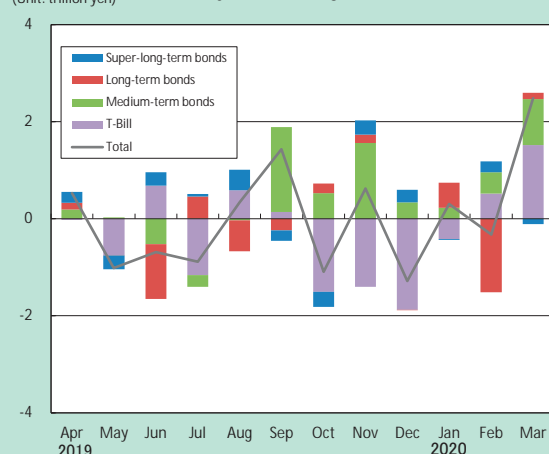


## (11) Portfolio Investment Liabilities in FY2019

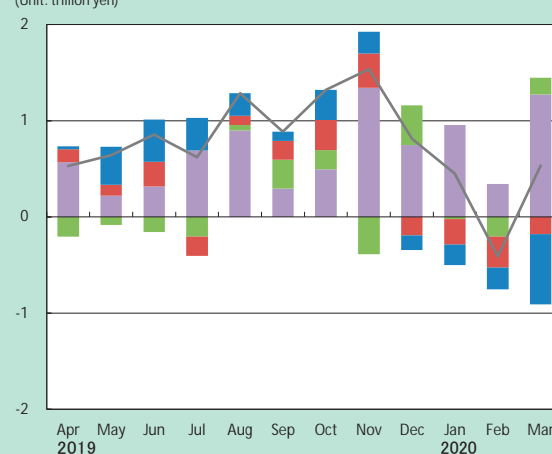


## (12) Trends in JGB Transactions (by investor type) in FY2019

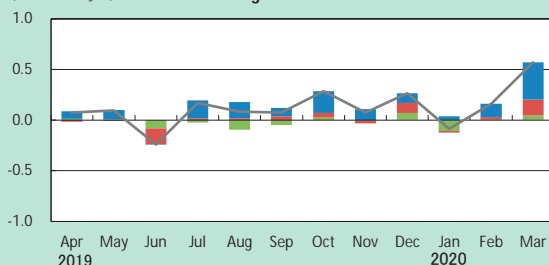
(Unit: trillion yen) City Banks & Long-term Credit Banks



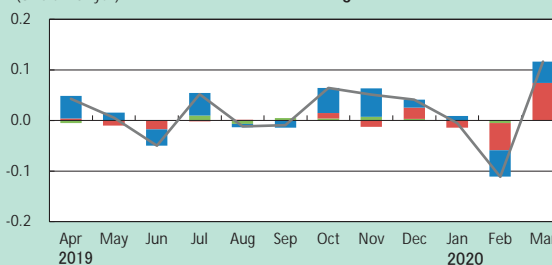
(Unit: trillion yen) Trust Banks



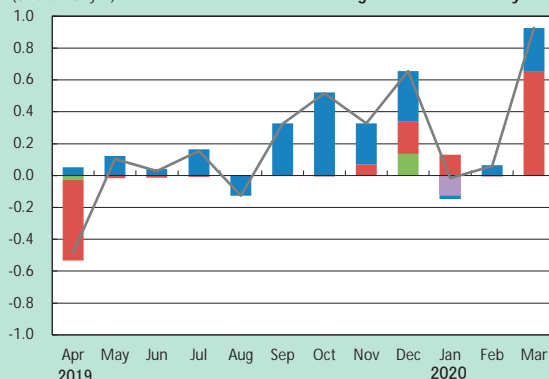
(Unit: trillion yen) Regional Banks



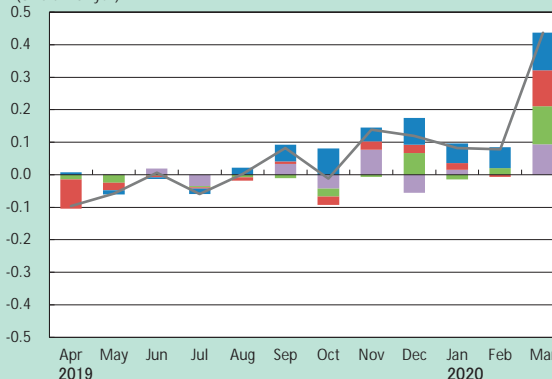
(Unit: trillion yen) Second-tier Regional Banks



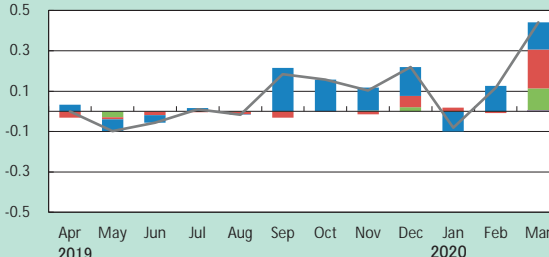
(Unit: trillion yen) Financial Institutions for Agriculture & Forestry



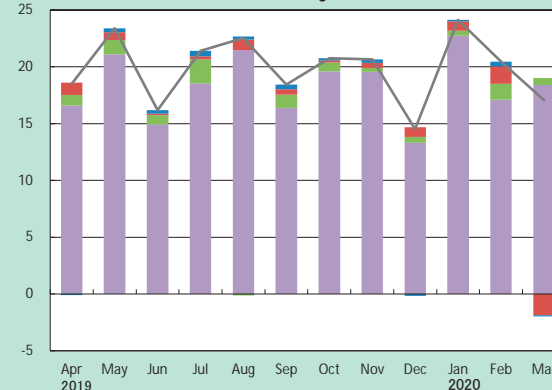
(Unit: trillion yen) Other Financial Institutions



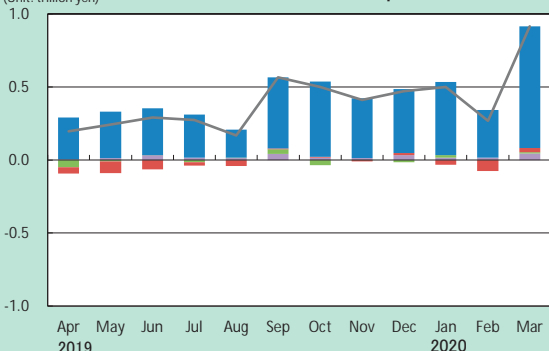
(Unit: trillion yen) Shinkin Banks



(Unit: trillion yen) Foreigners



(Unit: trillion yen) Life & Non-Life Insurance Companies



Note 1: Turnover figures represent transaction totals (excluding *Gensaki* transactions) by members (securities companies) and special members (registered financial institutions conducting dealing duties, etc.) of Japan Securities Dealers Association. Figures are calculated on a nominal basis.

Note 2: In addition to the data shown here, Japan Securities Dealers Association also publishes turnover charts for "Investment Trusts," "Mutual Aid Association of Govt. Offices," "Business Corporations," "Other Corporations," "Individuals," "Others" and "Bond Dealers."

(Source) Japan Securities Dealers Association

### (13) Trading Volume of Yen Bonds

(Unit: trillion yen)

	Yen Bonds	JGBs				
			Super-Long-Term Bonds	Long-Term Bonds	Medium-Term Bonds	Short-Term Bonds
FY2010	3,475.3	3,404.2	289.1	970.6	1,008.2	1,136.4
FY2011	3,690.5	3,617.0	308.5	867.4	1,279.8	1,161.2
FY2012	3,485.5	3,420.4	383.1	846.7	986.2	1,204.4
FY2013	3,184.7	3,129.5	342.0	690.9	767.9	1,328.6
FY2014	3,440.1	3,386.7	413.5	698.4	999.9	1,274.9
FY2015	2,812.6	2,764.0	372.9	641.5	723.9	1,025.7
FY2016	2,365.5	2,322.8	389.1	471.5	696.2	766.0
FY2017	2,301.2	2,257.1	435.3	498.1	567.1	756.6
FY2018	2,285.4	2,242.0	459.3	525.1	495.9	761.7
FY2019	2,335.9	2,292.6	439.8	499.4	560.6	792.9

Note: Bond *Gensaki* transactions are excluded.

(Source) Japan Securities Dealers Association

### (14) Trading Volume of JGB Futures

(Unit: trillion yen)

	Trading Volume			Open Interest (End of FY)	Open Interest (End of FY)	
		10-Year JGB Futures	20-Year JGB Futures		10-Year JGB Futures	20-Year JGB Futures
FY2010	800.2	800.2	–	5.1	5.1	–
FY2011	721.2	721.0	–	7.7	7.7	–
FY2012	948.3	948.1	–	10.1	10.1	–
FY2013	857.0	856.9	–	10.3	10.3	–
FY2014	904.9	903.9	0.6	8.7	8.7	0.0
FY2015	849.7	849.1	0.3	7.2	7.2	0.0
FY2016	700.0	699.9	0.0	8.0	8.0	0.0
FY2017	880.7	880.7	0.0	11.7	11.7	0.0
FY2018	1023.5	1023.4	0.0	11.1	11.1	0.0
FY2019	955.3	955.3	0.0	6.9	6.9	0.0

Note: Trading in 20-Year JGB Futures had been suspended due to little demand but was re-launched based on JGB market conditions and discussions with investors in April 2014.

(Source) Japan Securities Clearing Corporation

### (15) Trading Volume of Bond *Gensaki*

(Unit: trillion yen)

	Trading Volume			Outstanding (End of FY)	
	Yen Bonds (excluding JGB baskets)	JGBs	JGB baskets	Transactions other than Subsequent Collateral Allocation Repos (Standard Repos, etc.)	Subsequent Collateral Allocation Repos
FY2010	4,246.6	4,215.3	-	15.2	-
FY2011	4,717.6	4,682.9	-	25.4	-
FY2012	5,035.6	5,002.7	-	23.5	-
FY2013	6,275.4	6,238.0	-	26.4	-
FY2014	7,064.3	7,004.9	-	30.8	-
FY2015	7,582.8	7,486.9	-	30.5	-
FY2016	6,918.4	6,887.5	-	33.4	-
FY2017	7,622.2	7,579.0	-	40.2	-
FY2018	13,575.8	13,537.7	3,112.7	101.6	14.8
FY2019	17,259.1	17,222.5	6,450.2	133.6	22.7

Note 1: Trading Volume is the total amount of buying and selling.

Note 2: The Outstanding at the end of fiscal year is the total outstanding of securities companies and financial institutions for dealing.

Note 3: JGB baskets and Subsequent Collateral Allocation Repos are traded price base (otherwise nominal).

Note 4: Yen Bonds are all bonds except JGBs for retail investors, corporate bonds with equity-purchase warrants and foreign currency bonds.

(Source) Japan Securities Dealers Association



## (16) Trading Volume of Bond-Lending

(Unit: trillion yen)

	Lending	Borrowings			With Collateral	Without Collateral
		With Collateral	Without Collateral			
FY2010	5,239.7	5,196.0	43.7	3,960.8	3,858.6	102.2
FY2011	5,232.1	5,212.6	19.5	4,132.0	4,052.3	79.7
FY2012	6,397.5	6,379.0	18.6	4,550.3	4,472.1	78.2
FY2013	6,965.7	6,946.1	19.5	5,271.8	5,186.7	85.1
FY2014	8,347.4	8,328.5	18.8	6,616.5	6,547.9	68.5
FY2015	8,228.7	8,213.1	15.6	5,809.2	5,736.5	72.7
FY2016	8,547.9	8,535.8	12.1	5,966.5	5,893.2	73.3
FY2017	8,548.4	8,442.5	105.9	5,627.7	5,557.3	70.5
FY2018	5,622.5	5,291.4	331.1	3,602.8	3,519.9	83.0
FY2019	3,090.5	2,781.8	308.7	2,003.5	1,921.6	81.9

Note: Trading volume is the total of contracts by both members of Japan Securities Dealers Association (Securities Companies) and special members (registered financial institutions for dealing).

(Source) Japan Securities Dealers Association

## (17) Open Interest Amounts of Bond-Lending

(Unit: trillion yen)

	Open Interest Amounts (End of FY)		
		With Collateral	Without Collateral
FY2010	76.2	73.3	2.8
FY2011	85.0	83.0	2.1
FY2012	84.7	82.4	2.3
FY2013	103.5	100.8	2.7
FY2014	108.1	104.8	3.2
FY2015	101.3	96.8	4.5
FY2016	127.4	123.2	4.3
FY2017	139.0	130.9	8.1
FY2018	63.8	55.4	8.5
FY2019	67.5	55.9	11.6

Note: Trading balances data of lent or borrowed public and corporate bonds are aggregated based on the delivery dates specified in the original contracts.

(Source) Japan Securities Dealers Association

## (18) Trading Volume of JGB Option by OTC

(Unit: trillion yen)

	Total	Call Options		Put Options	
		Bid	Offer	Bid	Offer
FY2010	164.6	53.5	36.1	36.0	38.9
FY2011	171.8	76.9	30.8	26.6	37.4
FY2012	100.6	46.0	18.3	15.8	20.5
FY2013	114.3	39.9	22.3	24.6	27.5
FY2014	102.3	41.5	18.2	19.9	22.6
FY2015	65.8	32.8	9.1	11.3	12.6
FY2016	68.9	26.8	11.8	15.0	15.3
FY2017	97.9	31.2	20.6	22.6	23.6
FY2018	119.6	35.3	28.9	29.9	25.5
FY2019	131.9	36.1	31.8	33.2	30.8

Note 1: Trading volume is the total transaction of securities companies and financial institutions for dealing.

Note 2: Trading volume is on nominal basis.

(Source) Japan Securities Dealers Association

## (19) Trading Volume of JGB Futures Options

(Unit: trillion yen)

	Trading Value			Open Interest (End of FY)	Open Interest (End of FY)	
		Call	Put		Call	Put
FY2010	198.9	89.9	109.0	0.7	0.2	0.5
FY2011	202.7	80.2	122.5	2.0	0.6	1.5
FY2012	220.4	76.0	144.4	2.0	0.4	1.7
FY2013	145.0	49.7	95.3	2.2	0.4	1.8
FY2014	118.7	33.1	85.5	1.4	0.2	1.2
FY2015	102.5	31.3	71.2	0.9	0.2	0.7
FY2016	92.5	28.0	64.5	1.4	0.2	1.2
FY2017	86.2	30.2	56.1	1.6	0.5	1.1
FY2018	70.9	25.7	45.2	0.9	0.3	0.6
FY2019	64.4	31.1	33.4	0.0	0.0	0.0

(Source) Japan Exchange Group, Inc.

## (20) Outstanding Amount of STRIPS-Principal-Only Book-entry Transfer JGBs

(Unit: billion yen)

	40-Year Bonds		30-Year Bonds		20-Year Bonds		10-Year Bonds		5-Year Bonds		2-Year Bonds		Total	
FY2010	20.3	(3,199.8)	119.8	(26,986.0)	14.4	(88,757.8)	156.5	(245,252.4)	33.1	(136,255.2)	3.6	(62,349.0)	347.6	(562,800.2)
FY2011	32.4	(4,924.1)	123.8	(35,249.3)	16.2	(104,282.0)	166.0	(276,612.3)	30.7	(137,679.1)	1.2	(67,493.1)	370.3	(626,239.9)
FY2012	35.8	(6,636.1)	136.7	(43,847.1)	21.2	(121,769.9)	158.9	(295,827.6)	25.3	(143,536.1)	0.6	(68,497.0)	378.6	(680,113.8)
FY2013	39.3	(8,493.4)	143.1	(53,274.0)	23.8	(139,142.0)	152.5	(299,174.5)	24.6	(153,383.2)	-	(70,172.0)	383.3	(723,639.1)
FY2014	39.6	(10,445.5)	143.3	(64,211.4)	24.5	(157,000.2)	138.5	(298,055.7)	16.6	(158,260.0)	-	(69,152.9)	362.6	(757,125.7)
FY2015	49.6	(13,133.4)	146.4	(76,987.9)	23.9	(174,841.3)	119.3	(301,008.5)	12.1	(160,806.5)	-	(63,932.8)	351.3	(790,710.4)
FY2016	49.6	(16,597.6)	146.4	(88,628.2)	20.7	(192,056.6)	94.4	(302,813.6)	6.5	(160,409.4)	-	(60,419.9)	317.5	(820,925.1)
FY2017	49.6	(20,283.7)	146.4	(100,696.1)	20.6	(208,335.0)	66.4	(308,203.8)	3.6	(156,681.3)	-	(57,975.4)	286.7	(852,175.2)
FY2018	49.6	(23,191.4)	146.4	(111,350.1)	20.6	(226,008.7)	46.1	(314,323.3)	1.2	(147,403.4)	-	(55,436.4)	263.9	(877,713.3)
FY2019	49.7	(26,504.6)	146.4	(121,641.1)	20.6	(243,077.3)	23.0	(313,956.3)	0.4	(138,030.0)	-	(52,360.6)	240.0	(895,569.8)

<Key> Outstanding Amount of Principal-Only Book-entry Transfer JGBs at the end of each period (Outstanding amount of JGBs qualified for STRIPS)  
Note: Figures may not sum up to the total because of rounding.

## (21) Results of Outright Purchases of JGBs by the Bank of Japan in FY2019

( Unit: billion yen, % )

Date of Offer	Date of Exercise	Amounts Offered	Amounts of Competitive Bid	Amounts of Successful Bid	Average Successful Yield Spread (Price Spread)	Pro-rata or Non-pro-rata Yield Spread (Price Spread)	Remarks
4/3/19	4/4/19	350.0	921.4	350.5	0.004	0.003	(1-3)
		400.0	1,179.4	400.8	0.003	0.002	(3-5)
		480.0	1,069.6	480.9	0.001	0.000	(5-10)
4/8/19	4/9/19	50.0	363.1	50.0	0.002	0.002	(0-1)
		180.0	436.0	181.0	0.013	0.014	(10-25)
		50.0	184.1	50.5	0.006	0.006	(25-)
4/10/19	4/11/19	480.0	1,489.6	481.5	0.011	0.013	(5-10)
		100.0	270.2	100.3	0.163	0.160	(Floating-Rate Bonds)
		25.0	85.1	25.1	0.051	0.000	(Inflation-Index Bonds)
4/12/19	4/15/19	350.0	951.1	350.7	0.002	0.001	(1-3)
		400.0	753.6	400.5	0.001	0.000	(3-5)
		180.0	484.8	181.1	0.008	0.007	(10-25)
4/17/19	4/18/19	50.0	333.8	50.0	0.015	0.015	(0-1)
		480.0	1,172.5	480.7	0.007	0.007	(5-10)
		25.0	116.9	25.2	0.214	0.160	(Inflation-Index Bonds)
4/19/19	4/22/19	350.0	1,080.3	350.8	0.005	0.004	(1-3)
		400.0	995.6	400.4	0.000	0.002	(3-5)
		160.0	390.0	160.3	0.017	0.015	(10-25)
4/24/19	4/25/19	40.0	138.3	40.1	0.042	0.039	(25-)
		350.0	1,095.4	351.0	0.000	0.000	(1-3)
		400.0	880.8	400.7	0.004	0.005	(3-5)
4/26/19	5/7/19	160.0	586.9	161.0	0.003	0.004	(10-25)
		40.0	120.8	40.5	0.003	0.004	(25-)
		480.0	812.7	480.6	0.006	0.009	(5-10)
5/7/19	5/8/19	350.0	960.2	351.1	0.006	0.008	(1-3)
		400.0	1,058.0	400.8	0.008	0.009	(3-5)
		160.0	604.1	160.8	0.012	0.013	(10-25)
5/9/19	5/10/19	40.0	186.5	40.6	0.021	0.023	(25-)
		50.0	152.9	50.3	0.007	0.005	(0-1)
		480.0	1,239.3	480.9	0.003	0.004	(5-10)
5/13/19	5/14/19	350.0	1,280.2	350.4	0.000	0.001	(1-3)
		400.0	1,831.5	401.1	0.001	0.001	(3-5)
		480.0	1,311.9	481.1	0.001	0.000	(5-10)
5/15/19	5/16/19	25.0	109.7	25.3	0.014	0.050	(Inflation-Index Bonds)
		160.0	554.6	161.2	0.005	0.004	(10-25)
		40.0	230.3	40.1	0.009	0.009	(25-)
5/17/19	5/20/19	350.0	1,358.8	351.6	0.004	0.003	(1-3)
		400.0	1,004.9	400.6	0.003	0.002	(3-5)
		480.0	983.7	480.8	0.003	0.002	(5-10)
5/21/19	5/22/19	25.0	113.4	25.4	0.042	0.010	(Inflation-Index Bonds)
		50.0	231.8	50.2	0.027	0.019	(0-1)
		350.0	1,126.9	351.0	0.003	0.002	(1-3)
5/27/19	5/28/19	400.0	1,103.9	400.3	0.002	0.000	(3-5)
		160.0	497.7	160.9	0.004	0.003	(10-25)
		40.0	178.8	40.2	0.005	0.003	(25-)
5/31/19	6/3/19	480.0	766.7	480.3	0.011	0.014	(5-10)
		160.0	418.0	160.6	0.010	0.011	(10-25)
		40.0	148.7	40.5	0.012	0.012	(25-)
6/3/19	6/4/19	50.0	206.4	50.0	0.055	0.055	(0-1)
		350.0	813.8	350.2	0.001	0.002	(1-3)
		400.0	1,478.2	400.9	0.004	0.005	(3-5)
6/7/19	6/10/19	480.0	1,329.1	480.0	0.003	0.003	(5-10)
		200.0	457.8	200.3	0.008	0.011	(10-25)
		40.0	133.5	40.4	0.016	0.019	(25-)
6/10/19	6/11/19	350.0	1,521.8	350.7	0.004	0.005	(1-3)
		400.0	1,290.1	400.6	0.010	0.011	(3-5)
		25.0	117.5	25.1	0.105	0.130	(Inflation-Index Bonds)
6/14/19	6/17/19	480.0	1,048.8	480.4	0.007	0.011	(5-10)
		100.0	386.3	100.5	0.200	0.180	(Floating-Rate Bonds)
		50.0	106.8	50.1	0.018	0.015	(0-1)
6/19/19	6/20/19	200.0	729.4	200.5	0.020	0.022	(10-25)
		40.0	186.3	40.3	0.026	0.027	(25-)
		350.0	962.9	350.2	0.004	0.007	(1-3)
6/21/19	6/24/19	400.0	963.5	400.0	0.020	0.032	(3-5)
		480.0	1,061.6	480.2	0.015	0.021	(5-10)
		350.0	1,379.6	350.6	0.006	0.006	(1-3)
6/26/19	6/27/19	400.0	2,041.6	401.4	0.002	0.003	(3-5)
		25.0	157.2	25.0	0.210	0.160	(Inflation-Index Bonds)
		480.0	1,051.8	480.5	0.015	0.019	(5-10)
6/28/19	7/1/19	200.0	506.9	200.4	0.016	0.018	(10-25)
		40.0	183.3	40.4	0.019	0.021	(25-)
		380.0	1,443.5	380.7	0.004	0.005	(1-3)
7/3/19	7/4/19	380.0	1,321.3	380.0	0.017	0.021	(3-5)
		180.0	485.5	180.7	0.025	0.028	(10-25)
		40.0	154.3	40.5	0.027	0.029	(25-)
7/5/19	7/8/19	50.0	209.2	50.0	0.026	0.023	(0-1)
		480.0	1,588.0	481.4	0.010	0.012	(5-10)
		25.0	128.1	25.0	0.180	0.180	(Inflation-Index Bonds)

(Unit: billion yen, %)

Date of Offer	Date of Exercise	Amounts Offered	Amounts of Competitive Bid	Amounts of Successful Bid	Average Successful Yield Spread (Price Spread)	Pro-rata or Non-pro-rata Yield Spread (Price Spread)	Remarks
7/12/19	7/16/19	380.0	1,004.1	380.4	0.010	0.008	(1-3)
		380.0	1,023.1	381.3	0.011	0.010	(3-5)
		180.0	332.5	181.0	0.020	0.016	(10-25)
		40.0	102.1	40.1	0.030	0.026	(25-)
7/16/19	7/17/19	480.0	1,648.2	481.2	0.012	0.012	(5-10)
7/22/19	7/23/19	380.0	1,424.2	380.9	0.001	0.000	(1-3)
		380.0	1,134.6	380.2	0.001	0.000	(3-5)
		480.0	1,073.0	480.2	0.000	0.001	(5-10)
		25.0	108.9	25.0	0.054	0.010	(Inflation-Index Bonds)
7/26/19	7/29/19	50.0	173.4	50.1	0.010	0.006	(0-1)
		180.0	441.0	181.0	0.003	0.002	(10-25)
		40.0	177.6	40.6	0.005	0.004	(25-)
		380.0	1,371.9	380.8	0.006	0.005	(1-3)
7/31/19	8/1/19	380.0	1,002.3	380.7	0.003	0.004	(3-5)
		480.0	1,583.8	481.9	0.006	0.007	(5-10)
		180.0	545.7	181.3	0.034	0.037	(10-25)
		40.0	172.4	40.0	0.036	0.036	(25-)
8/2/19	8/5/19	25.0	126.7	25.1	0.055	0.080	(Inflation-Index Bonds)
		50.0	127.7	50.1	0.013	0.006	(0-1)
		480.0	1,232.4	480.8	0.026	0.029	(5-10)
		100.0	288.7	100.3	0.202	0.190	(Floating-Rate Bonds)
8/5/19	8/6/19	400.0	967.6	400.1	0.014	0.017	(1-3)
		360.0	1,143.9	360.4	0.008	0.009	(3-5)
		160.0	345.6	160.2	0.008	0.012	(10-25)
		40.0	156.8	40.3	0.010	0.014	(25-)
8/16/19	8/19/19	450.0	1,348.5	450.1	0.006	0.007	(5-10)
8/19/19	8/20/19	400.0	902.1	400.2	0.004	0.001	(1-3)
		360.0	742.1	360.4	0.002	0.001	(3-5)
		400.0	1,576.0	400.6	0.010	0.008	(1-3)
		360.0	994.0	360.2	0.006	0.005	(3-5)
8/23/19	8/26/19	450.0	845.1	450.2	0.006	0.000	(5-10)
		160.0	627.0	160.4	0.034	0.038	(10-25)
		40.0	142.8	40.1	0.043	0.045	(25-)
		25.0	135.0	25.1	0.119	0.000	(Inflation-Index Bonds)
8/26/19	8/27/19	50.0	125.7	50.1	0.013	0.011	(0-1)
		400.0	1,924.6	400.3	0.010	0.009	(1-3)
		360.0	937.0	360.5	0.006	0.005	(3-5)
		400.0	1,139.1	400.3	0.017	0.016	(5-10)
9/2/19	9/3/19	140.0	499.9	140.6	0.014	0.013	(10-25)
		40.0	143.7	40.6	0.014	0.012	(25-)
		50.0	175.5	50.1	0.044	0.022	(0-1)
		400.0	883.4	400.6	0.013	0.011	(1-3)
9/6/19	9/9/19	360.0	979.3	360.6	0.017	0.016	(3-5)
		400.0	1,082.2	400.5	0.027	0.025	(5-10)
		25.0	87.4	25.1	0.129	0.070	(Inflation-Index Bonds)
		400.0	757.9	400.2	0.006	0.004	(5-10)
9/12/19	9/13/19	140.0	424.8	140.1	0.009	0.007	(10-25)
		40.0	173.4	40.2	0.009	0.009	(25-)
		400.0	1,340.5	400.5	0.005	0.005	(1-3)
		360.0	1,004.7	360.5	0.010	0.012	(3-5)
9/17/19	9/18/19	380.0	660.7	380.4	0.021	0.018	(5-10)
		120.0	186.0	120.1	0.031	0.025	(10-25)
		30.0	93.6	30.1	0.058	0.055	(25-)
		50.0	109.4	50.2	0.009	0.000	(0-1)
9/20/19	9/24/19	400.0	1,263.4	400.4	0.009	0.011	(1-3)
		360.0	1,031.2	360.4	0.021	0.022	(3-5)
		350.0	988.2	350.7	0.009	0.007	(5-10)
		25.0	145.4	25.1	0.114	0.110	(Inflation-Index Bonds)
9/24/19	9/25/19	420.0	1,372.3	420.4	0.007	0.005	(1-3)
		340.0	724.2	340.3	0.002	0.001	(3-5)
		50.0	171.9	50.0	0.030	0.015	(0-1)
		350.0	1,148.4	350.6	0.022	0.024	(5-10)
9/26/19	9/27/19	25.0	186.3	25.0	0.148	0.080	(Inflation-Index Bonds)
		420.0	1,466.9	420.4	0.003	0.002	(1-3)
		340.0	825.9	340.1	0.007	0.009	(3-5)
		120.0	473.1	120.3	0.000	0.000	(10-25)
10/7/19	10/8/19	30.0	125.3	30.1	0.004	0.003	(25-)
		420.0	1,534.4	420.5	0.009	0.008	(1-3)
		340.0	1,066.5	340.0	0.006	0.005	(3-5)
		350.0	610.7	350.7	0.004	0.002	(5-10)
10/15/19	10/16/19	100.0	341.3	100.1	0.236	0.210	(Floating-Rate Bonds)
		120.0	384.5	121.1	0.009	0.008	(10-25)
		30.0	105.9	30.3	0.010	0.009	(25-)
		50.0	227.1	50.1	0.023	0.020	(0-1)
10/18/19	10/21/19	420.0	985.9	420.4	0.004	0.002	(1-3)
		340.0	592.3	340.2	0.001	0.004	(3-5)
		350.0	901.8	350.7	0.011	0.010	(5-10)
		420.0	964.8	421.2	0.019	0.018	(1-3)
10/21/19	10/23/19	340.0	785.8	340.6	0.016	0.014	(3-5)
		350.0	779.1	351.4	0.015	0.013	(5-10)
		25.0	101.6	25.1	0.060	0.050	(Inflation-Index Bonds)
		420.0	964.8	421.2	0.019	0.018	(1-3)

(Unit: billion yen, %)

Date of Offer	Date of Exercise	Amounts Offered	Amounts of Competitive Bid	Amounts of Successful Bid	Average Successful Yield Spread (Price Spread)	Pro-rata or Non-pro-rata Yield Spread (Price Spread)	Remarks
10/30/19	10/31/19	120.0	452.4	120.4	0.016	0.018	(10-25)
		30.0	92.4	30.2	0.018	0.020	(25-)
11/1/19	11/5/19	350.0	921.1	350.4	0.044	0.047	(5-10)
		30.0	132.0	30.1	0.288	0.350	(Inflation-Index Bonds)
11/5/19	11/6/19	420.0	947.1	420.9	0.021	0.020	(1-3)
		340.0	932.9	340.6	0.025	0.023	(3-5)
		100.0	415.3	100.5	0.033	0.033	(10-25)
		30.0	100.2	30.4	0.026	0.026	(25-)
11/11/19	11/12/19	50.0	182.0	50.1	0.003	0.004	(0-1)
		420.0	619.0	420.1	0.012	0.019	(1-3)
		340.0	704.7	340.5	0.010	0.012	(3-5)
		350.0	910.5	350.6	0.009	0.010	(5-10)
11/15/19	11/18/19	100.0	496.2	100.9	0.013	0.013	(10-25)
		30.0	107.8	30.3	0.013	0.014	(25-)
11/19/19	11/20/19	420.0	851.2	420.2	0.001	0.004	(1-3)
		340.0	1,127.2	340.7	0.008	0.009	(3-5)
		350.0	1,048.9	351.0	0.007	0.008	(5-10)
11/25/19	11/26/19	420.0	1,057.2	420.7	0.004	0.005	(1-3)
		340.0	673.0	340.3	0.009	0.012	(3-5)
		100.0	359.9	100.4	0.002	0.000	(10-25)
		30.0	104.1	30.0	0.014	0.011	(25-)
11/27/19	11/28/19	50.0	130.8	50.0	0.027	0.012	(0-1)
		350.0	1,037.7	351.0	0.009	0.010	(5-10)
		30.0	152.3	30.3	0.098	0.010	(Inflation-Index Bonds)
		420.0	962.2	420.4	0.010	0.007	(1-3)
12/2/19	12/3/19	340.0	710.7	340.7	0.012	0.011	(3-5)
		100.0	481.7	101.3	0.018	0.018	(10-25)
		30.0	98.8	30.2	0.005	0.004	(25-)
		420.0	1,018.2	420.4	0.014	0.012	(1-3)
12/6/19	12/9/19	340.0	1,115.1	340.2	0.019	0.018	(3-5)
		350.0	897.9	350.3	0.019	0.018	(5-10)
		30.0	148.3	30.4	0.112	0.080	(Inflation-Index Bonds)
		50.0	126.7	50.1	0.043	0.013	(0-1)
12/9/19	12/10/19	100.0	297.3	100.5	0.010	0.008	(10-25)
		30.0	102.6	30.4	0.011	0.010	(25-)
		100.0	356.4	100.1	0.254	0.240	(Floating-Rate Bonds)
		420.0	741.3	420.7	0.010	0.006	(1-3)
12/13/19	12/16/19	340.0	744.3	340.4	0.008	0.005	(3-5)
		350.0	666.9	350.9	0.011	0.008	(5-10)
		30.0	137.2	30.2	0.139	0.110	(Inflation-Index Bonds)
		420.0	679.8	420.6	0.001	0.003	(1-3)
12/18/19	12/19/19	340.0	836.7	340.7	0.003	0.003	(3-5)
		350.0	780.1	350.4	0.003	0.004	(5-10)
		50.0	118.8	50.1	0.013	0.006	(0-1)
12/25/19	12/26/19	350.0	767.2	350.3	0.023	0.027	(5-10)
		100.0	317.4	100.5	0.025	0.027	(10-25)
		30.0	119.2	30.1	0.030	0.031	(25-)
		420.0	722.3	420.4	0.026	0.030	(1-3)
1/6/20	1/7/20	340.0	965.9	340.3	0.031	0.032	(3-5)
		100.0	513.3	100.8	0.027	0.030	(10-25)
		30.0	130.1	30.3	0.033	0.034	(25-)
		420.0	1,125.3	420.4	0.008	0.010	(1-3)
1/10/20	1/14/20	340.0	1,156.9	340.5	0.001	0.002	(3-5)
		350.0	796.0	351.5	0.003	0.002	(5-10)
		30.0	179.8	30.2	0.103	0.070	(Inflation-Index Bonds)
		100.0	372.3	100.7	0.012	0.011	(10-25)
1/14/20	1/15/20	30.0	156.1	30.3	0.008	0.008	(25-)
		350.0	1,399.6	350.7	0.005	0.005	(5-10)
1/16/20	1/17/20	50.0	180.4	50.1	0.010	0.006	(0-1)
		420.0	1,345.9	420.7	0.001	0.000	(1-3)
		340.0	1,142.3	340.7	0.001	0.001	(3-5)
1/20/20	1/21/20	350.0	950.6	351.4	0.012	0.012	(5-10)
		100.0	327.3	100.9	0.011	0.012	(10-25)
		30.0	128.3	30.1	0.009	0.010	(25-)
		30.0	187.3	30.1	0.127	0.100	(Inflation-Index Bonds)
1/23/20	1/24/20	50.0	140.2	50.2	0.008	0.006	(0-1)
		420.0	1,122.7	420.2	0.007	0.006	(1-3)
		340.0	944.4	340.6	0.004	0.003	(3-5)
		350.0	701.0	351.4	0.004	0.003	(5-10)
1/29/20	1/30/20	420.0	489.7	420.0	0.010	0.048	(1-3)
		340.0	947.3	340.9	0.008	0.010	(3-5)
		350.0	669.6	350.6	0.016	0.019	(5-10)
		30.0	150.2	30.1	0.059	0.020	(Inflation-Index Bonds)
2/7/20	2/10/20	50.0	177.6	50.0	0.014	0.008	(0-1)
		120.0	710.8	120.8	0.009	0.010	(10-25)
		30.0	175.4	30.7	0.013	0.014	(25-)
2/10/20	2/12/20	420.0	1,795.1	420.4	0.003	0.000	(1-3)
		340.0	1,113.0	340.4	0.006	0.005	(3-5)
		350.0	1,234.1	350.1	0.010	0.009	(5-10)
		100.0	309.7	100.6	0.262	0.260	(Floating-Rate Bonds)

(Unit: billion yen, %)

Date of Offer	Date of Exercise	Amounts Offered	Amounts of Competitive Bid	Amounts of Successful Bid	Average Successful Yield Spread (Price Spread)	Pro-rata or Non-pro-rata Yield Spread (Price Spread)	Remarks
2/21/20	2/25/20	420.0	1,702.9	420.3	0.006	0.008	(1-3)
		340.0	1,028.3	340.1	0.008	0.011	(3-5)
		350.0	817.7	350.2	0.014	0.018	(5-10)
2/25/20	2/26/20	50.0	192.1	50.1	0.012	0.006	(0-1)
		120.0	351.1	120.4	0.013	0.017	(10-25)
		30.0	131.4	30.6	0.007	0.007	(25-)
		30.0	158.8	30.1	0.036	0.000	(Inflation-Index Bonds)
		420.0	1,334.3	421.0	0.007	0.008	(1-3)
2/27/20	2/28/20	340.0	1,205.7	340.8	0.011	0.012	(3-5)
		350.0	902.8	350.3	0.015	0.019	(5-10)
		50.0	139.7	50.2	0.003	0.013	(0-1)
3/4/20	3/5/20	420.0	1,320.6	420.1	0.043	0.045	(1-3)
		340.0	1,138.1	340.5	0.063	0.067	(3-5)
		350.0	1,347.5	350.2	0.036	0.043	(5-10)
3/6/20	3/9/20	420.0	876.3	420.4	0.042	0.044	(1-3)
		340.0	1,153.0	340.1	0.050	0.051	(3-5)
		120.0	541.5	120.4	0.049	0.050	(10-25)
		30.0	71.2	30.1	0.113	0.140	(25-)
		50.0	125.9	50.1	0.010	0.006	(0-1)
3/11/20	3/12/20	350.0	777.3	350.1	0.017	0.028	(5-10)
		30.0	137.0	30.2	0.363	0.360	(Inflation-Index Bonds)
		200.0	783.7	200.2	0.045	0.025	(5-10)
3/13/20	3/16/20	100.0	538.1	100.2	0.018	0.015	(3-5)
		100.0	566.3	100.2	0.021	0.018	(5-10)
		420.0	733.0	420.2	0.012	0.008	(1-3)
3/18/20	3/19/20	340.0	850.5	340.3	0.009	0.000	(3-5)
		350.0	792.5	350.2	0.020	0.015	(5-10)
		50.0	230.3	50.1	0.164	0.030	(Inflation-Index Bonds)
		200.0	584.8	200.8	0.003	0.005	(1-3)
		300.0	893.5	300.6	0.008	0.000	(3-5)
3/19/20	3/23/20	400.0	1,040.0	400.1	0.009	0.003	(5-10)
		100.0	466.0	100.2	0.000	0.005	(10-25)
		300.0	889.1	300.4	0.029	0.025	(5-10)
		300.0	514.3	300.0	0.037	0.053	(3-5)
		500.0	691.3	500.0	0.045	0.065	(5-10)
3/23/20	3/24/20	120.0	193.9	120.1	0.031	0.054	(10-25)
		30.0	99.3	30.2	0.017	0.019	(25-)
		420.0	1,070.6	420.5	0.027	0.025	(1-3)
		340.0	785.6	340.3	0.006	0.004	(3-5)
3/27/20	3/30/20	350.0	933.5	350.2	0.004	0.000	(5-10)

Note: Yield spread (price spread) is the difference between the yield (price) at which operation counterparts want to sell and the corresponding yield (price) determined by the Bank of Japan with the prevailing market yield taken into account for auctions. These figures represent the price spreads in Outright Purchases of JGBs (Floating-Rate Bonds and Inflation-Indexed Bonds) (unit of price spread is yen).

(Source) Bank of Japan

## (22) Results of Outright Purchases of T-Bills by the Bank of Japan in FY2019

( Unit: billion yen, % )

Date of Offer	Date of Exercise	Amounts Offered	Amounts of Competitive Bid	Amounts of Successful Bid	Average Successful Yield Spread	Pro-rata or Non-pro-rata Yield Spread
4/11/19	4/12/19	750.0	1,747.6	750.3	0.015	0.005
4/16/19	4/17/19	250.0	834.8	250.1	0.011	0.008
4/23/19	4/24/19	500.0	2,277.1	500.1	0.022	0.016
5/14/19	5/15/19	750.0	1,972.6	750.1	0.015	0.006
5/21/19	5/22/19	500.0	1,508.3	500.1	0.008	0.006
5/28/19	5/29/19	250.0	928.2	250.2	0.005	0.002
6/4/19	6/5/19	250.0	737.4	250.0	0.011	0.007
6/11/19	6/12/19	500.0	2,115.6	500.6	0.011	0.006
6/18/19	6/19/19	250.0	1,100.8	250.4	0.018	0.015
6/25/19	6/26/19	500.0	2,256.6	500.0	0.023	0.017
7/2/19	7/3/19	250.0	1,246.9	250.0	0.017	0.016
7/11/19	7/12/19	500.0	1,806.4	500.3	0.009	0.005
7/17/19	7/18/19	250.0	1,131.0	250.3	0.009	0.008
7/23/19	7/24/19	500.0	1,768.6	500.2	0.009	0.007
7/31/19	8/1/19	250.0	1,031.6	250.4	0.007	0.005
8/6/19	8/7/19	500.0	1,475.2	500.1	0.010	0.008
8/14/19	8/15/19	500.0	1,073.4	500.1	0.008	0.003
8/21/19	8/22/19	500.0	1,858.6	500.3	0.010	0.004
8/27/19	8/28/19	250.0	824.2	250.2	0.009	0.008
9/3/19	9/4/19	250.0	746.3	250.1	0.012	0.010
9/11/19	9/12/19	500.0	1,434.3	500.0	0.006	0.002
9/25/19	9/26/19	750.0	2,584.3	750.1	0.006	0.005
10/1/19	10/2/19	100.0	442.6	100.0	0.012	0.006
10/8/19	10/9/19	100.0	473.5	100.0	0.016	0.016
10/16/19	10/17/19	100.0	1,061.0	100.0	0.040	0.040
10/23/19	10/24/19	100.0	705.1	100.0	0.043	0.042
10/29/19	10/30/19	100.0	578.0	100.0	0.047	0.035
11/6/19	11/7/19	100.0	815.7	100.0	0.040	0.031
11/12/19	11/13/19	100.0	682.0	100.1	0.013	0.012
11/21/19	11/22/19	100.0	702.7	100.1	0.002	0.002
11/26/19	11/27/19	100.0	915.8	100.0	0.055	0.055
12/3/19	12/4/19	100.0	900.0	100.0	0.035	0.035
12/11/19	12/12/19	200.0	1,019.1	200.0	0.052	0.041
12/17/19	12/18/19	100.0	758.3	100.0	0.025	0.022
12/24/19	12/25/19	500.0	1,595.8	500.0	0.038	0.022
1/15/20	1/16/20	1,000.0	3,673.1	1,000.3	0.021	0.011
1/22/20	1/23/20	1,000.0	3,324.5	1,000.0	0.014	0.008
1/28/20	1/29/20	750.0	1,898.0	750.2	0.007	0.005
2/4/20	2/5/20	750.0	1,802.4	750.2	0.006	0.000
2/12/20	2/13/20	750.0	2,451.6	750.3	0.007	0.005
2/18/20	2/19/20	500.0	1,626.3	500.5	0.006	0.005
2/26/20	2/27/20	750.0	1,936.9	750.1	▲0.001	▲0.007
3/3/20	3/4/20	500.0	1,794.7	500.2	0.016	0.011
3/11/20	3/12/20	500.0	1,474.2	500.1	0.054	0.047
3/23/20	3/24/20	250.0	522.6	250.0	▲0.027	▲0.062
3/31/20	4/1/20	250.0	675.6	250.1	0.002	▲0.014

Note: Yield spread is the difference between the yield at which operation counterparts want to sell and the corresponding yield determined by the Bank of Japan with the prevailing market yield taken into account for auctions.

(Source) Bank of Japan



## (23) Japan's Sovereign Ratings by Major Credit Rating Agencies

(Long-term debt denominated in home currency on May 31, 2020)

Moody's	S&P	Fitch	R&I	JCR
98.11.16 Aaa 00.9.8 Aa1 01.12.4 Aa2 09.5.18 Aa3 08.6.30 A1 02.5.30 A2 07.10.11 A3 Baa1 Baa2 Baa3	01.2.22 AAA 01.11.27 AA+ 02.4.15 AA 07.4.22 AA- 11.1.27 A+ 15.9.16 A A- BBB+ BBB BBB-	00.6.29 AAA 01.11.26 AA+ 02.11.21 AA 12.5.22 AA- A+ 15.4.27 A A- BBB+ BBB BBB-	11.12.21 AAA AA+ AA AA- A+ A A- BBB+ BBB BBB-	00.10.31 AAA AA+ AA AA- A+ A A- BBB+ BBB BBB-

【Outlook】

Stable ( Dec. 1, 2014 )	Positive ( Apr. 13, 2018 )	Stable ( Apr. 27, 2017 )	Stable ( Dec. 5, 2019 )	Stable ( Nov. 8, 2019 )
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## (24) List of Sovereign Ratings by Major Credit Rating Agencies

(Long-term debt denominated in home currency on May 31, 2020)

	Moody's	S&P	Fitch	R&I	JCR
Aaa / AAA	U.S. Germany Canada	Germany Canada	U.S. Germany Canada	U.S. U.K. Germany France	Japan U.S. U.K.(↓) Germany France Canada
Aa1 / AA+		U.S.		Japan	
Aa2 / AA	U.K.(↓) France Korea	U.K. France Korea	France(↓)		Spain China Korea
Aa3 / AA-		Ireland	Korea U.K.(↓)	China Korea	
A1 / A+	Japan China	Japan(↑) China	China Ireland	Ireland	
A2 / A	Ireland	Spain	Japan		Italy Portugal
A3 / A-			Spain		
Baa1 / BBB+	Spain			Italy(↓)	
Baa2 / BBB		Italy(↓) Portugal	Portugal		
Baa3 / BBB-	Italy Portugal(↑)		Italy		
Ba1 / BB+					
Ba2 / BB			Greece	Greece	
Ba3 / BB-		Greece			
B1 / B+	Greece				
B2 / B					
B3 / B-					
Caa1 / CCC+					
Caa2 / CCC					
Caa3 / CCC-					
Ca / CC					
C					
SD / RD					

“(↑)” shows that the outlook is positive.

“(↓)” shows that the outlook is negative.

# 3 Debt Management Systems

## (1) Revenues and Expenditures for the Special Account for the GDCF (FY2020 Initial Budget)

### Revenues

(Unit: million yen)

	FY2019 (Initial) (A)	FY2020 (Initial) (B)	Changes (B) - (A)
Grant from Other Accounts	85,611,694	83,113,734	2,497,960
Grant from the General Account	23,507,241	23,350,380	156,861
Grant from Special Accounts	62,104,453	59,763,355	2,341,098
Local Allocation Tax and local Transfer Tax	31,849,629	31,789,709	59,920
Forex fund	494,453	494,602	150
FILP	14,291,418	12,057,270	2,234,148
Energy Projects	13,468,595	13,209,326	259,270
Pension	1,469,912	1,464,124	5,788
Stable Food Supply	133,478	142,544	9,066
Administration of National Forestry Management Debt	357,637	364,552	6,915
Motor Vehicles Safety	39,331	241,227	201,896
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	32,030	31,725	305
Grant from Special Accounts	32,030	31,725	305
Reconstruction from the Great East Japan Earthquake	32,030	31,725	305
Tax	126,000	123,000	3,000
Revenues from JGBs	103,140,417	107,981,803	4,841,386
Revenues from JGBs	101,332,422	106,288,626	4,956,204
Revenues from Reconstruction-related Refunding Public Bonds	1,807,995	1,693,177	114,818
Revenues from Equity Sale Related to the Reconstruction from the Great East Japan Earthquake	1,474,920	1,477,382	2,463
Dividend Income Related to the Reconstruction from the Great East Japan Earthquake	50,450	50,450	-
Tokyo Metro	8,069	8,069	-
Japan Post	42,381	42,381	-
Investment Income	94,592	91,341	3,251
Interest Income	94,590	91,340	3,250
Sales/Redemption Profit	3	1	2
Investment Income Related to the Reconstruction from the Great East Japan Earthquake	2,391	2,389	2
Interest Income	2,391	2,389	2
Miscellaneous Income	182,861	152,322	30,538
Accrued Interest Receivable	180,306	150,367	29,938
Miscellaneous Income	2,555	1,955	600
Miscellaneous Income Related to the Reconstruction from the Great East Japan Earthquake	27	12	16
Accrued Interest Receivable	27	12	16
Total	190,715,382	193,024,158	2,308,776

### Expenditures

(Unit: million yen)

	FY2019 (Initial) (A)	FY2020 (Initial) (B)	Changes (B) - (A)
Government Debt Consolidation Expenditures	187,347,569	189,769,023	2,421,455
Certificate, etc., Production Cost	2	113	112
JGB Handling Fees	36,178	30,512	5,665
Compensations, Redemptions, and Refunds	823	823	-
Currency Exchange Gap Compensations	0	0	0
Sales/Redemption Gap Compensations	94,000	91,000	3,000
Debt Redemption Expenses	176,726,907	179,645,537	2,918,630
Public Bonds, etc., Redemption	128,913,222	131,939,394	3,026,172
Financed with the General Account	115,394,241	120,627,877	5,233,636
Financed with Special Accounts	13,518,981	11,311,517	2,207,464
Borrowings Redemption	42,556,985	42,439,842	117,143
Financed with the General Account	596,806	592,640	4,166
Financed with Special Accounts	41,960,179	41,847,203	112,976
Financing Bills Redemption	5,256,700	5,266,300	9,600
Interest and Discount Expenses	10,489,659	10,001,038	488,622
Interests on Public Bonds, etc.	9,806,443	9,332,537	473,906
Financed with the General Account	9,047,817	8,590,514	457,303
Financed with Special Accounts	758,626	742,023	16,603
Interests on Borrowings	109,943	105,127	4,816
Financed with the General Account	15,471	14,382	1,089
Financed with Special Accounts	94,472	90,745	3,727
Interests on Financing Bills	573,273	563,374	9,899
Financed with the General Account	60,000	60,000	-
Financed with Special Accounts	513,273	503,374	9,899
Reconstruction Bonds Consolidation Expenditures	3,367,813	3,255,135	112,678
JGB Handling Fees	305	350	44
Equity Sale Fees	25,914	26,063	149
Sales/Redemption Gap Compensations	2,386	2,384	2
Debt Redemption Expenses	3,307,451	3,194,946	112,505
Public Bonds, etc., Redemption	3,307,451	3,194,946	112,505
Financed with Special Accounts	3,307,451	3,194,946	112,505
Interest and Discount Expenses	31,757	31,392	365
Interests on Public Bonds, etc.	30,257	29,892	365
Financed with Special Accounts	30,257	29,892	365
Interests on Borrowings	1,500	1,500	-
Financed with Special Accounts	1,500	1,500	-
Total	190,715,382	193,024,158	2,308,776

Note 1: "Financed with the General Account" in "Government Debt Consolidation Expenditures" and "Financed with Special Accounts" in "Reconstruction Bonds Consolidation Expenditures" include GDCF's original revenue.

Note 2: Figures may not sum up to the total because of rounding.

## (2) Payment Status of Debt Redemption Expenses and Interest, Discount Expenses and so on of the Each Account(FY2020 Initial Budget, FY2018 Settlement of Accounts)

The GDCF Special Account centrally conducts accounting for redemption and interest payments for public bonds and borrowings, using fiscal transfers from the General Account and other special accounts.

### A FY2020 Initial Budget

( Unit: million yen )

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grant from Other Accounts	73,356,570	9,726,551	30,614	83,113,734	
Grant from the General Account	14,931,550	8,390,408	28,421	23,350,380	The redemption and interest of public bonds and borrowings, Treasury Financing Bills discount expense, etc.
Grant from Special Accounts	58,425,020	1,336,142	2,193	59,763,355	
Local Allocation Tax and Local Transfer Tax	31,712,096	77,613	-	31,789,709	The redemption and interest of borrowings, and the interest of temporary borrowings
Forex Fund	-	493,846	756	494,602	The discount expense of Foreign Exchange Fund Financing Bills, etc.
FILP	11,311,517	744,333	1,419	12,057,270	The redemption and interest of FILP Bonds, the discount expense of Fiscal Loan Fund Financing Bills, etc.
Energy Projects	13,199,580	9,730	16	13,209,326	The redemption and interest of borrowings, the redemption and discount expense of Petroleum Financing Bills and Nuclear Damage Liability Facilitation Financing Bills, etc.
Pension	1,458,291	5,833	-	1,464,124	The redemption and interest of borrowings, and the interest of temporary borrowings
Stable Food Supply	141,395	1,149	1	142,544	The redemption and interest of borrowings, the redemption and discount expense of Food Financing Bills, etc.
Administration of National Forestry Management Debt	363,002	1,550	-	364,552	The redemption and interest of borrowings, and the interest of temporary borrowings
Motor Vehicles Safety	239,139	2,088	-	241,227	The redemption and interest of borrowings, and the interest of temporary borrowings
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other accounts	-	31,375	350	31,725	
Grant from Special Accounts	-	31,375	350	31,725	
Reconstruction from the Great East Japan Earthquake	-	31,375	350	31,725	The interest of reconstruction bonds, the interest of temporary borrowings, etc.

Note: Figures may not sum up to the total because of rounding.

### B FY2018 Settlement of Accounts

( Unit: million yen )

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grant from Other Accounts	70,915,462	8,510,454	29,070	79,454,986	
Grant from the General Account	14,729,204	7,770,498	28,056	22,527,758	The redemption and interest of public bonds and borrowings, etc.
Grant from Special Accounts	56,186,258	739,956	1,014	56,927,228	
Local Allocation Tax and Local Transfer Tax	32,190,291	784	-	32,191,075	The redemption and interest of borrowings and temporary borrowings
Forex Fund	-	-	345	345	JGB handling fees
FILP	12,904,520	731,838	661	13,637,019	The redemption and interest of FILP Bonds and borrowings, etc.
Energy Projects	9,135,979	1,267	7	9,137,252	The redemption of Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation, the redemption and interest of borrowings, the redemption of Petroleum Financing Bills, etc.
Pension	1,464,008	146	-	1,464,154	The redemption and interest of borrowings, and the interest of temporary borrowings
Stable Food Supply	106,029	354	1	106,384	The redemption and interest of borrowings, the redemption of Food Financing Bills, etc.
Administration of National Forestry Management Debt	346,439	2,464	-	348,903	The redemption and interest of borrowings
Motor Vehicles Safety	38,993	3,104	-	42,096	The redemption and interest of borrowings
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other accounts	63,440	4,265	132	67,837	
Grant from Special Accounts	63,440	4,265	132	67,837	
Reconstruction from the Great East Japan Earthquake	63,440	4,265	132	67,837	The redemption and interest of Reconstruction Bonds, etc.

Note: Figures may not sum up to the total because of rounding.

### (3) Transfer of Redemption Sources, Redemption Amount, Outstanding Amount and Refunding Amount of the GDCF (FY2020 Initial Budget)

( Unit: billion yen )

	FY2018 (Actual)	FY2019 (Forecast)	FY2020 (Forecast)
<Transfer of financial resources for redemption>			
JGBs (Financial Resources for Reconstruction Bond Redemption)	28,156.6 (131.9)	27,884.3 (61.0)	27,402.5 (1,501.8)
General Account	14,358.7	14,301.9	14,588.8
Special Accounts (Financial Resources for Reconstruction Bond Redemption)	13,729.2 (63.4)	13,519.0 ( - )	11,311.5 ( - )
Revenue from the sales of shares (Financial Resources for Reconstruction Bond Redemption)	- ( - )	- ( - )	1,451.3 (1,451.3)
Investment revenue, etc. (Financial Resources for Reconstruction Bond Redemption)	68.8 (68.5)	63.5 (61.0)	50.8 (50.4)
Borrowings	41,605.3	42,316.4	42,189.9
General Account	370.5	356.2	342.7
Special Accounts	41,234.8	41,960.2	41,847.2
Total	69,762.0	70,200.7	69,592.4
<Redemption Amount>			
JGBs	28,158.1	27,887.6	27,400.6
General Bonds	14,106.8	14,018.4	14,189.1
Subscription/ Contribution Bonds	1,023.9	289.2	398.2
FILP Bonds	12,895.5	13,519.0	11,311.5
Reconstruction Bond	131.9	61.0	1,501.8
Borrowings	41,605.3	42,316.4	42,189.9
Total	69,763.4	70,204.0	69,590.5
Outstanding Balance of GDCF at the End of FY (Financial Resources for Reconstruction Bond Redemption)	3,005.9 ( - )	3,002.7 ( - )	3,004.5 ( - )
(Reference)			
Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	52,463.1	53,000.0	43,000.0
Outstanding Balance of GDCF at the End of FY Incl. Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	55,469.0	56,002.7	46,004.5
Refunding Amount of JGBs (Refunding Amount of Reconstruction Bonds)	103,285.3 (2,776.9)	104,323.5 (3,051.4)	107,981.8 (1,693.2)

Note 1: Expenses associated with share sales have been deducted from the revenue from share sales.

Note 2: Investment revenue etc. includes dividend revenue and carry-over from the previous year.

Note 3: Outstanding balance of GDCF at the end of FY does not include Refunding Bonds as stipulated in Article 47(1) of the Act on Special Accounts.

Note 4: Refunding Bonds as stipulated in Article 47(1) of the Act on Special Accounts for FY2019 (Forecast) and FY2020 (Forecast) are the limit of general provisions concerning the Budget.

Note 5: Figures may not sum up to the total because of rounding.

### (4) GDCF Investment in JGBs

( Unit: trillion yen )

Category	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Treasury Discount Bills	22.9	12.0	12.8	17.2	17.1	-	-	-	-	-
Gensaki, etc.	7.4	9.3	9.3	8.9	14.4	0.1	0.3	0.3	0.2	0.6
Total	30.3	21.3	22.1	26.1	31.5	0.1	0.3	0.3	0.2	0.6

Note: Figures may not sum up to the total because of rounding.

## (5) Budgetary Surplus of the Special Account of the GDCF

(Unit: billion yen)

	Budgetary Surplus	Outstanding Balance of GDCF
FY 2014	3,071.0	3,000.6
FY 2015	3,618.8	3,543.3
FY 2016	3,082.4	3,006.2
FY 2017	3,093.2	3,007.4
FY 2018	3,076.4	3,005.9
FY 2019	3,002.7	3,002.7
FY 2020	3,004.5	3,004.5

Note 1: Trends since FY2014 after the revision of the Act on Special Accounts.

Note 2: Data for FY2019 and FY2020 are based on the initial budget for FY2020.

## (6) Results of Liquidity Enhancement Auctions in FY2019

	283rd	284th	285th	286th	287th	288th	289th	290th	291st	292nd	293rd	294th
Auction Date	4/11/19	4/18/19	5/20/19	5/24/19	6/6/19	6/11/19	7/11/19	7/19/19	8/22/19	8/27/19	9/9/19	9/13/19
Amount of Competitive Bids (billion yen)	1,419.5	2,113.3	2,021.2	1,939.3	1,001.3	1,830.3	1,652.6	1,915.0	1,717.3	1,321.2	1,596.4	1,670.5
Amount of Bids Accepted (billion yen)	498.6	597.1	599.0	398.4	499.0	598.8	596.9	398.6	598.5	498.1	398.6	599.5
Average Accepted Spread (%)	0.002	0.011	0.008	0.006	0.008	0.010	0.015	0.009	0.003	0.030	0.017	0.038
Highest Accepted Spread (%)	0.000	0.010	0.009	0.005	0.014	0.013	0.013	0.009	0.001	0.032	0.015	0.043

	295th	296th	297th	298th	299th	300th	301st	302nd	303rd	304th	305th	306th
Auction Date	10/3/19	10/8/19	11/18/19	11/22/19	12/12/19	12/20/19	1/22/20	1/24/20	2/14/20	2/26/20	3/16/20	3/24/20
Amount of Competitive Bids (billion yen)	1,378.4	1,604.1	1,534.4	1,422.0	1,280.4	1,519.7	1,774.2	1,621.9	1,593.4	1,072.4	1,785.5	1,728.6
Amount of Bids Accepted (billion yen)	499.2	598.5	398.0	599.7	499.1	599.0	597.2	398.9	597.9	499.2	599.5	399.3
Average Accepted Spread (%)	0.002	0.012	0.009	0.030	0.005	0.013	0.000	0.001	0.003	0.011	0.017	0.029
Highest Accepted Spread (%)	0.001	0.014	0.007	0.035	0.000	0.018	0.002	0.001	0.005	0.005	0.030	0.021

## (7) Buy-back Results in FY2019

### Inflation-Indexed Bonds

Auction Date	Amount of Bids Received (billion yen)	Amount of Bids Accepted (billion yen)	Average Accepted Spread (yen)	Highest Accepted Spread (yen)
4/19/19	76.5	20.1	0.045	0.00
6/17/19	112.1	20.0	0.110	0.11
8/14/19	91.3	20.1	0.180	0.14
10/16/19	99.4	20.3	0.134	0.11
11/15/19	98.0	20.1	0.027	0.08
12/18/19	85.9	20.1	0.083	0.08
1/16/20	132.9	20.1	0.012	0.01
2/17/20	125.6	20.1	0.132	0.12
3/4/20	88.1	20.1	0.089	0.19
3/25/20	373.7	300.0	0.279	0.55

## (8) Buy-back Results

(On nominal basis, billion yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
From the Market	3,011.1	2,712.4	2,825.2	2,512.6	741.4	120.2	120.4	120.5	481.0
From Bank of Japan	410.2	350.4	200.0	200.0	—	—	—	—	—
Total	3,421.3	3,062.8	3,025.2	2,712.6	741.4	120.2	120.4	120.5	481.0

Note: Figures may not sum up to the total because of rounding.

## (9) Various Councils

### A. The Advisory Council on Government Debt Management

#### <Members>

	FUJITA Ayako	Executive Director, Economic Research, JPMorgan Securities Japan Co., Ltd
	TAKATA Hajime	Chairman of the Global Research Center, Executive Economist, Okasan Securities Co., Ltd.
	SAKATA Hideki	Senior Managing Director, Joint Head of Global Markets Japan, Nomura Securities Co., Ltd.
	SUEZAWA Hidenori	Assistant General Manager, Financial Market and Fiscal analyst Financial Market & Economic Research SMBC Nikko Securities Inc.
	MATSUMOTO Iwao	Executive Officer, Sumitomo Life Insurance Company
	KOEDA Junko	Chief Economist, Policy Research Institute, Ministry of Finance
	SHIMBU Keito	Chief Investment Officer, Senior Managing Director, Member of the Board, The Norinchukin Bank
	SHIMAMOTO Koji	President and Representative Director, Societe Generale Securities Japan Limited
	KOHDA Main	Author
(Chairperson)	TANAKA Naoki	President of Center for International Public Policy Studies
	YOSHINO Naoyuki	Professor Emeritus of Keio University; Director of Financial Research Center, Financial Services Agency; Visiting Professor, National Graduate Institute for Policy Studies
	Robert Alan Feldman	Senior Advisor, Morgan Stanley MUFG Securities Co., Ltd.
	YOSHIFUJI Shigeru	Member of the Board of Directors, Senior Managing Executive Officer Chief Executive, Global Markets Business Unit, MUFG Bank, Ltd.
	YAMADA Takashi	Senior Managing Director, Daiwa Securities Co. Ltd.
	TOMITA Toshiki	Guest Scholar, Nomura Institute of Capital Markets Research
	TAKEDA Yoko	General Manager, Chief Economist, Research Center for Policy and Economy, Mitsubishi Research Institute, Inc.
	OKINA Yuri	Chairperson, The Japan Research Institute, Limited.

(17 members)

(Alphabetical order)

(As of June 22, 2020)

#### <Actual Achievement>

Date	Content
March 8, 2019 (49th Round)	<ul style="list-style-type: none"> <li>• FY2019 budget and JGB issuance plan (report)</li> <li>• Current state of the JGB market and future forecasts</li> <li>(1) Investment trends of life-insurance companies</li> <li>(2) The global financial and fiscal environments</li> </ul>
June 12, 2019 (50th Round)	<ul style="list-style-type: none"> <li>• Issuance result of Front-Loading Refunding Bonds as of the end of FY2018</li> <li>• Cost at Risk Analysis of the government debt</li> <li>• Trends in the debt management policies of major foreign countries</li> <li>• Overseas IR activities</li> </ul>
October 25, 2019 (51st Round)	<ul style="list-style-type: none"> <li>• Current state and future trends of the JGB market environment</li> <li>• Current debt management policy</li> </ul>
June 22, 2020 (52nd Round) *Online conference	<ul style="list-style-type: none"> <li>• Current and future JGB issuance</li> <li>• COVID-19 and medium- to long-term challenges in Japan</li> <li>• Current status of and future efforts in the JGB futures market</li> </ul>



## B The Meeting of JGB Market Special Participants

### <Members>

Barclays Securities Japan Limited  
 BNP Paribas Securities (Japan) Limited  
 Citigroup Global Markets Japan Inc.  
 Credit Agricole Securities Asia B.V.  
 Credit Suisse Securities (Japan) Limited  
 Daiwa Securities Co. Ltd.  
 Deutsche Securities Inc.  
 Goldman Sachs Japan Co., Ltd.  
 JPMorgan Securities Japan Co., Ltd.  
 Merrill Lynch Japan Securities Co., Ltd.  
 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
 Mizuho Bank, Ltd.  
 Mizuho Securities Co., Ltd.  
 Morgan Stanley MUFG Securities Co., Ltd.  
 Nomura Securities Co., Ltd.  
 Okasan Securities Co., Ltd.  
 SMBC Nikko Securities Inc.  
 Societe Generale Securities Japan Limited  
 Sumitomo Mitsui Banking Corporation  
 Tokai Tokyo Securities Co., Ltd.  
 UBS Securities Japan Co., Ltd.

(21 companies)  
 (Alphabetical order)  
 (On or after July 15, 2016)

### <Actual Achievement>

Date	Content
June 24, 2019 (81st Round)	<ul style="list-style-type: none"> <li>• Issuance amount of Inflation-Indexed Bonds in the July-September quarter 2019</li> <li>• Liquidity Enhancement Auctions in the July-September quarter 2019</li> <li>• Latest JGB market situation and outlook for future investments</li> </ul>
September 24, 2019 (82nd Round)	<ul style="list-style-type: none"> <li>• Issuance amount of Inflation-Indexed Bonds in the October-December quarter 2019</li> <li>• Liquidity Enhancement Auctions in the October-December quarter 2019</li> <li>• Latest JGB market situation and outlook for future investments</li> </ul>
November 25, 2019 (83rd Round)	<ul style="list-style-type: none"> <li>• Latest JGB market situation and outlook for the future</li> <li>• JGB Issuance Plan for FY2020</li> </ul>
December 12, 2019 (84th Round)	<ul style="list-style-type: none"> <li>• Issuance amount of Inflation-Indexed Bonds in the January-March 2020 quarter</li> <li>• Liquidity Enhancement Auctions in the January-March 2020 quarter</li> <li>• JGB Issuance Plan for FY2020</li> <li>• Latest JGB market situation and outlook for the future</li> </ul>
March 23, 2020 (85th Round) * Held in writing	<ul style="list-style-type: none"> <li>• Reopening and auction methods of nominal interest-bearing bonds in FY2020</li> <li>• Issuance amount of Inflation-Indexed Bonds in the April-June 2020 quarter</li> <li>• Liquidity Enhancement Auctions in the April-June 2020 quarter</li> <li>• Latest JGB market situation and outlook for the future</li> </ul>
April 2, 2020 (86th Round) * Held in writing	<ul style="list-style-type: none"> <li>• Latest JGB market situation and outlook for the future</li> <li>• Alteration in the JGB Issuance Plan for FY2020 (supplementary budget)</li> </ul>
April 30, 2020 (87th Round) * Held in writing	<ul style="list-style-type: none"> <li>• Alteration of the Issuance amount of Inflation-Indexed Bonds in the April-June 2020 quarter</li> <li>• Latest JGB market situation and outlook for the future</li> </ul>
May 22, 2020 (88th Round) * Held in writing	<ul style="list-style-type: none"> <li>• Latest JGB market situation and outlook for the future</li> <li>• Alteration in the JGB Issuance Plan for FY2020 (the second supplementary budget)</li> </ul>



## C The Meeting of JGB Investors

### <Members>

#### 1. Investors

Capula Investment Management LLP  
Japan Post Bank Co., Ltd.  
Japan Post Insurance Co., Ltd.  
Joyo Bank, Ltd.  
Mizuho Trust & Banking Co., Ltd.  
MUFG Bank, Ltd.  
National Mutual Insurance Federation of Agricultural Cooperatives  
Nippon Life Insurance Company  
Pension Fund Association  
PGIM Japan Co., Ltd.  
Shinkin Central Bank  
Sumitomo Mitsui Trust Asset Management Co., Ltd.  
The Bank of Nagoya, Ltd.  
The Norinchukin Bank  
Tokio Marine & Nichido Fire Insurance Co., Ltd.

(15 companies)  
(Alphabetical order)

#### 2. Academics

KOHYAMA Hiroyuki  
- Associate Professor, The University of Tokyo Graduate Schools for Law and Politics  
(Chairperson) YOSHINO Naoyuki  
- Professor Emeritus of Keio University  
- Director of Financial Research Center, Financial Services Agency  
- Visiting Professor, National Graduate Institute for Policy Studies  
TOMITA Toshiki  
- Guest Scholar, Nomura Institute of Capital Markets Research

(3 members)  
(Alphabetical order)  
(As of April 6, 2020)

### <Actual Achievement>

Date	Content
June 24, 2019 (80th Round)	<ul style="list-style-type: none"> <li>• Issuance amount of Inflation-Indexed Bonds in the July-September quarter 2019</li> <li>• Liquidity Enhancement Auctions in the July-September quarter 2019</li> <li>• Latest JGB market situation and outlook for future investments</li> </ul>
November 26, 2019 (81st Round)	<ul style="list-style-type: none"> <li>• Latest JGB market situation and outlook for future investments</li> <li>• JGB Issuance Plan for FY2020</li> </ul>
March 24, 2020 (82nd Round) * Held in writing	<ul style="list-style-type: none"> <li>• Reopening and auction methods of nominal interest-bearing bonds in FY2020</li> <li>• Issuance amount of Inflation-Indexed Bonds in the April-June 2020 quarter</li> <li>• Liquidity Enhancement Auctions in the April-June 2020 quarter</li> <li>• Latest JGB market situation and outlook for future investments</li> </ul>
April 2, 2020 (83rd Round) * Held in writing	<ul style="list-style-type: none"> <li>• Latest JGB market situation and outlook for future investments</li> <li>• Alteration in the JGB Issuance Plan for FY2020 (supplementary budget)</li> </ul>
May 22, 2020 (84th Round) * Held in writing	<ul style="list-style-type: none"> <li>• Latest JGB market situation and outlook for future investments</li> <li>• Alteration in the JGB Issuance Plan for FY2020 (the second supplementary budget)</li> </ul>

## D. The Meeting of JGB Top Retailers

### <Members>

Chuo Labour Bank	SMBC Nikko Securities Inc.
Daiwa Securities Co. Ltd.	Sumitomo Mitsui Banking Corporation
Japan Post Bank Co., Ltd.	Sumitomo Mitsui Trust Bank, Limited
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	The Chugoku Bank, Ltd.
Mizuho Bank, Ltd.	The Hiroshima Bank, Ltd.
Mizuho Securities Co., Ltd.	The Hokkaido Bank, Ltd.
MUFG Bank, Ltd.	The Saitama Credit Cooperative
Nomura Securities Co., Ltd.	The Saitamaken Shinkin Bank
North Pacific Bank, Ltd.	The Tama Shinkin Bank

(18 companies)

(Alphabetical order)

(As of June 3, 2020)

### <Actual Achievement>

Date	Content
March 25, 2014 (13th Round)	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors after monthly issuance (10-Year Floating-Rate and 5-Year Fixed-Rate) and promotions of JGB holdings by retail investors</li> <li>Exchange of opinions with regard to each content</li> </ul>
October 31, 2014 (14th Round)	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors after monthly issuance (10-Year Floating-Rate and 5-Year Fixed-Rate) and sales expansion of Inflation-Indexed JGBs to retail investors</li> <li>Exchange of opinions with regard to each content</li> </ul>
November 13, 2015 (15th Round)	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, methods of public offering for newly introduced new over the counter sales systems of Inflation-Indexed JGBs, and changes in the system of new over the counter sales systems</li> <li>Exchange of opinions with regard to each content</li> </ul>
November 9, 2016 (16th Round)	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, advertisement of JGBs for Retail Investors, and the treatment of Inflation-Indexed JGBs under the new over the counter sales systems</li> <li>Exchange of opinions with regard to each content</li> </ul>
February 19, 2018 (17th Round)	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, recent investment behavior of retail investors, and advertisement of JGBs for Retail Investors</li> <li>Exchange of opinions with regard to each content</li> </ul>
May 30, 2019 (18th Round)	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors and advertisement of JGBs for Retail Investors</li> <li>Exchange of opinions with regard to each content</li> </ul>
June 10, 2020 (19th Round) *Teleconference	<ul style="list-style-type: none"> <li>Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, the promotion of stable long-term holdings of JGBs for Retail Investors and the advertisement of JGBs for Retail Investors</li> <li>Exchange of opinions with regard to each content</li> </ul>

## (10) History of Postwar Debt Management Policy

FY	Debt Management Policy	Fiscal Policy, etc.
47 ~ 64		
65	66.1 Launching of underwriting Syndicate (7-year) 66.3 Launching of underwriting by Trust Funds Bureau	The issuance of Revenue-Financing Bonds in the supplementary budget (Start of issuance of bonds)
66		Introduction of Construction Bonds
67		
68	68.4 Introduction of "Tokubetsu-Maruyu" tax free saving schemes 68.5 Formation of Redemption system	
69		
70		
71	72.1 Extension of term-to-maturity of JGBs (7 years 10 years)	Nixon Shock
72		
73		First year of the welfare era 1973 energy crisis
74		
75		Launching of the issuance of Special Deficit-Financing Bonds
76	77.1 Launching of auction for discount bonds (5-year)	
77	77.4 Launching of securitization of JGBs which financial institutions acquired	
78	78.6 Launching of auction for medium-term bonds (3-year)	For 7% growth that promised in Bonn summit proactive fiscal management
79	79.6 Launching of auction for medium-term bonds (2-year) 80.1 Launching of sales of Fund of medium-term JGB 80.2 Creation of a Book-Entry Transfer System	1979 energy crisis Locomotive theory Setting the goal (fiscal year 1984) of grow out of dependence on Special Deficit-Financing Bonds
80	80.6 Launching of auction for medium-term bonds (4-year)	The first step toward fiscal reconstruction
81	81.9 Direct issuance of 6-Year bonds	The global depression
82	83.2 Direct issuance of 15-Year Floating-Rate JGB	Setting of "Zero-Ceiling"
83	83.4 Launching of handling of offering of JGBs by financial institutions 83.9 Direct issuance of 20-Year bonds	Setting of "Minus-Ceiling" Setting the goal (fiscal year 1990) of grow out of dependence on Special Deficit-Financing Bonds
84	84.6 Launching of dealing of JGBs by financial institutions	
85	85.6 Amendment of the law for the Act on GDCF Special Account Launching of issuance of short-term bonds, of Refunding Bonds (front-loading) Reversion of former NTT stocks etc. to the Account 85.10 Launching of transactions of JGB futures 86.2 Launching of auction for short-term bonds	
86	86.10 Launching of underwriting Syndicate (20-year)	
87	87.9 Launching of auction for Fixed-rate bonds (20-year) 87.11 Introduction of system of underwriting auction for 10-Year Bonds	
88	88.4 Launching of handling offering of JGBs in post offices	
89	89.4 Introduction of partial auction system for 10-Year Bonds by Syndicate	Introduction of consumption tax (3%)
90	90.10 Extension of the ratio of bids by Syndicate (10-Year Bonds; 40% 60%)	Grow out of dependence on Special Deficit-Financing Bonds Issuance of Ad-hoc Deficit-Financing Bonds
91	91.4 Same-day-announcement of auction results of 10-Year Bonds	
92	92.4 Tax exemption of profit from redemption for TB and FB owned by foreign corporations	
93	94.1 Extension of targets of "Maruyu" tax free saving schemes (350 million yen) 94.2 Launching of auction for Fixed-rate bonds (6-year)	
94		Issuance of tax reduction-related Special Deficit-Financing Bonds Issuance of Special Deficit-Financing Bonds for Earthquake
95		Re-issuance of Special Deficit-Financing Bonds
96	96.4 Introduction of auction for 20-Year Bonds in every quarter of year 96.4 Launching of Japanese version of cash-secured bond lending transactions	Setting the goal of fiscal consolidation (Grow out of dependence on Special Deficit-Financing Bonds by fiscal year 2005)
97		Approval of the special treatment law regarding the promotion of fiscal reconstruction
98	98.4 Launching of non-competitive auction for medium-term JGB 99.1 Abolishment of the article pre-maturity redemption 99.3 Launching of prior announce of auction schedule and amount of issuance	Consumption tax hike from 3% 5% Approval of the stop-law for special treatment law regarding the promotion of fiscal reconstruction
99	99.4 Launching of auction for T-Bill (1-year) 99.9 Launching of auction for Fixed-rate bonds (30-year) 00.2 Introduction of Fixed-rate bonds (5-year)	Reduction for income tax and corporate tax
00	00.6 Launching of auction for 15-Year Floating-Rate Bonds 00.9 Launching of Meeting of JGB Market 00.11 Launching of auction for discount bonds (3-year) 01.3 Introduction of the immediate reopening rule	
01	01.4 Introduction of new <i>Gensaki</i> transactions 01.10 Alteration of announcement of auction calendar (announce next 3 months)	Formation of the <i>Koizumi</i> Cabinet Launching of issuance of FILP Bonds
02	02.4 Launching of The Meeting of JGB Investors 02.5 Raising of the ratio of auction for underwriting Syndicate (From 60% to 75%; applied since May, 2002) Reduction of the fee of underwriting Syndicate (From 0.63 yen to 0.39 yen; applied since May, 2002) 03.1 Introduction of a new Book-Entry Transfer System 03.1 Introduction of STRIPS 03.2 Launching of the auction for Buy-Back 03.3 Introduction of JGBs for Retail Investors	

FY	Debt Management Policy	Fiscal Policy, etc.
03	03.5 Raising of the ratio of competition auction in Syndicate (From 75% to 80%; applied since May, 2003) 03.12 Announcement of "Forthcoming Development of Debt Management Policy" 04.2 Launching of WI transactions 04.3 Introduction of 10-Year Inflation-Index Bonds	
04	04.5 Raising of the ratio of competition auction in Syndicate (From 80% to 85%; applied since May, 2004) 04.5 Reduction of the fee of Underwriting Syndicate (From 0.39 yen to 0.23 yen; applied since May, 2004) 04.7 Reinforcement of Debt Management System ( Establishment of Senior Director and Market Analyst Separation of the Debt Management Division into two Appointment of non-government persons etc. ) 04.10 Introduction of JGB Market Special Participants Scheme ( Designation of Special Participants Launching of Meeting of Special Participants Launching of the Non-Price Competitive Auction II ) 04.11 Launching of Advisory Council on Government Debt Management 05.1 Launching of overseas IRs	
05	05.4 Launching of the Non-Price Competitive Auction I 05.4 Raising of the ratio of competition auction in Syndicate (From 85% to 90%; applied since April, 2005) 05.7 Revision of rules related to auctions ( Introduction of bid limitation for auction of bonds and FB Alteration of auction system for 15-Year Floating-Rate Bonds (conventional method) ) 06.1 Introduction of new type of JGBs for Retail Investors (fixed-rate) 06.1 Extension of targets of Auction for Buy-Back (for all brands) 06.3 Abolishment of the government bond for underwriting Syndicate	
06	06.4 Launching of Liquidity Enhancement Auctions 06.12 Re-opening issuance in principle of 10-Year Inflation-Indexed Bonds and 30-Year bonds 07.1 Introduction of FB (6-Month) (transferred from TB (6-Month))	Formation of the Abe Cabinet
07	07.4 Execution of law regarding Special Accounts (legislation of rules of swaption transaction, etc.) 07.4 Alteration of auction system for 30-Year bonds (conventional method) 07.6 Launching of Meeting of JGB Top Retailers 07.9 Announcement of re-opening issuance in principle of 15-Year Floating-Rate Bonds 07.10 Introduction of New Over-The-Counter (OTC) Sales System 07.11 Launching of auction for fixed-rate bonds (40-year)	Formation of the Fukuda Cabinet
08	08.4 Introduction of Special Liquidity Enhancement Auctions 08.4 Setting the issuance date of coupon-bearing bonds as T (auction date) + 3, in principle 08.4 Extension of targets of Liquidity Enhancement Auctions (Coupon-bearing bonds from 6-year to 29-year except for 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds) 08.6 Launching of Buy-Back of STRIPS 08.8 Reduction of planned issuance amount of 15-Year Floating-Rate Bonds (four times per year twice per year) 08.9,10 Reduction of planned issuance amount of 10-Year Inflation-Indexed Bonds (Suspension of issuance) 08.12 Reduction of planned issuance amount of 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds (Suspension of issuance; Feb, 2009) etc. 09.1 Raising of the Bidding upper limit for Non-Price Competitive Auction from "10% of the amount in the normal auction" to "15%" 09.2 Launching of the issuance of T-Bills by the integration of TB and FB	Global financial crisis Formation of the Aso Cabinet
09	09.4 Extension of total amount of Buy-Back from the market (3 4 trillion yen) (Centering on 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds) 09.7 Extension of targets of Liquidity Enhancement Auctions (Coupon-bearing bonds from 5-year to 29-year) 10.1 Reduction of amount of Buy-Back for 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds (In terms of change from responding to the financial crisis to ordinary support) 10.3 Announcement of real interest rate (constant maturity basis) based on the daily JGB prices in the secondary market on the MOF website	Formation of the Hatoyama Cabinet
10	10.7 Issuance of JGBs for Retail Investors (3-year) since July (offered in June), 2010 10.12 Execution of Buy-Back whose resources are reduced from GDCF	Formation of the Kan Cabinet
11	11.7 Revisions of Rate-Setting Formula for JGBs for Retail Investors (10-Year Floating Rate) 12.1 Issuance of Reconstruction Bonds for Retail Investors since January, 2012 (offered in December, 2011)	Formation of the Noda Cabinet Issuance of Reconstruction Bonds
12	12.4 Issuance of Reconstruction Supporters Bonds for Retail Investors since April, 2012 (offered in March, 2012) Setting the issuance date of JGB and T-Bill as T (auction date) + 2, in principle 13.1 Announcement of reduction of the Issuance of Refunding Bonds by using the Government Debt Consolidation Fund(GDCF)	Formation of the Abe Cabinet Issuance of Special Bonds for covering Public Pension Funding
13	13.7 Extension of targets of Liquidity Enhancement Auctions (Coupon-bearing bonds from 5- to 39-year bonds) 13.10 Resumption of the issuance of Inflation-Indexed Bonds 13.12 Launching the monthly offering and issuance of JGBs for retail investors (10-Year Floating Rate and 5-Year Fixed Rate) Announcement of re-opening issuance in principle of 20-year bonds	
14	14.5 Announcement of allowing Retail Investors to hold JGBi from January 2015 15.1 Launching of the purchase of JGBi by Retail Investors through direct negotiation	Consumption tax hike from 5% to 8%
15	15.4 Reduction of the Bidding upper limit for auction participants from "planned issuance amount" to "half of planned issuance amount" 15.4 Raising of the bidding responsibility for JGB market Special Participants from "3% or more of planned issuance amount" to "4% or more"	Achievement of the interim target of halving the primary deficit
16	16.4 Extension of targets of Liquidity Enhancement Auctions (Coupon-bearing bonds from 1- to 39-year bonds)	
17	17.7 Raising of the upper issue limit for Non-Price Competitive Auction I from "10% of the planned issue amount" to "20%" 17.7 Raising of the minimum bidding responsibility amount for JGB market Special Participants from 4% of the planned issue amount to 5%	
18	18.5 Setting the issuance date of JGB and T-Bill as T (auction date) + 1, in principle	
19	20.1 Reduction of the Bidding upper limit for Non-Price Competitive Auction II from "15% of the amount in the normal auction" to "10%"	Consumption tax hike from 8% to 10% Implementation of the reduced tax rate system for the consumption tax
20		

## (11) Government Bond-related Legal Systems

### A Legal basis of issuance

All JGBs are issued in accordance with applicable laws. Depending on legal grounds, JGBs are categorized into JGBs (Construction Bonds, Special Deficit-Financing Bonds, Reconstructions Bonds, Refunding Bonds and Fiscal Investment and Loan Program (FILP) Bonds), Financing Bills for financing temporary cash shortage of the national treasury, and Subsidy Bonds granted in place of cash payments.

According to Article 85 of the Japanese Constitution, the Diet approval is necessary when the central government intends to assume new liabilities.

#### a Public Finance Act, Art. 4(1), Proviso (Construction Bonds)

Proviso to Art. 4(1) of the “Public Finance Act” permits as an exception the ability to issue bonds and take out loans within amounts that correspond to public works expenditure, capital subscriptions, and lending. These expenditures, which are not consumptive, contribute to the asset formation of the state, normally with long-term benefits. Therefore, with regard to this type of expenditure, financial resource can be procured through public debt issuance or borrowing, and the understanding is that future generations can be required to share in the burden of debt service.

In other words, Art. 4(1) of the “Public Finance Act” rests on the concept of an equitable sharing of the financial burden across the generations, and is interpreted to stipulate a principle of sound fiscal policy such that public debt issuance and/or borrowing are permitted, limited to public works expenditure, etc.

However, debt and loan amounts must be within the scope allowed for by Diet approval, with the issuance ceiling amount provided in the general provisions of the general account budget.

Furthermore, Art. 4(2) provides that when this ceiling amount is put to a parliamentary vote, the government is obliged to submit to the Diet a redemption plan that shows the redemption amount for each fiscal year, the redemption method and the redemption periods.

#### b Special Law for Special Deficit-Financing Bonds (Special Deficit-Financing Bonds)

A special law for Special Deficit-Financing Bonds legislated in each fiscal year and the “Act on Special Provisions concerning Issuance of Government Bonds to Secure Revenue Resources Necessary for Fiscal Management” provide for “issuance in addition to the public debt issued pursuant to the proviso of Art. 4(1) of the Public Finance Act.” The purpose of this provision is to limit the issuance of Special Deficit-Financing Bonds to cases where, despite the issuance of Construction Bonds, a revenue shortfall is expected to arise.

These laws provide merely the authority to issue Special Deficit-Financing Bonds, but leave it to the general provisions of the general account budget to stipulate a specific issuance ceiling. The reason for this structure is that the applicable ceilings for the issuance of public debt each fiscal year are decided within the balance of total income and expenditure for the fiscal year in question. In this sense, since the ceiling amount for JGBs is inseparably linked to budgeted income and expenditure, it is considered most appropriate to have these matters stipulated in the general provisions of the general account budget and to hold a parliamentary debate and obtain a decision as part of wider income and expenditure considerations.

Moreover, as with Construction Bonds, when the issuance ceiling for Special Deficit-Financing Bonds requires Diet approval, a redemption plan must be submitted to the Diet for reference during the deliberations.

Issuance of Special Deficit-Financing Bonds is an exceptional measure. Actual issuance must be within the scope allowed for by Diet approval, must be made with consideration for the state of income sources such as tax revenues, and must be kept as low as possible. In this context, it is allowed to issue Special Deficit-Financing Bonds even during the accounting adjustment term. Specifically, the government is allowed to issue Special Deficit-Financing Bonds until the end of June in the next fiscal year, in order to adjust the issue amount of Special Deficit-Financing Bonds until the end of May in the next fiscal year: the deadline for collecting the tax revenue for the fiscal year. In addition, the government must strive to expeditiously reduce Special Deficit-Financing Bonds.



## c Act on Special Measures concerning the securing of financial resources to execute measures necessary for recovery from the Great East Japan Earthquake, Art. 69(1) and (4) (Reconstruction Bonds)

Reconstruction Bonds are JGBs issued for raising necessary financial resources to cover reconstruction from the Great East Japan Earthquake from FY2011 to FY2025 in accordance with Paragraphs 1 and 4, Article 69 of the “Act on Special Measures concerning the securing of financial resources to execute measures necessary for recovery from the Great East Japan Earthquake.” Reconstruction Bonds were issued as a general account item in FY2011, but the government issued these bonds from FY2012 onward under the Special Account for Reconstruction from the Great East Japan Earthquake.

As with Construction Bonds and Special Deficit-Financing Bonds, Reconstruction Bonds may be issued within the upper limit as approved by the Diet and the ceiling amount is provided under the general provisions of the general account budget with regard to FY2011 and under the general provisions of the special account budget with regard to FY2012 and beyond. In addition, as with Special Deficit-financing Bonds, the accounting adjustment term issuance system is provided.

Reconstruction Bonds, including their Refunding Bonds, will be redeemed in FY2037 at the latest. Redemption of these bonds will be financed with revenues generated from the Special Taxes for Reconstruction, etc. from FY2012 to FY2037.

## d Act on Special Accounts, Art. 46(1) and Art. 47(1) (Refunding Bonds)

Art. 46(1) of the “Act on Special Accounts” allows the government to issue Refunding Bonds up to the amount necessary for JGB adjustment or redemption without Diet approval of the issuance ceiling or submission of a redemption plan. The reason is that unlike new financial resource bonds such as Construction Bonds and Special Deficit-Financing Bonds, the issuance of Refunding Bonds does not entail an increase in the outstanding debt balance. Besides, since circumstances will require that the issuance of Refunding Bonds must occur promptly and flexibly in accordance with financial market conditions, the time constraints associated with the issuance of Refunding Bond do not allow for procedures such as the advance submission of redemption plans or advance Diet approval of issuance ceiling.

In addition, in order to enable flexible issuance in response to financial conditions, Art. 47(1) allows front-loaded issuance of Refunding Bonds. However, this front-loading is restricted to the ceiling amount stipulated in the general provisions of the special account budget approved in advance by the Diet.

## e Act on Special Accounts, Art. 62(1) (FILP Bonds)

Along with the 2001 reform of the FILP, Art. 62(1) of the “Act on Special Accounts” permits the issuance of Fiscal Investment and Loan Program Bonds (so-called FILP Bonds), which is charged to the Fiscal Loan Fund account, in order to finance the Fiscal Loan Fund operations. According to Paragraph 2 of the same Article of the said Act, as the central government issues FILP Bonds backed by its credibility, an approval from the Diet is necessary on the bond issuance upper limit in a similar manner to other JGBs. Art. 62(3) stipulates that the expenditure schedule must be accompanied by a redemption plan.

## f Others (Financing Bills, etc.)

Financing Bills are issued in accordance with Article 7 of the “Public Finance Act” or the “Act on Special Accounts”, etc. Subsidy Bonds are issued in line with their respective condolence money allowance legislations, and specific legislations, such as the Act on Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

## B Other laws

### a Act on National Government Bonds (Basic matters of JGB)

The “Act on National Government Bonds” defines basic matters of JGBs. The “Act on National Government Bonds” stipulates, among others, the following matters:

- Matters related to bond issuance such as the conditions of JGB issuance, and necessary matters

- concerning debt service, securities certificates and registration are determined by the Minister of Finance
- Clerical tasks concerning JGBs are performed by the Bank of Japan
- Matters concerning the registration of JGBs
- Matters concerning restrictions on the transfer of JGBs
- Remedies in cases of the destruction or loss of JGB certificates
- Matters concerning the extinctive prescription of JGBs

In relation to matters not stipulated in this law, the Civil Code and the Commercial Code, as well as general rules such as transaction conventions, are applicable.

Specific procedures for the issuance and redemption of JGBs are stipulated in the “Rules Concerning National Government Bonds”; the “Ordinance of the Ministry of Finance on Issuance, etc. of National Government Bonds”; the “Rules for the Handling of National Government Bonds in the Bank of Japan”; and the “Ordinance of the Ministry of Finance Concerning Special Handling Procedures of the Bank of Japan for the Payment, etc., of Principal and Interest of National Government Bonds,” among others.

#### **b Act on Special Accounts, Art. 38 through 49 (Redemption of JGBs, etc.)**

The redemption of JGBs (payment of principal) and the payment of interest occur through the GDCF established by the “Act on Special Accounts.”

With regard to the GDCF, this act stipulates the following, among other matters.

- Matters concerning the establishment of the GDCF for the redemption of JGBs including borrowings
- Matters concerning redemption resource and transfer methods
- Matters concerning the issuance of JGBs (Refunding Bonds) for JGB consolidation and/or redemption
- Matters concerning the successive carry-over of debt redemption cost.



# Chapter 2 Financing Bills, Borrowings and Government-Guaranteed Debt

## 1 Financing Bills (FBs)

### (1) Outstanding Amount of FBs-Breakdown by the Types (as of the end of FY2019)

(Unit: billion yen)

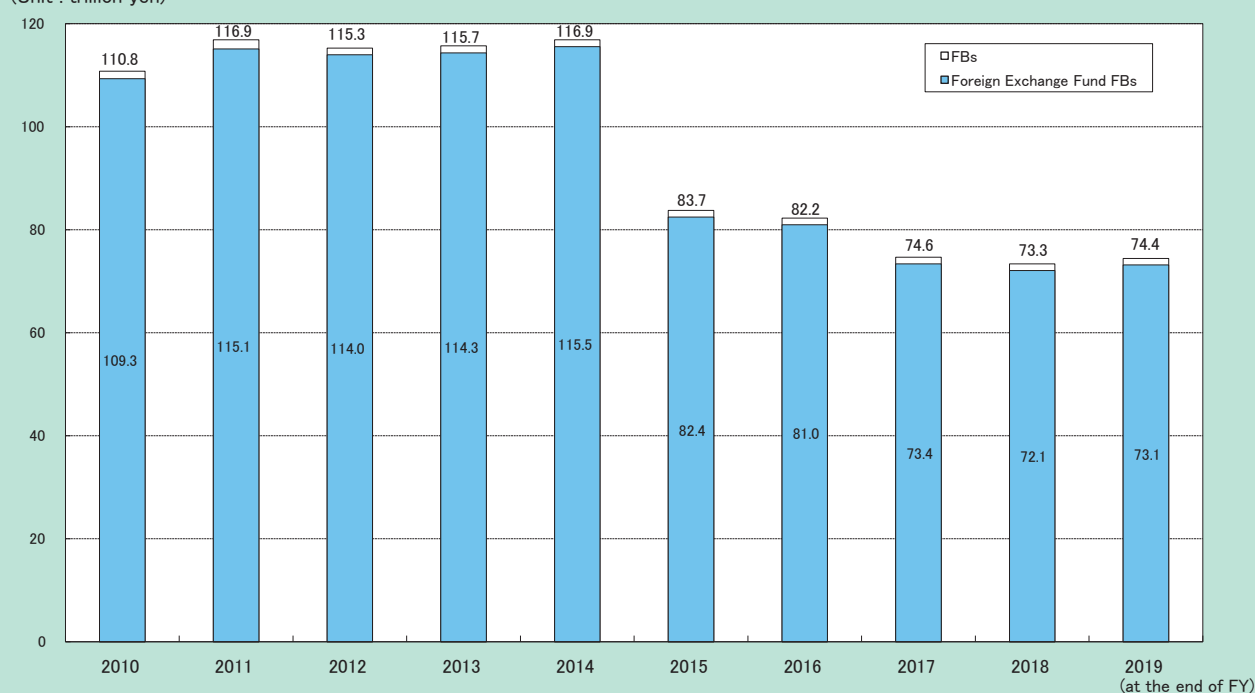
	Treasury FBs	Fiscal Loan Fund FBs	Foreign Exchange Fund FBs	Petroleum FBs	Nuclear Damage Liability Facilitation Fund FBs	Food FBs	Total
Outstanding as of the End of FY2019	-	-	73,147.1	1,174.7	-	97.0	74,418.8
Maximum Issuance Amount in FY2019	20,000.0	15,000.0	195,000.0	1,430.9	3,931.8	317.5	235,680.2
Maximum Issuance Amount in FY2020	20,000.0	15,000.0	195,000.0	1,434.2	3,931.8	319.2	235,685.2

Note 1: FY2019: supplementary budget, FY2020: initial budget.

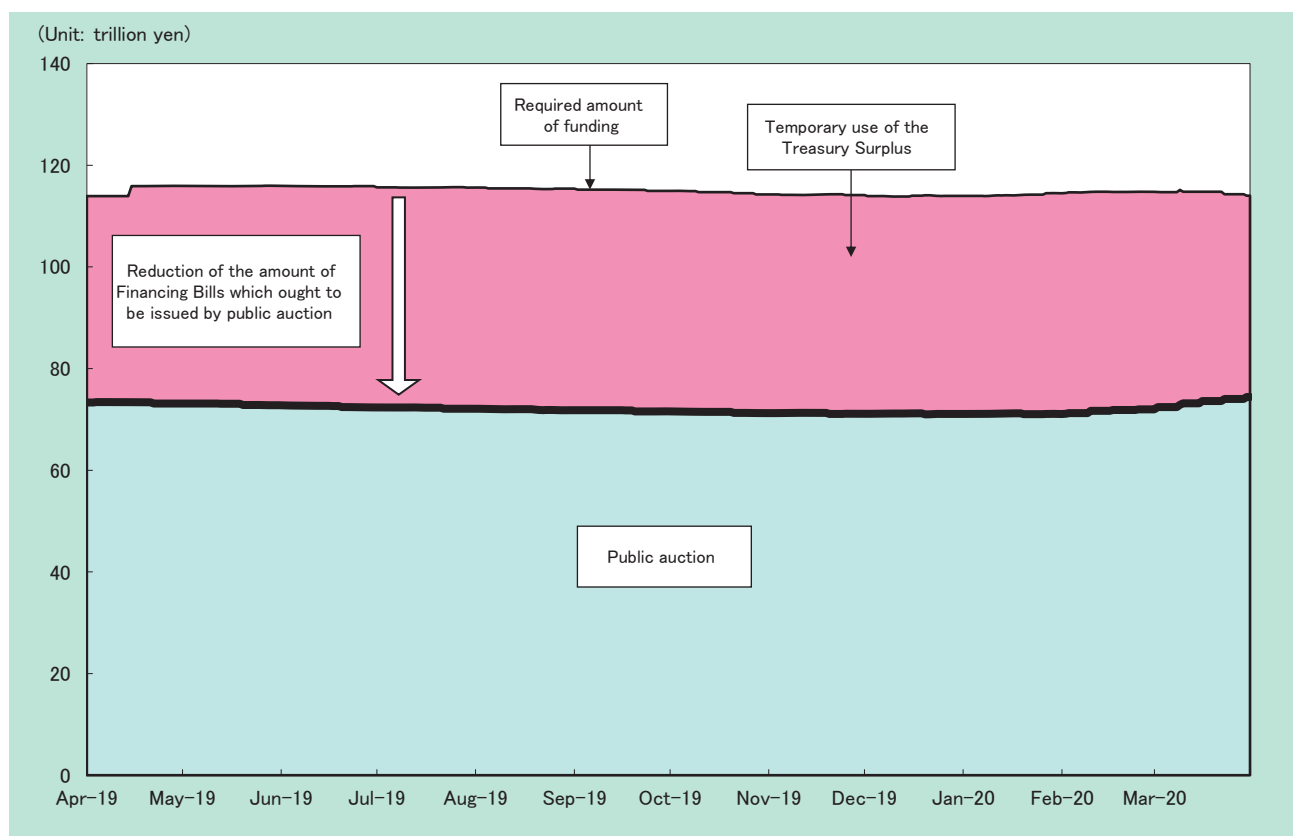
Note 2: Figures may not sum up to the total because of rounding.

### (2) Outstanding Amount of FBs

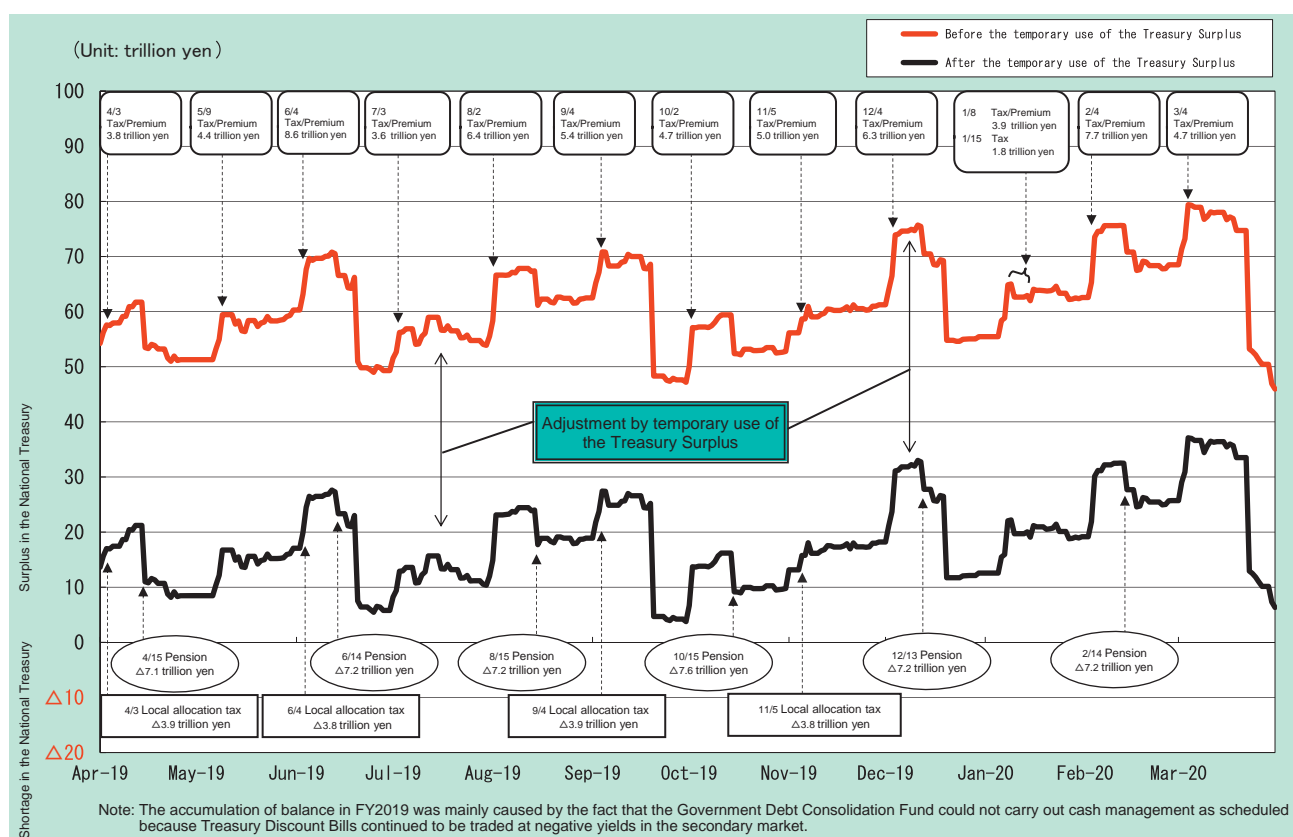
(Unit : trillion yen)



### (3) Issuance Amount of FBs in FY2019-Breakdown by Funding Resources

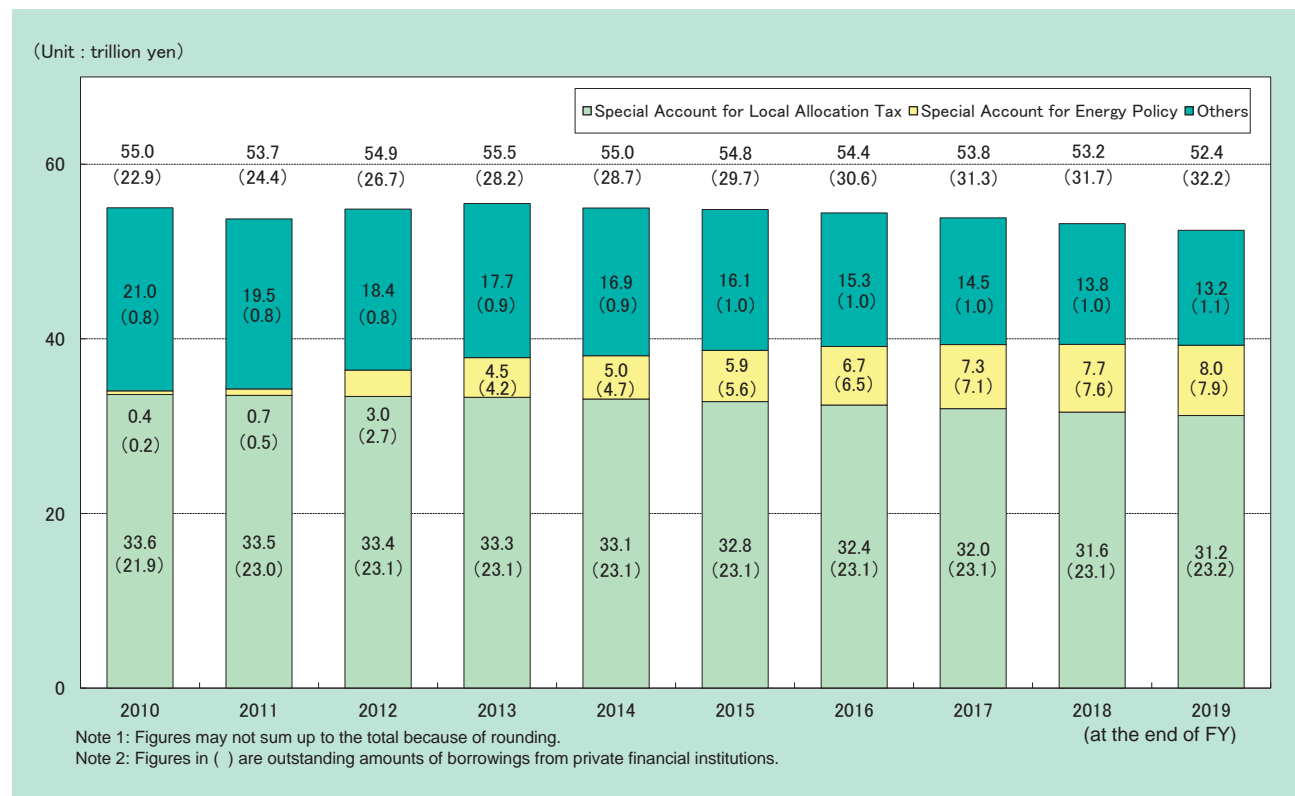


### (4) Receipts and Payments on the National Treasury for FY2019



## 2 Borrowings

### (1) Outstanding Amount of Borrowings



### (2) Outstanding Amount of Borrowings-Breakdown by the Types of Account (as of the end of FY2019)

(Unit: billion yen)

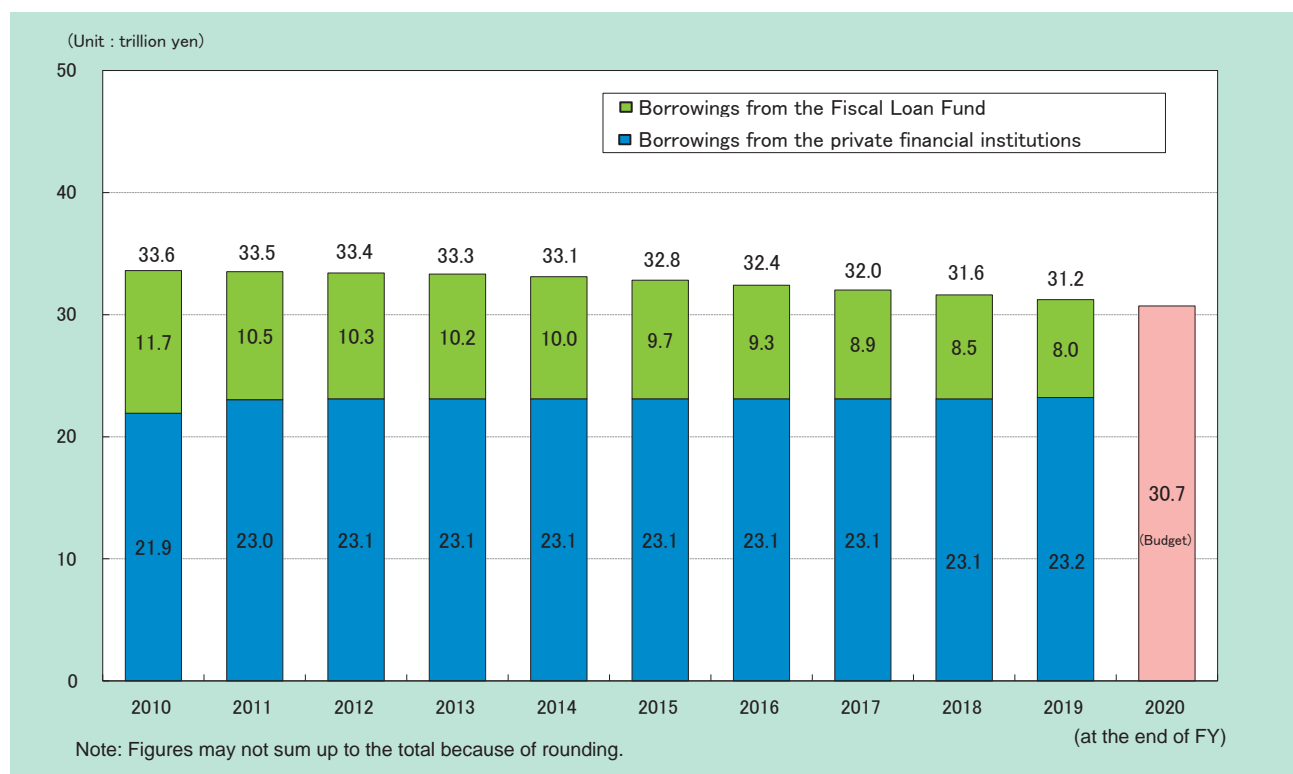
Name of Account	End of FY2018	End of FY2019	Creditor		
			Fiscal Loan Fund	Financial Institutions	Others
General Account <sup>1)</sup>	10,598.1	10,001.3	9,959.8	-	41.4
Former Temporary Military Expenditure	41.4	41.4	-	-	41.4
Allotment of Local Allocation Tax and Local Transfer Tax	10,509.9	9,926.0	9,926.0	-	-
Former Government-Operated Land Improvement Project	8.6	2.6	2.6	-	-
Former National Centers for Advanced and Specialized Medical Care	38.2	31.3	31.3	-	-
SA for Allotment of Local Allocation Tax and Local Transfer Tax	31,617.3	31,232.3	8,017.0	23,215.2	-
SA for Energy Policy	7,749.2	8,032.2	132.3	7,899.9	-
SA for Pension	1,458.3	1,452.4	1,452.4	-	-
SA for Stable Food Supply	39.8	35.3	35.3	-	-
SA for National Forest Debt Management	1,206.0	1,186.6	121.6	1,065.0	-
SA for Motor Vehicle Safety	533.2	496.4	357.9	-	<sup>2)</sup> 138.5
Total	53,201.8	52,436.4	20,076.4	32,180.1	179.9

Note 1: For breakdown of the General Account, "Former Temporary Military Expenditures"(41.4) arise from the former Special Account for Temporary Military Expenditures. For "Allotment of Local Allocation Tax and Local Transfer Tax" (9,926.0), "Former Government-Operated Land Improvement Project" (2.6) and "Former National Centers for advanced and specialized medical care" (31.3), part of the debt of "Special Account for Allotment of Local Allocation Tax and Local Transfer Tax" (April 2007), the debt of "Special Account for Government-Operated Land Improvement Project" (April 2008), and part of the debt of "Special Account for National Centers for Advanced and Specialized Medical Care" (April 2010) were attributed to the General Account, respectively.

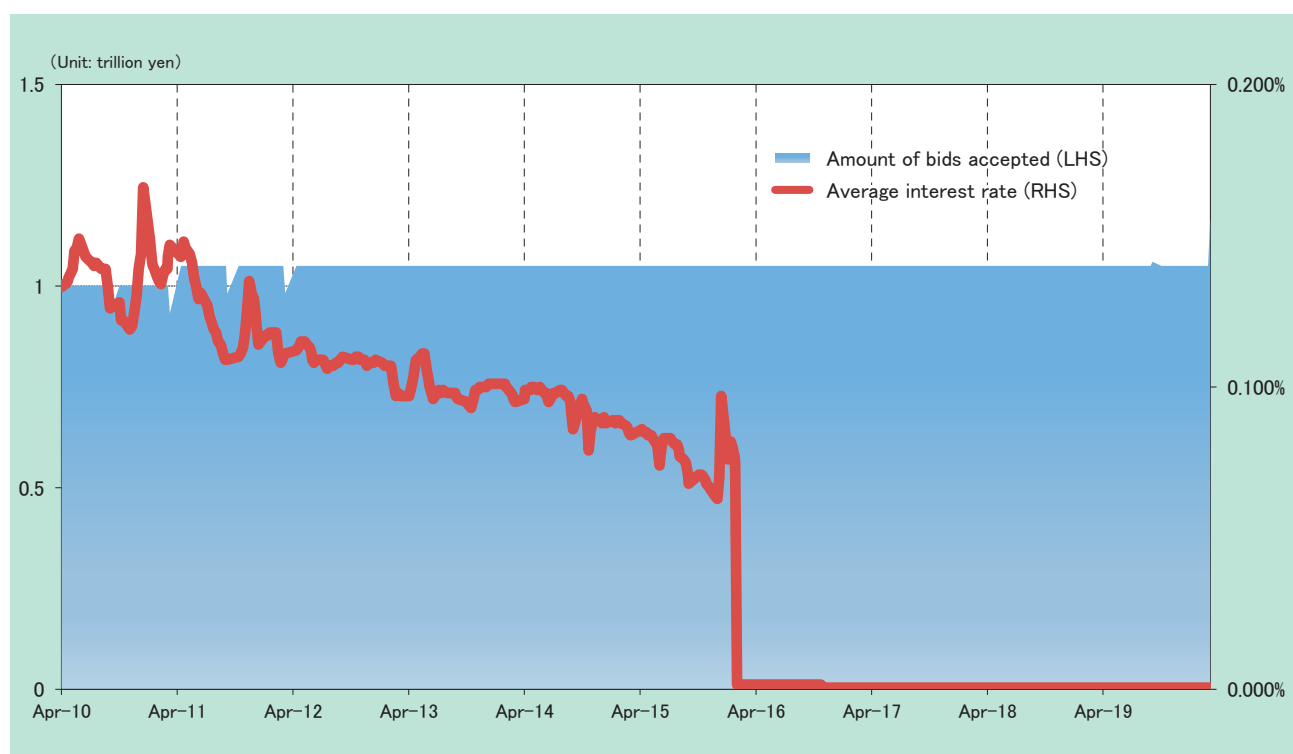
Note 2: These loans were made from local governments.

Note 3: Figures may not sum up to the total because of rounding.

### (3) Outstanding Amount of Borrowings of the Special Account for Local Allocation Tax



### (4) Amount of Bids Accepted and Average Interest Rate at Each Auction by the Special Account for Local Allocation Tax



## (5) Auction Results of the Borrowings of the Special Account for Local Allocation Tax in FY2019

Auction Date	Borrowing Date	Maturity Date	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Interest Rate	Highest Interest Rate
4/4/19	4/12/19	10/11/19	29,852.8	1,050.020	0.000%	0.000%
4/10/19	4/19/19	10/18/19	29,787.2	1,050.008	0.000%	0.000%
4/17/19	4/26/19	10/25/19	29,097.8	1,050.008	0.000%	0.000%
4/19/19	5/7/19	11/5/19	27,585.5	1,050.003	0.000%	0.000%
4/24/19	5/10/19	11/8/19	27,884.8	1,050.005	0.000%	0.000%
5/8/19	5/16/19	11/15/19	25,677.8	1,050.022	0.000%	0.000%
5/15/19	5/24/19	11/22/19	26,024.4	1,050.016	0.000%	0.000%
5/22/19	5/31/19	11/29/19	26,220.2	1,050.026	0.000%	0.000%
5/24/19	6/4/19	12/4/19	24,291.3	1,050.001	0.000%	0.000%
6/5/19	6/14/19	12/13/19	25,918.2	1,050.003	0.000%	0.000%
6/13/19	6/21/19	12/20/19	28,441.9	1,050.017	0.000%	0.000%
7/9/19	7/19/19	1/17/20	28,117.5	1,050.009	0.000%	0.000%
7/17/19	7/25/19	1/24/20	29,323.2	1,050.016	0.000%	0.000%
7/19/19	7/30/19	1/28/20	25,570.1	1,050.024	0.000%	0.000%
7/24/19	8/1/19	1/30/20	26,541.0	1,050.004	0.000%	0.000%
7/31/19	8/8/19	2/7/20	25,025.7	1,050.002	0.000%	0.000%
8/2/19	8/14/19	2/13/20	27,663.1	1,050.007	0.000%	0.000%
8/14/19	8/22/19	2/19/20	27,375.3	1,050.005	0.000%	0.000%
8/21/19	8/30/19	2/28/20	26,174.0	1,050.020	0.000%	0.000%
8/27/19	9/4/19	3/4/20	27,368.7	1,050.011	0.000%	0.000%
8/29/19	9/6/19	3/6/20	28,146.6	1,050.023	0.000%	0.000%
9/4/19	9/13/19	3/13/20	28,605.7	1,060.023	0.000%	0.000%
10/2/19	10/11/19	4/10/20	27,631.9	1,050.008	0.000%	0.000%
10/8/19	10/18/19	4/17/20	30,894.0	1,050.009	0.000%	0.000%
10/16/19	10/25/19	4/24/20	29,205.8	1,050.012	0.000%	0.000%
10/25/19	11/5/19	5/7/20	31,227.1	1,050.028	0.000%	0.000%
10/30/19	11/8/19	5/8/20	29,292.9	1,050.019	0.000%	0.000%
11/6/19	11/15/19	5/15/20	27,120.6	1,050.003	0.000%	0.000%
11/13/19	11/22/19	5/22/20	27,607.5	1,050.001	0.000%	0.000%
11/20/19	11/29/19	5/29/20	31,875.9	1,050.016	0.000%	0.000%
11/22/19	12/4/19	6/3/20	27,694.7	1,050.025	0.000%	0.000%
12/4/19	12/13/19	6/12/20	30,682.0	1,050.018	0.000%	0.000%
12/12/19	12/20/19	6/19/20	29,843.1	1,050.017	0.000%	0.000%
1/7/20	1/17/20	7/17/20	26,515.6	1,050.014	0.000%	0.000%
1/15/20	1/24/20	7/27/20	27,794.7	1,050.000	0.000%	0.000%
1/17/20	1/28/20	7/29/20	22,540.7	1,050.005	0.000%	0.000%
1/22/20	1/30/20	7/31/20	23,599.2	1,050.001	0.000%	0.000%
1/29/20	2/7/20	8/7/20	22,923.1	1,050.023	0.000%	0.000%
1/31/20	2/13/20	8/14/20	23,660.8	1,050.019	0.000%	0.000%
2/5/20	2/19/20	8/21/20	22,294.5	1,050.001	0.000%	0.000%
2/19/20	2/28/20	8/31/20	22,903.6	1,050.003	0.000%	0.000%
2/21/20	3/4/20	9/2/20	25,442.8	1,050.020	0.000%	0.000%
2/26/20	3/6/20	9/4/20	24,577.3	1,050.006	0.000%	0.000%
3/4/20	3/13/20	9/11/20	25,736.7	1,165.001	0.000%	0.000%

### (6) Auction Results of the Borrowings of the Special Account for the National Forest Debt Management in FY2019

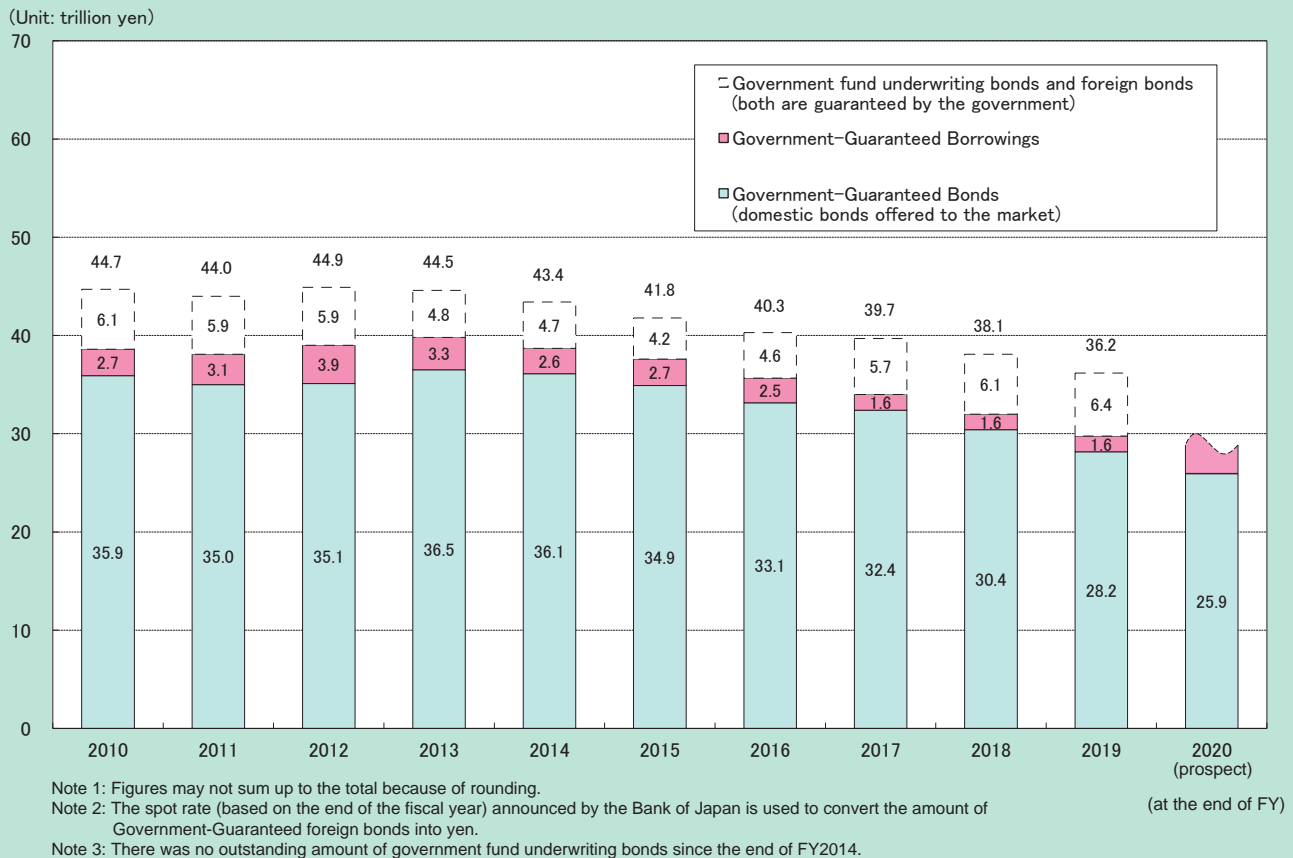
Auction Date	Borrowing Date	Maturity Date	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Interest Rate	Highest Interest Rate
5/17/19	5/27/19	5/25/24	239.2	61.400	0.000%	0.000%
8/16/19	8/26/19	8/25/24	339.3	96.400	0.000%	0.000%
11/15/19	11/25/19	11/25/24	295.5	81.800	0.000%	0.000%
2/14/20	2/25/20	2/25/25	242.5	96.200	0.000%	0.000%

### (7) Auction Results of the Borrowings of the Special Account for Energy Policy in FY2019

Auction Date	Borrowing Date	Maturity Date	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Interest Rate	Highest Interest Rate
4/12/19	4/22/19	4/20/20	16,572.8	849.989	0.000%	0.000%
5/10/19	5/20/19	5/20/20	13,731.5	849.995	0.000%	0.000%
6/11/19	6/20/19	6/22/20	15,130.2	749.994	0.000%	0.000%
7/11/19	7/22/19	7/20/20	13,976.8	699.998	0.000%	0.000%
8/9/19	8/20/19	8/20/20	13,579.3	649.988	0.000%	0.000%
9/10/19	9/20/19	9/23/20	12,985.7	699.984	0.000%	0.000%
10/10/19	10/21/19	10/20/20	13,911.3	649.999	0.000%	0.000%
11/8/19	11/20/19	11/20/20	11,409.0	649.996	0.000%	0.000%
12/10/19	12/20/19	12/21/20	12,451.0	599.992	0.000%	0.000%
1/9/20	1/20/20	1/20/21	10,177.0	499.996	0.000%	0.000%
2/7/20	2/20/20	2/22/21	9,910.0	499.998	0.000%	0.000%
3/11/20	3/23/20	3/22/21	11,110.0	499.994	0.000%	0.000%

### 3 Government-Guaranteed Debt

#### (1) Changes in the Outstanding Amount of Government-Guaranteed Debt



#### (2) Changes in the Issuance Amount of Government-Guaranteed Domestic Bonds Offered to the Market

(Unit: billion yen)

	40-Year Bonds	30-Year Bonds	20-Year Bonds	10-Year Bonds	9-Year Bonds	8-Year Bonds	7-Year Bonds	6-Year Bonds	5-Year Bonds	4-Year Bonds	3-Year Bonds	2-Year Bonds	Total
FY2010	—	90.0	240.0	1,877.3	—	—	—	220.0	200.0	610.0	—	960.0	4,197.3
FY2011	—	90.0	270.0	1,891.1	—	—	—	360.0	150.0	370.0	—	200.0	3,331.1
FY2012	—	90.0	360.0	2,462.1	—	—	—	535.0	—	820.0	25.0	430.0	4,722.1
FY2013	—	90.0	360.0	2,779.7	—	200.0	—	420.0	—	610.0	—	600.0	5,059.7
FY2014	—	120.0	400.0	2,005.7	—	—	—	414.0	—	550.0	—	730.0	4,219.7
FY2015	20.0	120.0	400.0	1,443.6	—	112.0	—	250.0	—	200.0	—	600.0	3,145.6
FY2016	40.0	160.0	400.0	746.9	—	120.0	—	370.0	—	440.0	—	830.0	3,106.9
FY2017	70.0	240.0	400.0	1,351.4	—	—	—	165.0	—	630.0	200.0	900.0	3,956.4
FY2018	100.0	280.0	402.0	754.1	13.0	—	—	155.0	—	550.0	100.0	750.0	3,104.1
FY2019	110.0	300.0	15.0	272.9	—	50.0	90.0	45.0	—	220.0	150.0	550.0	1,802.9
FY2020 (Plan)	70.0	—	70.0	143.4	—	—	130.0	—	—	430.0	250.0	610.0	1,703.4

Note: Apart from the plan shown above, Development Bank of Japan Inc. (DBJ) and Japan Finance Corporation (JFC) plan further issuances (maturity less than 5 years) depending on the progress of operations in FY2020. Maximum amounts of these further issuances are 100 billion yen for DBJ and JFC, respectively.



### (3) Breakdown of the Government-Guaranteed Debt by Agencies

#### A Government-Guaranteed Domestic Bonds

(Unit: billion yen)

	Outstanding (End of FY2018)	Issuance (FY2019)	Redemption (FY2019)	Outstanding (End of FY2019)	Planned Issuance (FY2020)	Planned Redemption (FY2020)
JFC	800.0	45.0	130.0	715.0	—	100.0
JEHDRA	17,104.6	520.0	1,493.1	16,131.5	120.0	1,350.0
New Kansai International Airport Co., Ltd.	330.0	—	15.5	314.5	—	18.0
DBJ Inc.	1,790.0	250.0	200.0	1,840.0	150.0	270.0
DICJ	1,700.0	570.0	400.0	1,870.0	580.0	600.0
BSPC	850.0	—	450.0	400.0	400.0	400.0
NDF	800.0	250.0	250.0	800.0	250.0	250.0
CREB	20.0	—	—	20.0	—	—
PFIPCJ	18.0	50.0	—	68.0	40.0	—
JOIN	—	—	—	—	41.9	—
JICT	—	—	—	—	14.2	—
Organization for Promoting Urban Development	38.8	15.0	—	53.8	30.0	—
CJIAC	144.4	2.9	4.6	142.7	17.3	20.8
JFM	6,809.2	100.0	1,113.9	5,795.3	60.0	932.4
Total	30,405.0	1,802.9	4,057.1	28,150.8	1,703.4	3,941.2

#### B Government-Guaranteed Borrowings

	Outstanding (End of FY2018)	Borrowings (FY2019)	Repayment (FY2019)	Outstanding (End of FY2019)
FPP	325.2	64.9	100.1	290.0
AFFCF	2.0	—	2.0	—
JRTT	11.8	4.1	11.8	4.1
JOGMEC	481.5	672.4	481.5	672.4
DICJ	291.0	93.2	291.0	93.2
JIC	310.0	335.0	310.0	335.0
NDF	200.0	200.0	200.0	200.0
CREB	3.6	7.2	7.2	3.6
PFIPCJ	15.0	—	15.0	—
Organization for Promoting Urban Development	5.8	—	—	5.8
Total	1,645.9	1,376.8	1,418.6	1,604.1

Note 1: Figures may not sum up to the total because of rounding.

Note 2: Apart from the plan shown above, Development Bank of Japan Inc. (DBJ) and Japan Finance Corporation (JFC) plan further issuances (maturity less than 5 years) depending on the progress of operations in FY2020. Maximum amounts of these further issuances are 100 billion yen for DBJ and JFC, respectively.

Note 3: Calculation are on a nominal value basis.

## (4) Issuance Calendar of Government-Guaranteed Domestic Bonds by Agencies in FY2019

### 10-Year Bonds

Offering price (yen), Issuance amount (billion yen)

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
JFC	30.0													—
JEHDRA	120.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	120.0
DBJ Inc.	50.0			25.0									25.0	50.0
JOIN	44.0													—
JICT	6.5													—
Organization for Promoting Urban Development	15.0													—
CJIAC	3.4												2.9	2.9
JFM	100.0	20.0			20.0			20.0		20.0	20.0			100.0
Nominal Coupon		0.040%	0.040%	0.005%	0.001%	0.001%	0.001%	0.001%	0.005%	0.070%	0.070%	0.025%	0.001%	
Offering Price		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Yield		0.040%	0.040%	0.005%	0.001%	0.001%	0.001%	0.001%	0.005%	0.070%	0.070%	0.025%	0.001%	

### 40-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
JEHDRA	100.0			25.0		25.0		25.0				25.0		100.0
Nominal Coupon				0.464%		0.350%		0.442%				0.432%		
Offering Price				100.00		100.00		100.00				100.00		
Yield				0.464%		0.350%		0.442%				0.432%		
DBJ Inc.	10.0									10.0				10.0
Nominal Coupon										0.479%				
Offering Price										100.00				
Yield										0.479%				

### 30-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
JEHDRA	300.0	40.0	40.0		40.0		40.0		30.0	40.0	30.0		40.0	300.0
Nominal Coupon		0.527%	0.542%		0.363%		0.297%		0.463%	0.422%	0.442%		0.306%	
Offering Price		100.00	100.00		100.00		100.00		100.00	100.00	100.00		100.00	
Yield		0.527%	0.542%		0.363%		0.297%		0.463%	0.422%	0.442%		0.306%	

### 20-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
Organization for Promoting Urban Development	15.0											15.0		15.0
Nominal Coupon												0.245%		
Offering Price												100.00		
Yield												0.245%		

### 8-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
PFIPCJ	50.0								50.0					50.0
Nominal Coupon									0.001%					
Offering Price									100.256					
Yield									-0.031%					

### 7-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
DBJ Inc.	90.0			30.0						30.0	30.0			90.0
Nominal Coupon				0.001%						0.001%	0.001%			
Offering Price				100.30						100.28	100.27			
Yield				-0.041%						-0.038%	-0.037%			

### 6-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
JFC	90.0							35.0					10.0	45.0
Nominal Coupon								0.001%					0.001%	
Offering Price								100.391					100.567	
Yield								-0.064%					-0.093%	

### 4-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
DICJ	220.0			80.0							140.0			220.0
Nominal Coupon				0.1%							0.1%			
Offering Price				100.72							100.66			
Yield				-0.079%							-0.064%			

### 3-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
NDF	150.0							150.0						150.0
Nominal Coupon								0.001%						
Offering Price								100.439						
Yield								-0.144%						

### 2-Year Bonds

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
DBJ Inc.	100.0												100.0	100.0
Nominal Coupon													0.001%	
Offering Price													100.28	
Yield													-0.138%	
DICJ	350.0				100.0	100.0		70.0	80.0					350.0
Nominal Coupon					0.1%	0.1%		0.1%	0.1%					
Offering Price					100.44	100.45		100.52	100.40					
Yield					-0.119%	-0.124%		-0.159%	-0.099%					
BSPC	450.0													—
Nominal Coupon														
Offering Price														
Yield														
NDF	100.0			100.0										100.0
Nominal Coupon				0.001%										
Offering Price				100.242										
Yield				-0.119%										

	FY2019 (Planned)	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2019 Total
Subtotal of 10-Year Bonds	368.9	30.0	10.0	35.0	30.0	10.0	10.0	30.0	10.0	30.0	30.0	10.0	37.9	272.9
Subtotal of 40-Year Bonds	110.0			25.0		25.0		25.0		10.0		25.0		110.0
Subtotal of 30-Year Bonds	300.0	40.0	40.0		40.0		40.0		30.0	40.0	30.0		40.0	300.0
Subtotal of 20-Year Bonds	15.0											15.0		15.0
Subtotal of 8 -Year Bonds	50.0								50.0					50.0
Subtotal of 7 -Year Bonds	90.0			30.0						30.0	30.0			90.0
Subtotal of 6 -Year Bonds	90.0							35.0					10.0	45.0
Subtotal of 4 -Year Bonds	220.0			80.0							140.0			220.0
Subtotal of 3 -Year Bonds	150.0							150.0						150.0
Subtotal of 2 -Year Bonds	1,000.0			100.0	100.0	100.0		70.0	80.0				100.0	550.0
Total	2,393.9	70.0	50.0	270.0	170.0	135.0	50.0	310.0	170.0	110.0	230.0	50.0	187.9	1,802.9

Note: Calculation are on a nominal value basis.

## (5) Outstanding Amount of Government-Guaranteed Foreign Bonds-Breakdown by Denomination and by Agencies (as of the end of FY2019)

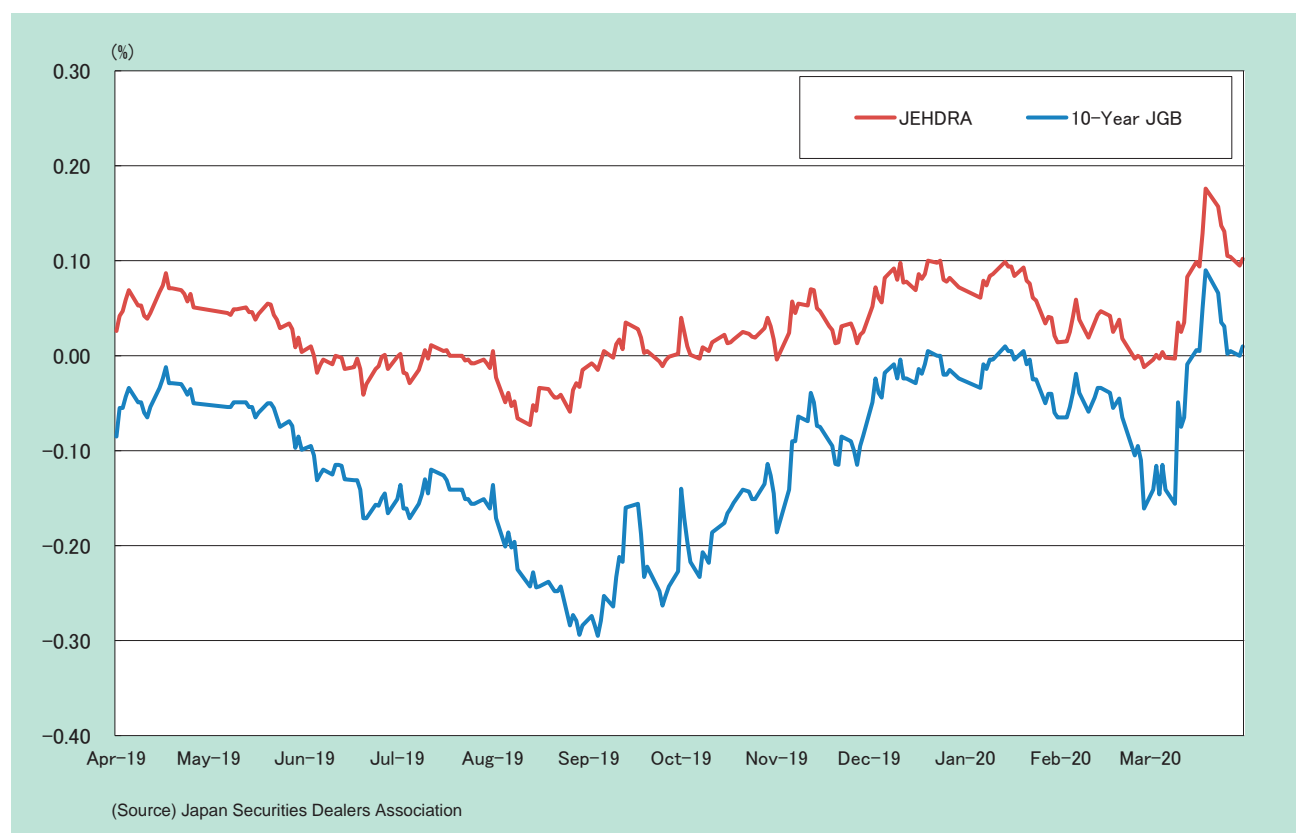
	US \$ (million)	Euro € (million)	UK £ (million)	JPY ¥ (billion)	Total <Conversion in JPY by Government Expenditure and Accounting Rate> (billion yen)
JBIC	43,550		425		4,853.4
JICA	1,500				165.0
DBJ Inc.	9,100	700		280.0	1,372.7
JFM	1,000				110.0
Total	55,150	700	425	280.0	6,501.1

( Reference ) Government Expenditure and Accounting Rate (FY2019)	US \$ 1 = ¥ 110	€ 1 = ¥ 131	£ 1 = ¥ 148
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Note 1: Figures may not sum up to the total because of rounding.

Note 2: "Government Expenditure Rate" is the foreign exchanged rate specified by Article 11-2(4) of the Government Expenditure Regulations of the Ministry of Finance. "Government Accounting Rate" is the foreign exchanged rate specified by Article 14 and 16 of the Government Accounting Regulations of the Ministry of Finance.

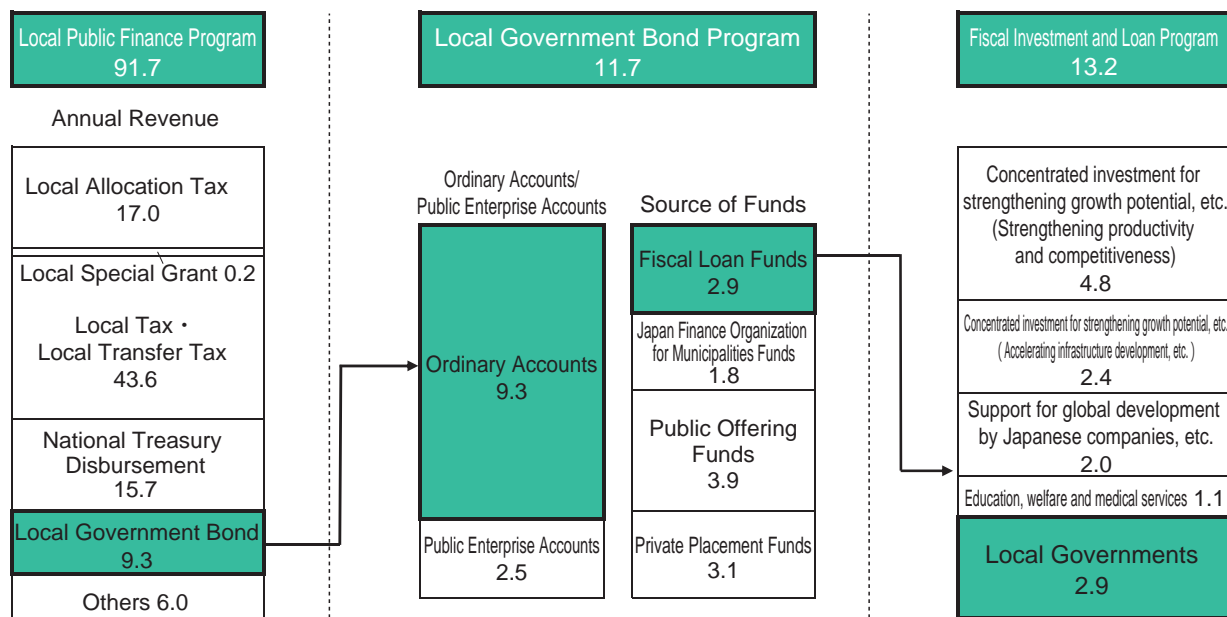
## (6) Yields of 10-Year Government-Guaranteed Bonds in FY2019



# Chapter 3 Other Public Debt

## 1 Local Government Bonds (LGBs)

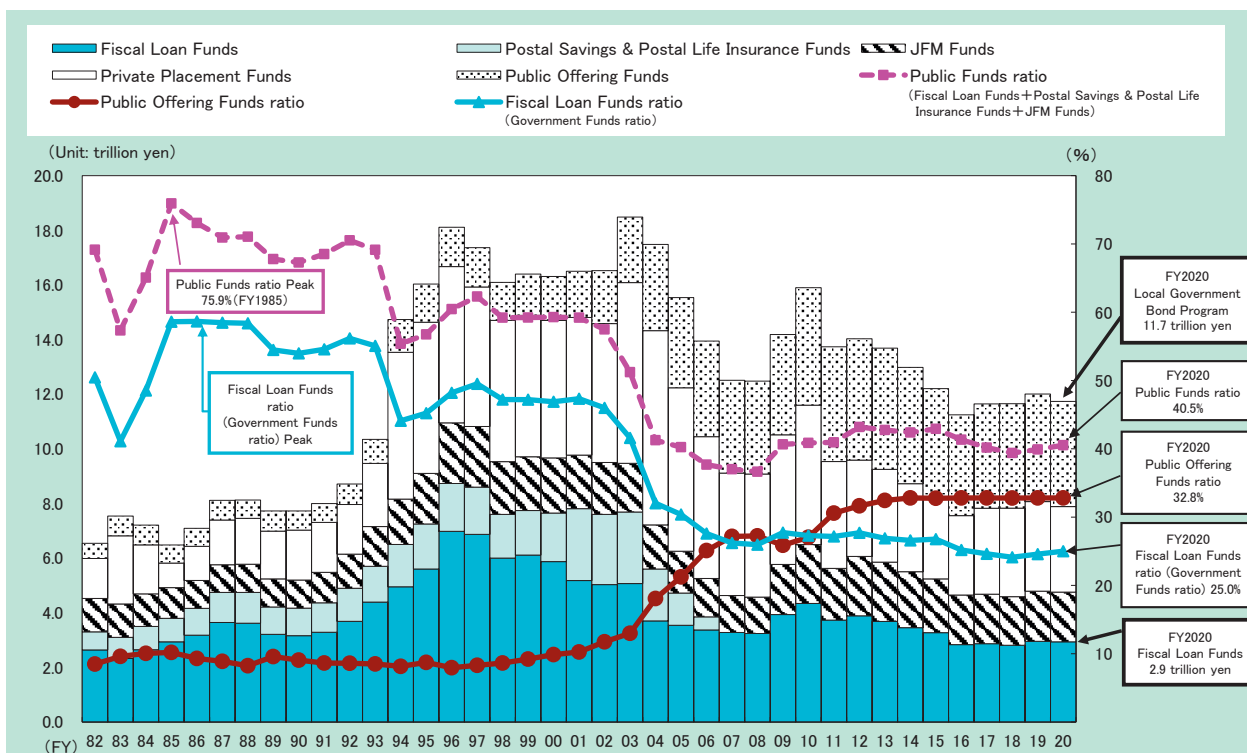
### (1) Overview of LGB Program in FY2020



Note: Figures may not sum up to total because of rounding.

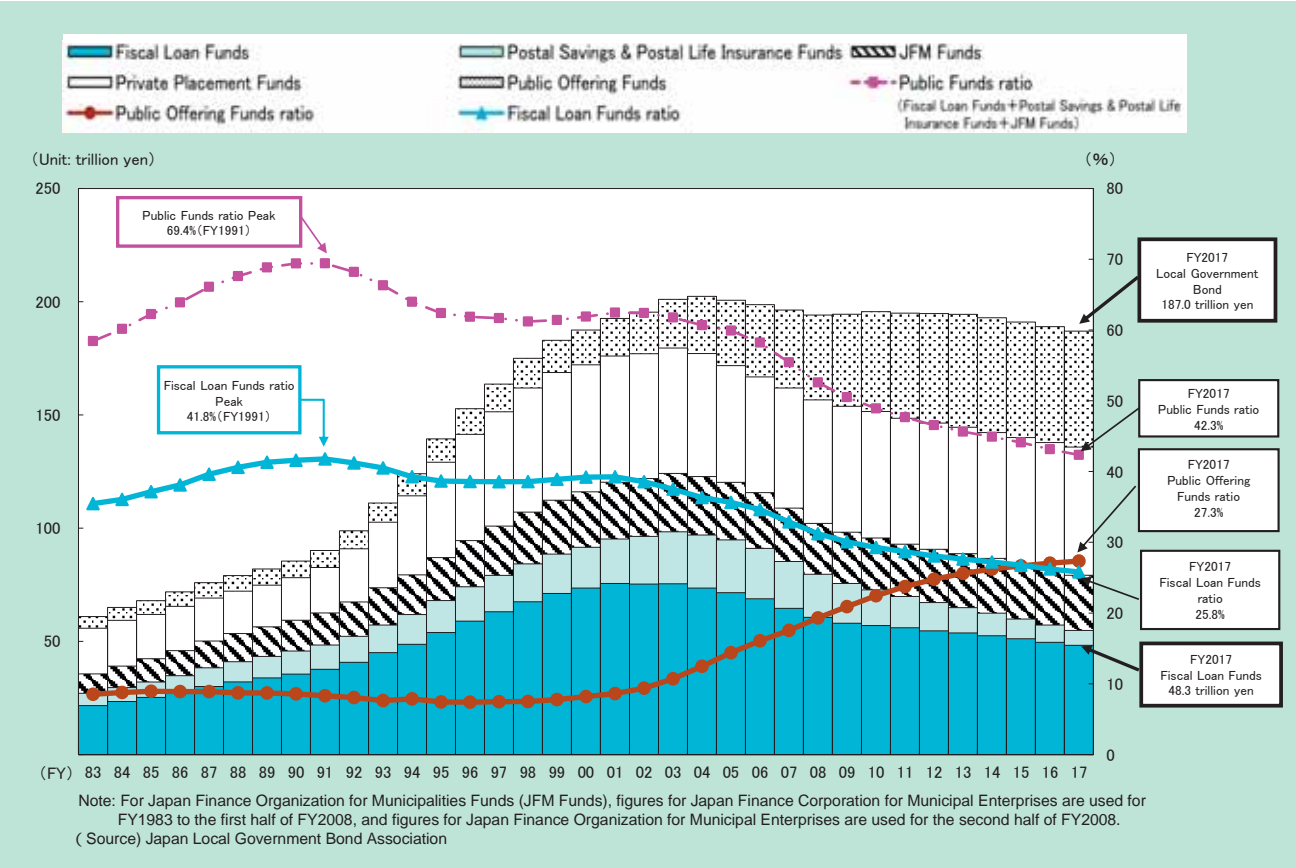
(Unit: trillion yen)

### (2) LGB Program-Breakdown by Funding Resources



Note 1: For Japan Finance Organization for Municipalities Funds (JFM Funds), figures for Japan Finance Corporation for Municipal Enterprises are used for FY1982 to the first half of FY2008, and figures for Japan Finance Organization for Municipal Enterprises are used for the second half of FY2008.  
Note 2: Government Funds includes Postal Savings & Postal Life Insurance Funds until the end of FY2006.  
(Source) LGB Program of each year

(3) Outstanding Amount of LGB Program-Breakdown by Funding Resources



#### (4) Issuance Conditions of Public Offering LGBs in FY2019

	Public Offering LGBs						(Reference)			(Reference)		
	10-Year Bonds						JGBs (Long term)			Government-Guaranteed Bonds		
	Joint-LGBs			Tokyo			10-Year Bonds			10-Year Bonds		
	Nominal Coupon (%)	Offering Price (yen)	Yield to Subscribers (%)	Nominal Coupon (%)	Offering Price (yen)	Yield to Subscribers (%)	Nominal Coupon (%)	Average Price (yen)	Yield at Average Price (%)	Nominal Coupon (%)	Offering Price (yen)	Yield to Subscribers (%)
2019 April	0.100	100.00	0.100	0.075	100.00	0.075	0.1	101.61	0.060	0.040	100.00	0.040
May	0.110	100.00	0.110	0.075	100.00	0.075	0.1	101.59	0.060	—	—	—
June	0.029	100.00	0.029	0.050	100.00	0.050	0.1	102.04	0.106	—	—	—
July	0.060	100.00	0.060	0.050	100.00	0.050	0.1	102.42	0.139	0.001	100.00	0.001
August	0.060	100.00	0.060	0.050	100.00	0.050	0.1	102.53	0.152	—	—	—
September	0.050	100.00	0.050	0.040	100.00	0.040	0.1	103.68	0.265	—	—	—
October	0.050	100.00	0.050	0.040	100.00	0.040	0.1	102.62	0.158	0.001	100.00	0.001
November	0.070	100.00	0.070	0.040	100.00	0.040	0.1	101.99	0.099	—	—	—
December	0.115	100.00	0.115	0.116	100.00	0.116	0.1	101.40	0.042	0.070	100.00	0.070
2020 January	0.130	100.00	0.130	0.120	100.00	0.120	0.1	101.05	0.005	0.070	100.00	0.070
February	0.095	100.00	0.095	0.080	100.00	0.080	0.1	101.50	0.051	—	—	—
March	0.050	100.00	0.050	0.085	100.00	0.085	0.1	101.98	0.100	—	—	—

Note: Government-Guaranteed Bonds is placed results data of JFM bonds.  
(Sources) Ministry of Finance, Japan Local Government Bond Association

#### (5) Issuance Amount of Public Offering LGBs

(Unit: billion yen)

	Nationwide Public Offering LGBs							Citizen Participatory- Type Public Offering LGBs
	10-Year Bonds		2 or 3-Year Bonds	5-Year Bonds	6 or 7-Year Bonds	12,15,18,20,25 or 30- Year Bonds	Total	
	Independent-Type	Joint-Type						
FY2009	3,210.0	1,390.0	108.0	1,408.0	—	996.0	7,112.0	248.8
FY2010	3,125.0	1,620.0	90.0	1,492.0	50.0	861.0	7,238.0	244.1
FY2011	2,618.0	1,536.0	70.0	1,326.0	30.0	859.0	6,439.0	213.7
FY2012	2,616.0	1,515.0	70.0	1,230.0	90.0	853.0	6,374.0	202.8
FY2013	2,863.0	1,517.0	135.0	1,258.0	101.0	984.0	6,858.0	186.4
FY2014	2,693.0	1,474.0	116.0	1,242.0	70.0	1,224.0	6,819.0	174.6
FY2015	2,710.0	1,421.0	60.0	1,171.0	60.0	1,211.0	6,633.0	148.6
FY2016	2,579.0	1,204.0	—	1,010.0	—	1,429.0	6,222.0	37.3
FY2017	2,241.0	1,206.0	—	1,060.0	—	1,586.0	6,093.0	17.0
FY2018	2,348.0	1,207.0	—	1,074.0	—	1,672.0	6,301.0	20.9
FY2019	2,373.0	1,237.0	—	1,168.0	—	1,667.0	6,445.0	15.3

Note 1: 3-Year Bonds were not issued in FY2012 and FY2015.  
Note 2: 6-Year Bonds were not issued in FY2010, FY2011, FY2014 and FY2015.  
Note 3: 15-Year Bonds were not issued in FY2008 and FY2009.  
Note 4: 12-Year Bonds were not issued in FY2008-FY2011 and FY2016-FY2019.  
Note 5: 18-Year Bonds were not issued in FY2008-FY2013 and FY2015-FY2019.  
Note 6: 25-Year Bonds were not issued in FY2008-FY2015.  
(Source) Japan Local Government Bond Association



## 2 Debt of Incorporated Administrative Agencies, etc.

### (1) FY2020 FILP Plan

( Unit: billion yen )

Section	Fiscal Loan	Industrial Investment	Government Guarantee	Total Amount of FILP Financing	(Reference) Own Funds, etc.
<b>&lt;Special Accounts&gt;</b>					
Special Account for Stable Supply of Food	1.2	-	-	1.2	18.9
Special Account for Energy Policy	9.5	-	-	9.5	1,434.2
<b>&lt;Government Financial Institutions&gt;</b>					
Japan Finance Corporation	3,647.0	21.4	-	3,668.4	(300.0) 1,442.3
The Okinawa Development Finance Corporation	124.8	1.8	-	126.6	(10.0) 36.2
Japan Bank for International Cooperation	281.0	80.0	882.5	1,243.5	(20.0) 1,156.5
Japan International Cooperation Agency (Incorporated Administrative Agency)	505.1	-	66.0	571.1	(80.0) 828.9
<b>&lt;Incorporated Administrative Agencies, etc.&gt;</b>					
The Promotion and Mutual Aid Corporation for Private Schools of Japan	29.1	-	-	29.1	33.4
Japan Student Services Organization (Incorporated Administrative Agency)	658.5	-	-	658.5	(120.0) 84.7
Welfare And Medical Service Agency (Incorporated Administrative Agency)	259.4	-	-	259.4	(20.0) 23.1
National Hospital Organization (Incorporated Administrative Agency)	62.7	-	-	62.7	4.4
National Cancer Center Japan (National Research and Development Agency)	2.7	-	-	2.7	-
National Center for Child Health and Development (National Research and Development Agency)	4.8	-	-	4.8	-
National Center for Geriatrics and Gerontology (National Research and Development Agency)	0.2	-	-	0.2	-
National Institution for Academic Degrees and Quality Enhancement of Higher Education (Incorporated Administrative Agency)	45.6	-	-	45.6	(5.0) 4.3
Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency)	156.8	3.4	-	160.2	(105.6) 234.9
Japan Housing Finance Agency (Incorporated Administrative Agency)	50.1	-	-	50.1	(2,915.1) 2,599.1
Urban Renaissance Agency (Incorporated Administrative Agency)	433.9	-	-	433.9	(80.0) 924.0
Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency)	860.0	-	120.0	980.0	(200.0) 5,153.2
Japan Water Agency (Incorporated Administrative Agency)	3.0	-	-	3.0	(5.0) 126.8
Forest Research and Management Organization (National Research and Development Agency)	5.6	-	-	5.6	30.4
Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency)	0.8	34.4	-	35.2	89.0
<b>&lt;Local Governments&gt;</b>					
Local Governments	2,934.6	-	-	2,934.6	8,801.4
<b>&lt;Special Corporations&gt;</b>					
Development Bank of Japan Inc.	450.0	100.0	350.0	900.0	(610.0) 1,700.0
Japan Investment Corporation	-	100.0	-	100.0	230.0
East Nippon Expressway Co., Ltd.	103.0	-	-	103.0	(490.0) 527.7
Central Nippon Expressway Co., Ltd.	103.0	-	-	103.0	(600.0) 645.0
West Nippon Expressway Co., Ltd.	54.0	-	-	54.0	(420.0) 520.8
Narita International Airport Corporation	400.0	-	-	400.0	354.9
Organization for Promoting Urban Development	-	-	30.0	30.0	10.0
Central Japan International Airport Co., Ltd.	-	-	17.3	17.3	11.6
Private Finance Initiative Promotion Corporation of Japan	-	-	40.0	40.0	35.0
Cool Japan Fund Inc.	-	23.0	-	23.0	17.0
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development	-	60.4	60.6	121.0	6.0
Fund Corporation for the Overseas Development of Japan s ICT and Postal Services Inc.	-	26.6	15.7	42.3	-
<b>Total</b>	<b>11,186.4</b>	<b>451.0</b>	<b>1,582.1</b>	<b>13,219.5</b>	<b>(5,980.7)</b>

Note 1: Figures are based on the initial plan of FY2020.

Note 2: For " (Reference) Own Funds, etc. ", figures in ( ) are the amounts procured by the issuance of FILP agency bonds, public bonds without Government Guarantees issued by individual incorporated administrative agencies, etc. in private financial markets.

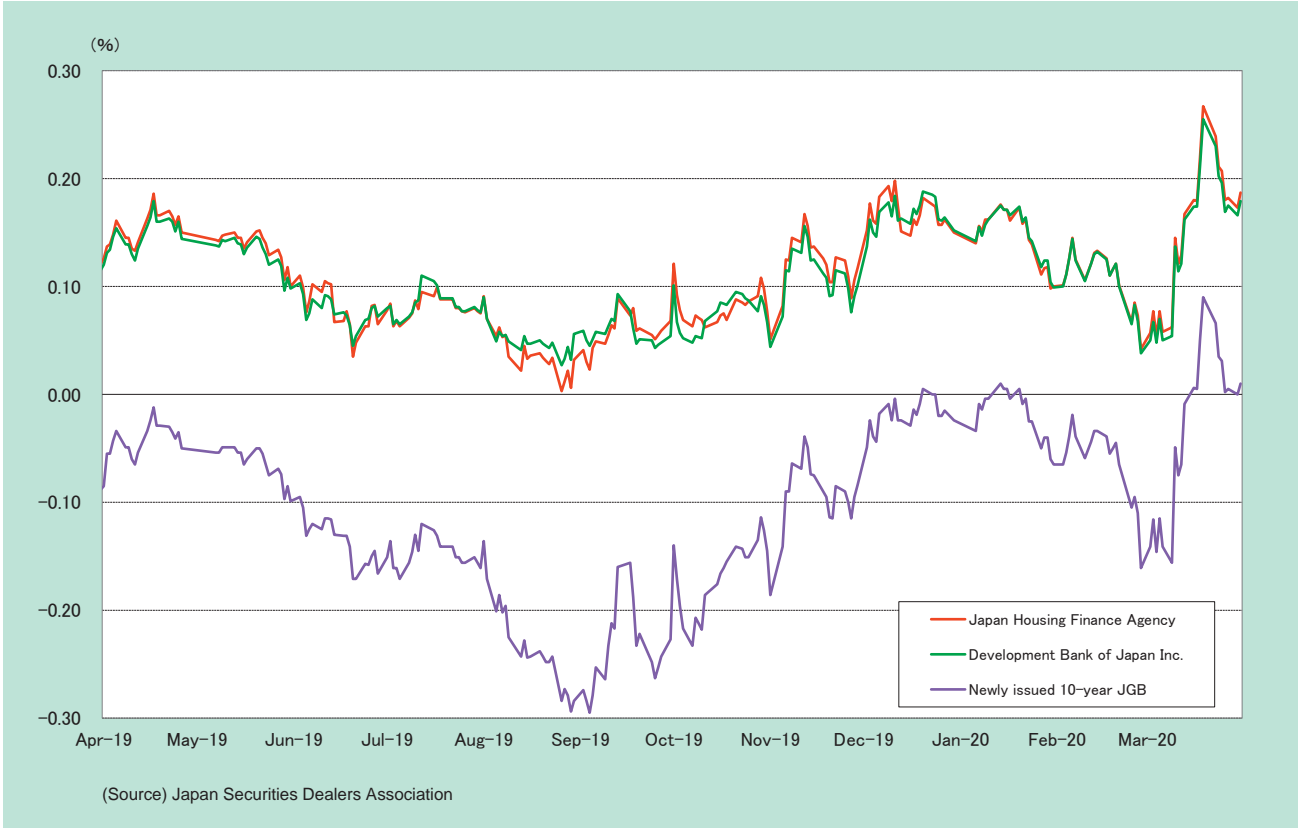
## (2) Planned and Actual Issuance Amount of FILP Agency Bonds

(Unit: billion yen)

Section	Amount			
	FY2018		FY2019	FY2020
	Planned Issuance	Results	Planned Issuance	Planned Issuance
Japan Finance Corporation	320.0	235.0	320.0	300.0
Micro Business and Individual Operations	170.0	140.0	170.0	170.0
Small and Medium Enterprise Operations	100.0	45.0	100.0	100.0
Agriculture, Forestry, Fisheries and Food Business Operations	50.0	50.0	50.0	30.0
The Okinawa Development Finance Corporation	30.0	30.0	20.0	10.0
Japan Bank for International Cooperation	60.0	-	20.0	20.0
Japan International Cooperation Agency (Incorporated Administrative Agency)	80.0	60.0	80.0	80.0
Japan Housing Finance Agency (Incorporated Administrative Agency)	2,604.8	2,568.9	3,077.0	2,915.1
Including Straight Bonds	560.0	560.0	560.0	690.0
Asset Backed Securities	2,044.8	2,008.9	2,517.0	2,225.1
Urban Renaissance Agency (Incorporated Administrative Agency)	50.0	140.0	120.0	80.0
Japan Water Agency (Incorporated Administrative Agency)	4.0	4.0	5.0	5.0
Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency)	141.1	142.1	117.0	105.6
Welfare And Medical Service Agency (Incorporated Administrative Agency)	30.0	25.0	20.0	20.0
National Hospital Organization (Incorporated Administrative Agency)	19.0	-	-	-
National Institution for Academic Degrees and Quality Enhancement of Higher Education (Incorporated Administrative Agency)	5.0	5.0	7.0	5.0
Japan Student Services Organization (Incorporated Administrative Agency)	120.0	120.0	120.0	120.0
Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency)	330.0	303.4	230.0	200.0
East Nippon Expressway Co., Ltd.	Out of FILP Plan	Out of FILP Plan	Out of FILP Plan	490.0
Central Nippon Expressway Co., Ltd.	Out of FILP Plan	Out of FILP Plan	Out of FILP Plan	600.0
West Nippon Expressway Co., Ltd.	Out of FILP Plan	Out of FILP Plan	Out of FILP Plan	420.0
New Kansai International Airport Co., Ltd.	15.9	65.0	10.0	Out of FILP Plan
Central Japan International Airport Co., Ltd.	17.1	15.0	14.8	-
Development Bank of Japan Inc.	550.0	451.8	580.0	610.0
<b>Total</b>	<b>4,376.9</b>	<b>4,165.2</b>	<b>4,740.8</b>	<b>5,980.7</b>
<b>【 Number of Agencies 】</b>	<b>【 16 】</b>	<b>【 14 】</b>	<b>【 15 】</b>	<b>【 16 】</b>
Including Straight Bonds	2,332.1	2,156.3	2,223.8	3,755.6
Asset Backed Securities	2,044.8	2,008.9	2,517.0	2,225.1

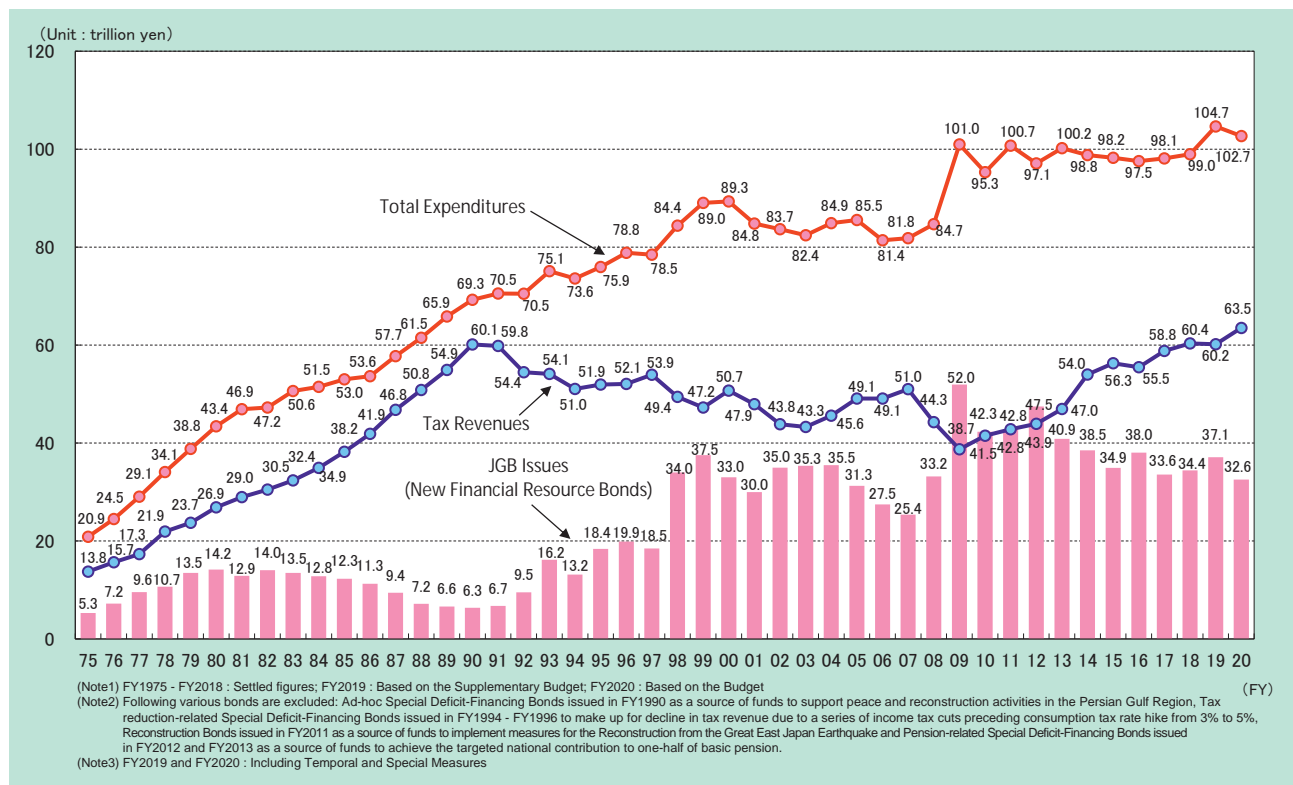
Note: Amounts are calculated on a nominal value basis.

(3) Yields of 10-Year FILP Agency Bonds in FY2019

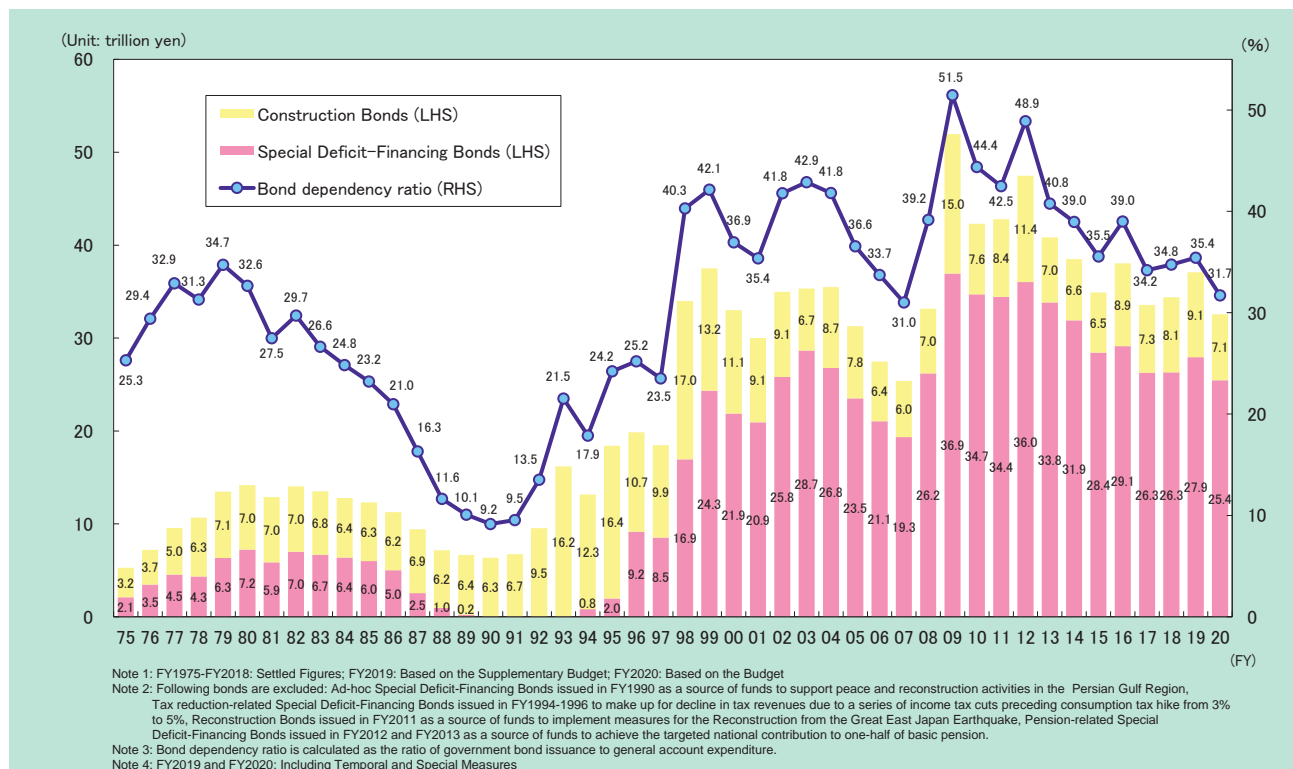


# 【Supplement】Fiscal Conditions and Debt Outstandings

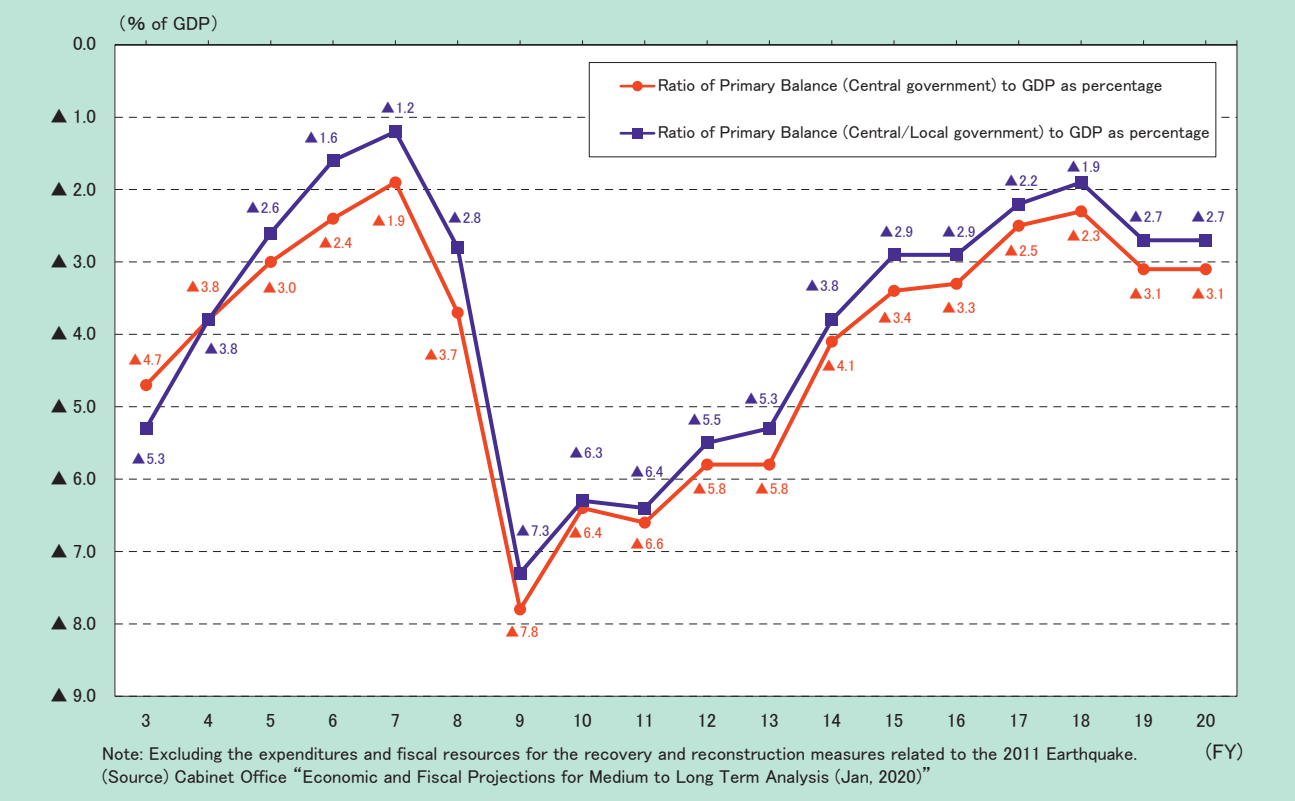
## (1) Trends in General Account Tax Revenues, Total Expenditures and Government Bond Issuances



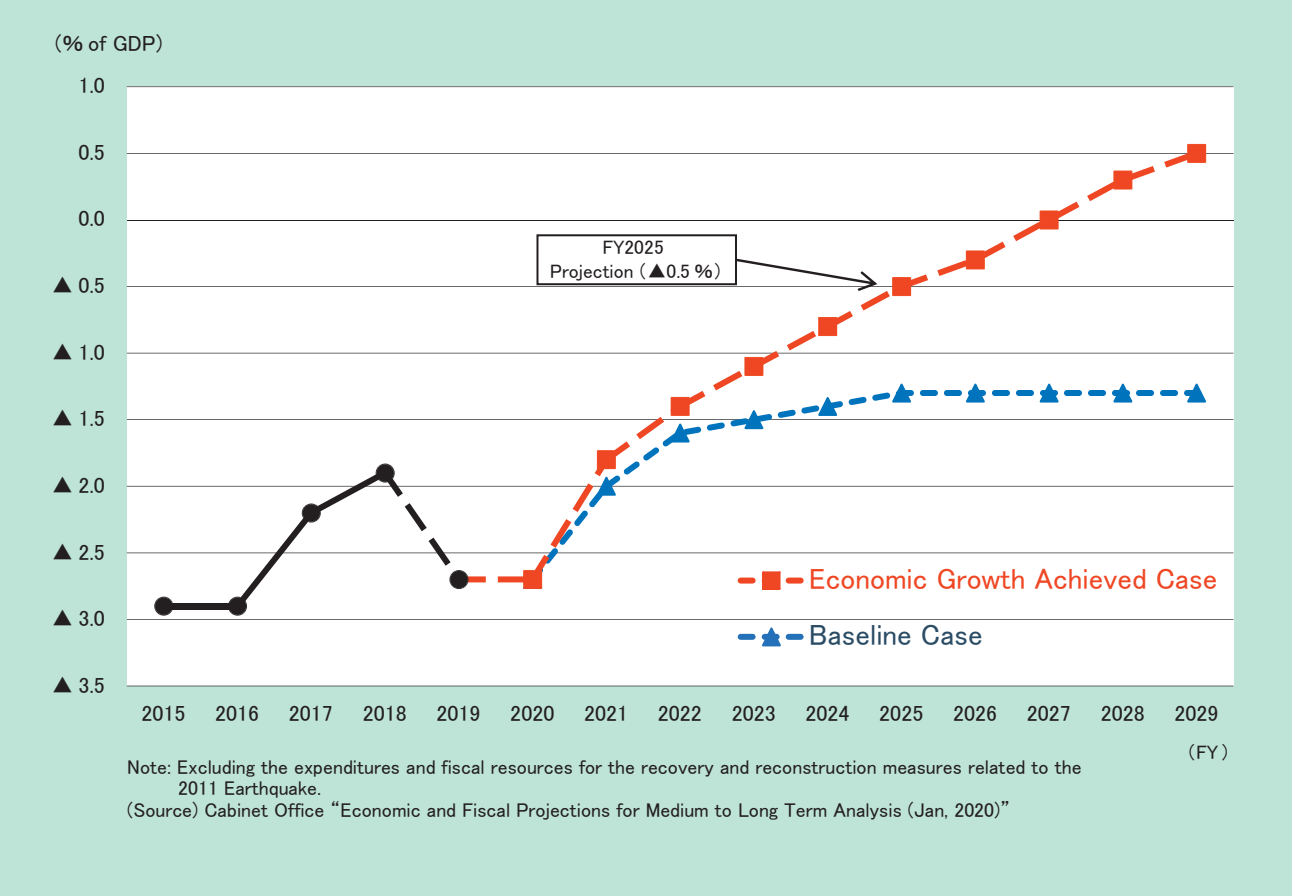
## (2) Government Bond Issuances and Bond Dependency Ratio



(3) Changes in Ratio of Primary Balance to GDP



(4) Projections in Primary Balance (Central and Local government basis ; percentage of GDP)



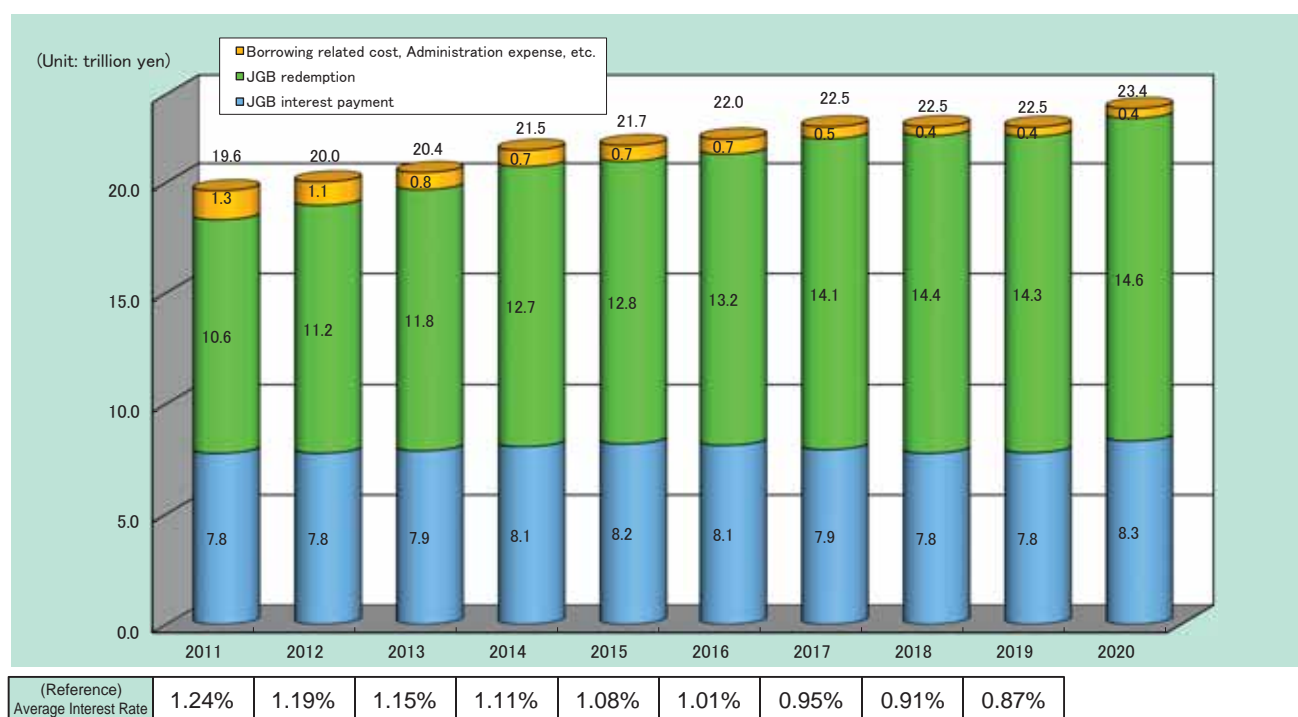
## (5) Government Debt-related Expenditures in the General Account-Breakdown by Categories (FY2020)

(Unit: billion yen)

Category	FY2019 (Initial)	FY2020 (Initial)	Changes
Debt Redemption Expenses	14,658.0	14,931.6	273.5
JGB Redemption	14,301.8	14,588.8	287.0
Transfer Fund by the 60-Year Redemption Rule	13,495.9	13,834.7	338.8
Transfer Fund Equivalent to Income from Special Account for Social Infrastructure Improvement	67.7	60.6	▲7.0
Transfer Fund by the Budget	738.2	693.5	▲44.7
Borrowing Redemption	356.2	342.7	▲13.5
Transfer Fund by the 60-Year Redemption Rule	177.5	168.2	▲9.3
Transfer Fund by the Budget	178.7	174.6	▲4.2
Interest Payment and Discount Expenses	8,815.3	8,390.4	▲424.9
JGB Interest Payment	8,739.8	8,316.0	▲423.8
Borrowing Interest Payment	15.5	14.4	▲1.1
Financing Bills Discount Expense	60.0	60.0	-
Administration Expense	34.9	29.6	▲5.3
Total	23,508.2	23,351.5	▲156.7

Note: Figures may not sum up to the total because of rounding.

## (6) Historical Changes in Government Debt-related Expenditures



Note 1: Figures may not sum up the total because of rounding.

Note 2: FY2011-FY2018: settlement; FY2019: supplementary budget; FY2020: initial budget.

Note 3: FY2011: Reconstruction Bonds-related expenditures are excluded.

Note 4: Average coupon is the weighted average of the nominal rate on coupon-bearing JGBs.

## (7) Projection of the FY2020 Budget Impact on Following Year's Expenditure and Revenue

[CASE 1]【Case of 3.0% nominal economic growth rate】

(Unit: trillion yen)

		FY2019	FY2020	FY2021	FY2022	FY2023
Expenditure	Central Debt Service Cost	23.5	23.4	24.6	25.6	26.6
	Interest Payment	8.8	8.4	9.3	10.1	10.8
	Primary Balance Expenditure	77.9	79.3	79.3	81.0	82.3
	Social Security-Related Expenditure	34.1	35.9	36.5	37.7	38.7
	Local Allocation Tax Grants, etc.	16.0	15.8	16.2	16.8	17.3
	Others	27.8	27.6	26.5	26.6	26.3
	Total Expenditure	101.5	102.7	103.9	106.6	109.0
Tax Revenue, etc.	Tax Revenue	62.5	63.5	65.4	67.6	69.9
	Other Revenues	6.3	6.6	5.8	5.8	5.8
	Total Revenue	68.8	70.1	71.3	73.5	75.7
	Difference of Balance ( - )	32.7	32.6	32.6	33.2	33.2
	Primary Balance	▲ 9.2	▲ 9.2	▲ 8.0	▲ 7.6	▲ 6.6
	Fiscal Balance	▲ 18.0	▲ 17.6	▲ 17.3	▲ 17.7	▲ 17.4

Note: FY2019: Initial budget; FY2020: budget; FY2021-FY2023: Projections based on the systems and policies underlying the FY2020 budget

a) Figures are mechanically estimated.

b) " Social Security-Related Expenditure" for FY2021 and the following years are estimated by adding the expenditure for the enhancement of social security associated with implementation of the "Comprehensive Reform of Social Security and Tax" and "New Economic Policy Package" to the expenditure projected based on the systems and policies underlying the FY2020 budget.

c) " Social Security-Related Expenditure" and " Others" in FY2019 is re-estimated for the comparison with the FY2020 Budget.

[CASE 2]【Case of 1.5% nominal economic growth rate】

(Unit: trillion yen)

		FY2019	FY2020	FY2021	FY2022	FY2023
Expenditure	Central Debt Service Cost	23.5	23.4	24.6	25.6	26.5
	Interest Payment	8.8	8.4	9.3	10.0	10.7
	Primary Balance Expenditure	77.9	79.3	79.0	80.3	81.1
	Social Security-Related Expenditure	34.1	35.9	36.5	37.6	38.5
	Local Allocation Tax Grants, etc.	16.0	15.8	16.0	16.3	16.5
	Others	27.8	27.6	26.4	26.4	26.1
	Total Expenditure	101.5	102.7	103.6	105.8	107.6
Tax Revenue, etc.	Tax Revenue	62.5	63.5	64.4	65.5	66.6
	Other Revenues	6.3	6.6	5.8	5.8	5.8
	Total Revenue	68.8	70.1	70.2	71.3	72.4
	Difference of Balance ( - )	32.7	32.6	33.4	34.5	35.2
	Primary Balance	▲ 9.2	▲ 9.2	▲ 8.7	▲ 9.0	▲ 8.7
	Fiscal Balance	▲ 18.0	▲ 17.6	▲ 18.0	▲ 19.0	▲ 19.4

Note: FY2019: Initial budget; FY2020: Budget; FY2021-FY2023: Projections based on the systems and policies underlying the FY2020 budget

a) Figures are mechanically estimated.

b) " Social Security-Related Expenditure" for FY2021 and the following years are estimated by adding the expenditure for the enhancement of social security associated with implementation of the "Comprehensive Reform of Social Security and Tax" and "New Economic Policy Package" to the expenditure projected based on the systems and policies underlying the FY2020 budget.

c) " Social Security-Related Expenditure" and " Others" in FY2019 is re-estimated for the comparison with the FY2020 Budget.



[Reference] Projections of various interest rate assumptions  
(Sensitivity analyses based on [Case-1])

Difference in Debt Service Cost for various interest rate assumptions

(unit : trillion yen), ( ) for the amount of Debt Service Cost

interest rate (Difference from [Case-1])	FY2021	FY2022	FY2023
+ 2 %	+ 1.6 ( 26.2 )	+ 3.8 ( 29.3 )	+ 6.3 ( 32.9 )
+ 1 %	+ 0.8 ( 25.4 )	+ 1.9 ( 27.5 )	+ 3.1 ( 29.7 )
- 1 %	▲ 0.8 ( 23.8 )	▲ 1.8 ( 23.8 )	▲ 2.9 ( 23.7 )

Note : The interest rate for FY2020 in [Case-1] is based on FY2020 budget, and the rates after FY2021 are calculated reflecting implied forward rates.

## (8) Cash-flow Projections of the GDCF

(Unit: billion yen)

	JGB Outstanding at the end of FY	Interest Payments, etc.	Redemption Amount	Issuance of Refunding Bonds
FY2020	900,370.0	8,540.0	120,810.0	106,290.0
FY2021	919,030.0	9,480.0	109,460.0	94,570.0
FY2022	938,050.0	10,240.0	120,410.0	105,330.0
FY2023	956,870.0	10,990.0	121,050.0	105,700.0
FY2024	975,390.0	11,680.0	121,820.0	106,140.0
FY2025	993,600.0	12,350.0	126,280.0	110,320.0
FY2026	1,011,540.0	13,020.0	123,280.0	107,050.0
FY2027	1,029,210.0	13,730.0	126,550.0	110,040.0
FY2028	1,046,610.0	14,420.0	126,450.0	109,660.0
FY2029	1,063,780.0	14,970.0	131,050.0	113,980.0

Note 1: This calculation is based on the same assumptions as in "Case 1" of the "Budget Projections in FY2020 Budget Policy". After FY2024, it is assumed that the amount of new issuance is equal to the "gap" in FY2023, with the same interest rates as those in FY2023.

Note 2: This calculation covers JGBs related to the fixed-rate transfers from the General Account and to the transfers equivalent to the gap between issuance-price and face value. The Special Bonds for covering Public Pension Funding are included, while the Reconstruction Bonds are excluded.

Note 3: "Issuance of Refunding Bonds" includes revenues from the Refunding Bonds that are qualified to be issued in the previous fiscal year. The volume of buy-backs is assumed to be equal to the FY2020 level, financed by issuing refunding bonds.

Note 4: "Interest Payments, etc." includes administrative costs, government bonds office handling costs and revenues from Special Tobacco Tax (which are brought into the Special Account for Government Bonds Consolidation Funds).

Note 5: This calculation does not assume surpluses to occur.

Note 6: Figures may not sum up to the total because of rounding.

Note 7: The above data are subject to changes for different assumptions.

## (9) Changes in the Outstanding Amount of JGBs, Financing Bills, Borrowings and Government-Guaranteed Debt

(Unit: billion yen)

Category	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Government Bonds (JGBs)	758,569.0	789,342.0	821,474.1	853,763.6	881,484.7	910,809.7	934,900.2	959,141.3	976,803.5	987,588.6
General Bonds (Reconstruction Bonds)	636,311.7 ( - )	669,867.4 (10,652.9)	705,007.2 (10,328.3)	743,867.6 (9,013.5)	774,083.1 (8,279.5)	805,418.2 (5,945.6)	830,573.3 (6,721.3)	853,178.9 (5,481.3)	874,043.4 (5,376.3)	886,694.5 (5,858.5)
Long-term (10 years or more)	404,367.9	432,957.7	462,771.8	497,452.0	532,992.6	574,789.9	610,823.0	642,401.2	674,899.5	699,182.6
Medium-term (from 2 to 5 years)	192,631.5	195,097.6	195,522.5	204,708.2	203,289.9	194,434.2	186,776.4	183,981.6	175,047.9	163,714.6
Short-term (one year or less)	39,312.3	41,812.1	46,712.9	41,707.4	37,800.6	36,194.1	32,974.0	26,796.2	24,096.1	23,797.4
FILP Bonds	118,191.8	110,912.2	109,260.7	104,210.4	98,991.0	96,115.5	96,250.9	94,525.9	92,245.6	91,090.1
Long-term (10 years or more)	100,788.8	91,906.8	86,600.9	80,546.4	71,341.2	62,811.7	58,692.3	60,631.8	61,600.2	61,627.4
Medium-term (from 2 to 5 years)	17,403.0	19,005.5	22,659.8	23,664.0	27,649.8	33,303.8	37,558.7	33,894.1	30,645.5	29,462.7
Subsidy Bonds	367.3	282.6	197.7	174.6	135.5	134.2	209.4	194.1	144.0	87.0
Subscription / Contribution Bonds	1,623.0	1,874.2	2,189.7	2,510.0	2,681.8	4,761.2	4,627.7	4,444.1	4,342.3	4,215.0
Government Bonds issued to Development Bank of Japan	1,350.0	1,343.8	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7
Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation	-	4,336.4	2,768.7	1,313.0	4,268.7	3,056.0	1,914.2	5,473.6	4,703.4	4,177.4
Government Bonds converted from The Japan Expressway Holding and Debt Repayment Agency Bonds	725.4	725.4	725.4	363.3	-	-	-	-	-	-
Borrowings	55,005.8	53,741.0	54,859.3	55,504.7	54,984.1	54,807.5	54,420.0	54,022.8	53,201.8	52,532.5
Long-term (over one year)	19,691.6	18,226.7	17,245.1	16,458.2	15,687.6	14,861.0	14,032.9	13,218.5	12,526.3	11,851.8
Short-term (one year or less)	35,314.2	35,514.2	37,614.2	39,046.5	39,296.5	39,946.5	40,387.0	40,804.3	40,675.5	40,680.7
Financing Bills	110,784.7	116,867.3	115,267.7	115,688.4	116,888.3	83,748.9	82,239.2	74,648.9	73,349.0	74,418.8
Total	924,359.6	959,950.3	991,601.1	1,024,956.8	1,053,357.2	1,049,366.1	1,071,559.4	1,087,813.0	1,103,354.3	1,114,540.0

Category	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Government-Guaranteed Debt	44,744.6	44,039.7	44,945.8	44,532.6	43,398.4	41,780.6	40,283.2	39,711.7	38,108.7	36,171.0

Note: Figures may not sum up to the total because of rounding.

# (10) Long-term Debt Outstanding of Central and Local Governments

(Unit: trillion yen)

	FY1998 <Actual>	FY2003 <Actual>	FY2010 <Actual>	FY2011 <Actual>	FY2012 <Actual>	FY2013 <Actual>	FY2014 <Actual>	FY2015 <Actual>	FY2016 <Actual>	FY2017 <Actual>	FY2018 <Actual>	FY2019 <Supplementary Budget>	FY2020 <Budget>
Central Government	390 ( 387 )	493 ( 484 )	662 ( 645 )	694 ( 685 )	731 ( 720 )	770 ( 747 )	800 ( 772 )	834 ( 792 )	859 ( 815 )	881 ( 832 )	901 ( 850 )	925 ( 872 )	936 ( 893 )
General Bonds	295 ( 293 )	457 ( 448 )	636 ( 619 )	670 ( 660 )	705 ( 694 )	744 ( 721 )	774 ( 746 )	805 ( 764 )	831 ( 786 )	853 ( 805 )	874 ( 823 )	898 ( 845 )	906 ( 863 )
Percentage of GDP	56% ( 56% )	88% ( 87% )	127% ( 124% )	136% ( 134% )	143% ( 140% )	147% ( 142% )	149% ( 144% )	151% ( 143% )	155% ( 147% )	156% ( 147% )	159% ( 150% )	161% ( 151% )	159% ( 151% )
Local Governments	163	198	200	200	201	201	201	199	197	196	194	192	189
Percentage of GDP	31%	38%	40%	41%	41%	40%	39%	37%	37%	36%	35%	34%	33%
Total	553 ( 550 )	692 ( 683 )	862 ( 845 )	895 ( 885 )	932 ( 921 )	972 ( 949 )	1,001 ( 972 )	1,033 ( 991 )	1,056 ( 1,012 )	1,077 ( 1,028 )	1,095 ( 1,044 )	1,117 ( 1,064 )	1,125 ( 1,082 )
Percentage of GDP	105% ( 105% )	134% ( 132% )	173% ( 169% )	181% ( 179% )	189% ( 186% )	192% ( 187% )	193% ( 188% )	194% ( 186% )	197% ( 189% )	197% ( 188% )	200% ( 190% )	200% ( 191% )	197% ( 190% )

Note 1: GDP: FY1998-FY2018: actual figures, FY2019 and FY2020: based on the government economic outlook.

Note 2: Central Government Debt: FY1998-FY2018: actual figures, FY2019: based on the supplementary budget, FY2020: the budget.

Local Government Debt: FY1998-FY2018: actual figures, FY2019 and FY2020: based on local government debt plan, etc.

Note 3: Government Bonds outstanding includes Reconstruction Bonds as a source of funds to implement the measures for the reconstruction from the Great East Japan Earthquake in Government Bonds Outstanding includes Reconstruction Bonds as a source of funds to implement the measures for the reconstruction from the Great East Japan Earthquake in FY2011-FY2020 (FY2011: 10.7 trillion yen, FY2012: 10.3 trillion yen, FY2013: 9.0 trillion yen, FY2014: 8.3 trillion yen, FY2015: 5.9 trillion yen, FY2016: 6.7 trillion yen, FY2017: 5.5 trillion yen, FY2018: 5.4 trillion yen, FY2019: 6.2 trillion yen, FY2020: 5.6 trillion yen) and Pension-related special deficit-financing bonds as a source of funds to achieve the targeted national contribution to one-half basic pension (FY2012: 2.6 trillion yen, FY2013: 5.2 trillion yen, FY2014: 4.9 trillion yen, FY2015: 4.6 trillion yen, FY2016: 4.4 trillion yen, FY2017: 4.1 trillion yen, FY2018: 3.8 trillion yen, FY2019: 3.6 trillion yen, FY2020: 3.3 trillion yen).

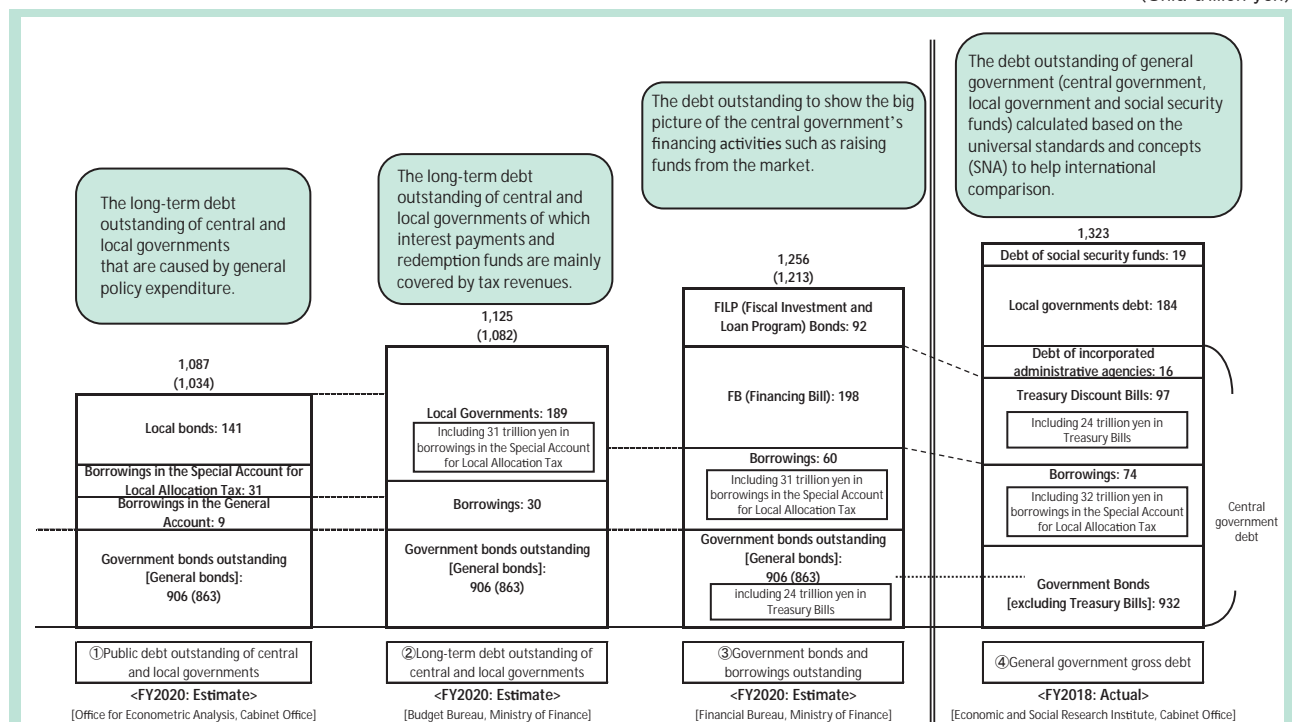
Note 4: Figures in parentheses (to FY2018) do not include front-loading issuance for refunding. Figures in parentheses (from FY2019) do not include front-loading limit of issuance for refunding.

Note 5: The borrowings in the Special Account for Local Allocation and Local Transfer Tax are shared by the central government and local governments in accordance with their shares of redemption. The amount of the borrowings outstanding incurred by the central government was transferred to the General Account at the beginning of FY2007, so that the borrowings outstanding in the special account since the end of FY2007 are the debt of the local governments (approx. 31 trillion yen in FY2020).

Note 6: Government Bonds outstanding in the Special Account for Fiscal Investment and Loan Program are at approximately 92 trillion yen as of end-FY2020.

## (Reference) "Debt Outstanding" in various statistics

(Unit: trillion yen)



Note 1: "Special Account for Local Allocation Tax" refers to "Special Account for Local Allocation Tax and Local Transfer Tax."

Note 2: The figures in parentheses are amounts excluding the maximum amount (43 trillion yen) of front-loading issuance of Refunding Bonds used for refunding in the next fiscal year.

Note 3: Government bonds outstanding (general bonds) as of the end of FY2020 include Reconstruction Bonds (approximately 5.6 trillion yen).

Note 4: Borrowings in the General Account in are part of borrowings in the Special Account for Local Allocation Tax transferred to the General Account.

Note 5: Long-term debt outstanding of local governments includes Local Government Bonds, borrowings in the Special Account for Local Allocation Tax and municipal enterprise bonds (attributed to the ordinary account) (17 trillion yen).

Note 6: Borrowings in and = borrowings + Subscription/Contribution Bonds. Borrowings in do not include borrowings outstanding in the Special Account for Local Allocation Tax (approximately 31 trillion yen), of which the redemption funds are burdens on local government.

Note 7: Government bonds in include general bonds, Subsidy Bonds and converted government bonds and borrowings in include Subscription/Contribution Bonds.

## (11) Breakdown of the Outstanding Amount of General Bonds by Remaining Years to Maturity



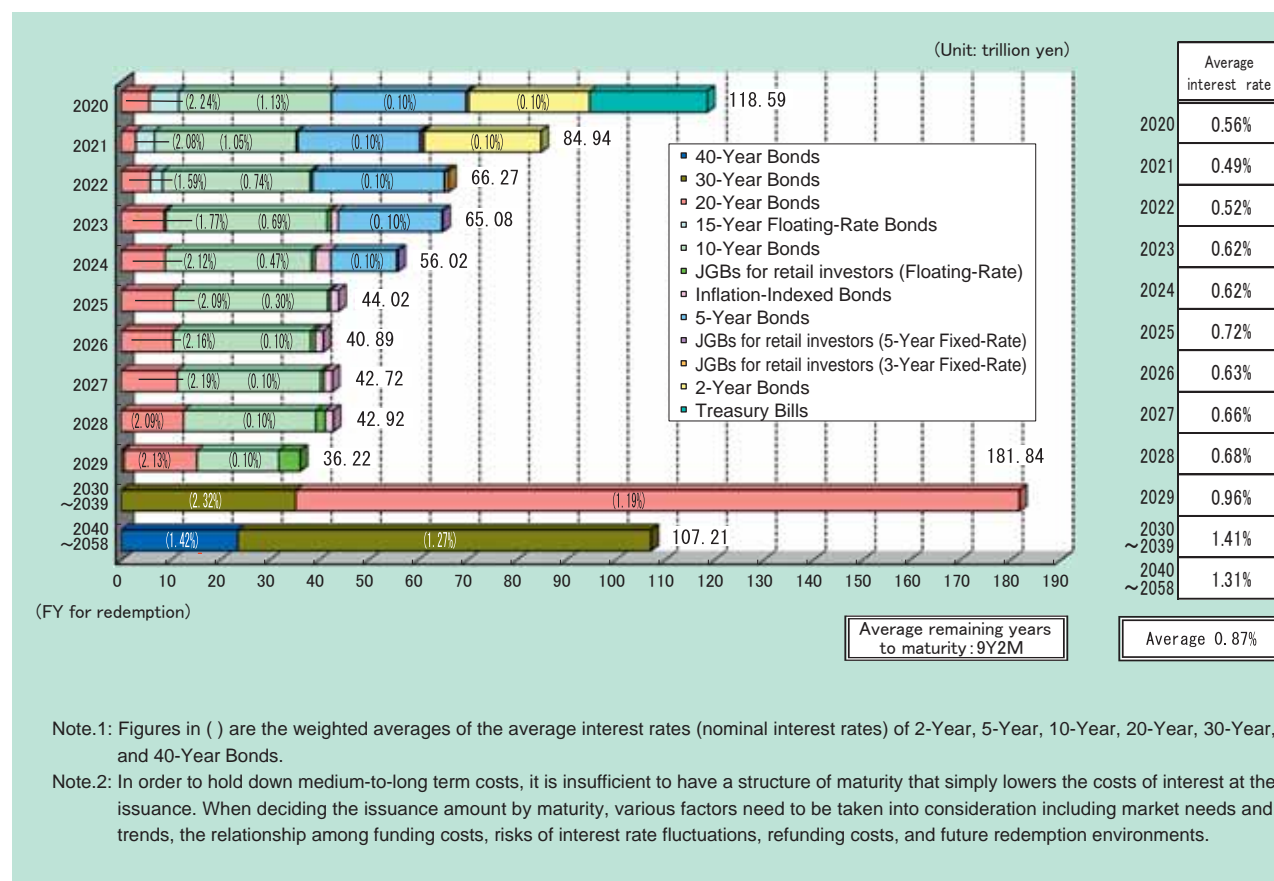
## (12) Term-to-maturity Structure of General Bonds (FY2020 Initial Budget Basis)

(Unit: billion yen)

FY	Maturity Redemption	FY	Maturity Redemption
2021	111,407.9	2041	7,349.2
2022	91,353.3	2042	6,504.5
2023	65,923.5	2043	8,638.4
2024	59,523.1	2044	9,740.9
2025	64,297.2	2045	11,060.9
2026	40,999.9	2046	9,461.6
2027	42,893.2	2047	11,528.2
2028	42,973.4	2048	10,190.6
2029	38,342.7	2049	8,367.0
2030	45,945.9	2050	10,275.2
2031	17,223.2	2051	2,116.7
2032	20,342.6	2052	2,158.4
2033	19,887.1	2053	2,322.9
2034	21,778.2	2054	2,438.0
2035	19,939.7	2055	2,712.9
2036	18,427.1	2056	2,932.6
2037	18,389.3	2057	1,935.2
2038	18,150.2	2058	1,870.7
2039	15,324.1	2059	525.9
2040	17,535.2	2060	3,195.6
		Total	905,982.3

Note :Figures may not sum up to the total because of rounding.

### (13) Breakdown of the Outstanding Amount of General Bonds by Maturity Types and Their Average Interest Rate at the end of FY2019



### (14) Outstanding Interest Rate Weighted Average, Interest Payment of General Bonds and Average Years to Maturity

(Unit: trillion yen)

	Outstanding Amount of General Bonds	Interest rate weighted average	Interest payments of General Account	Average years to maturity
FY2010	636.3	1.29 %	7.9	6Y8M
FY2011	669.9	1.24 %	8.1	7Y0M
FY2012	705.0	1.19 %	8.0	7Y3M
FY2013	743.9	1.15 %	8.1	7Y7M
FY2014	774.1	1.11 %	8.3	8Y0M
FY2015	805.4	1.08 %	8.3	8Y5M
FY2016	830.6	1.01 %	8.2	8Y7M
FY2017	853.2	0.95 %	7.9	8Y10M
FY2018	874.0	0.91 %	7.8	9Y0M
FY2019	886.7	0.87 %	7.8	9Y2M
FY2020	906.0	—	8.4	—

Note: In FY2019, outstanding amount of General Bonds, interest rate weighted average and average years to maturity: settlement; interest payments of General Account: supplementary budget. In FY2020, outstanding amount of General Bonds and interest payments of General Account: initial budget.

# (15) Outstanding Amount of JGB and T-Bill -Breakdown by Holders-

( Unit: billion yen, % )

Holders	End of FY2010		End of FY2011		End of FY2012		End of FY2013		End of FY2014	
		Share		Share		Share		Share		Share
General Government (ex Public Pensions)	27,712.2	3.1	17,218.4	1.9	17,523.0	1.8	23,532.8	2.3	21,446.7	2.1
Public Pensions	77,176.9	8.7	73,358.0	7.9	73,181.2	7.5	70,956.7	7.1	57,442.1	5.5
Fiscal Loan Fund	802.5	0.1	874.6	0.1	4,396.3	0.5	600.0	0.1	3,056.6	0.3
Bank of Japan	78,445.8	8.9	88,950.8	9.6	127,881.4	13.1	201,060.5	20.0	274,606.7	26.3
Banks, etc.	403,231.2	45.6	420,792.0	45.4	404,482.1	41.5	356,841.6	35.6	321,590.6	30.8
Life and Non-life insurance, etc.	160,189.7	18.1	176,705.4	19.1	194,740.9	20.0	196,497.5	19.6	204,112.9	19.6
Pension Funds	28,356.3	3.2	29,864.7	3.2	33,356.9	3.4	35,460.2	3.5	35,646.7	3.4
Overseas	62,330.5	7.1	77,023.6	8.3	82,509.6	8.5	82,028.9	8.2	97,996.2	9.4
Households	30,335.6	3.4	26,638.3	2.9	22,856.7	2.3	20,032.1	2.0	15,840.6	1.5
Others	15,277.9	1.7	14,758.1	1.6	13,878.9	1.4	15,937.6	1.6	11,877.6	1.1
Total	883,858.6	100.0	926,183.9	100.0	974,807.0	100.0	1,002,947.9	100.0	1,043,616.7	100.0

Holders	End of FY2015		End of FY2016		End of FY2017		End of FY2018		End of 2019 (QE)	
		Share		Share		Share		Share		Share
General Government (ex Public Pensions)	4,230.6	0.4	3,964.7	0.4	3,675.8	0.3	3,359.0	0.3	2,829.0	0.2
Public Pensions	53,065.0	4.9	47,497.2	4.4	44,176.9	4.0	43,001.7	3.8	42,977.3	3.8
Fiscal Loan Fund	0.5	0.0	1.0	0.0	1.0	0.0	0.5	0.0	0.5	0.0
Bank of Japan	364,415.5	33.8	427,342.9	39.4	459,028.1	41.8	485,989.8	43.2	494,572.8	43.7
Banks, etc.	267,298.3	24.8	219,592.0	20.3	201,218.7	18.3	175,588.1	15.6	171,612.6	15.2
Life and Non-life insurance, etc.	220,681.8	20.4	213,997.0	19.7	214,418.6	19.5	219,279.3	19.5	220,868.2	19.5
Pension Funds	35,495.8	3.3	32,823.1	3.0	32,595.3	3.0	32,012.5	2.8	31,790.6	2.8
Overseas	110,357.7	10.2	116,196.8	10.7	119,768.3	10.9	142,926.5	12.7	144,675.4	12.8
Households	12,373.2	1.1	12,527.3	1.2	12,382.5	1.1	13,258.7	1.2	13,525.3	1.2
Others	11,229.2	1.0	9,751.0	0.9	10,070.3	0.9	10,235.8	0.9	9,396.5	0.8
Total	1,079,147.6	100.0	1,083,693.0	100.0	1,097,335.5	100.0	1,125,651.9	100.0	1,132,248.2	100.0

Note 1: Figures are as of the end of the fiscal year, up to FY2018 are revised values, and those for FY2019 are preliminary values.

Note 2: "JGB" includes "FILP Bonds."

Note 3: "Banks, etc." includes "Japan Post Bank," "Securities investment trust" and "Securities companies."

Note 4: "Life and Non-life insurance, etc." includes "Japan Post Insurance."

Note 5: "Others" consists of "Nonfinancial corporations" and "Private nonprofit institutions serving households."

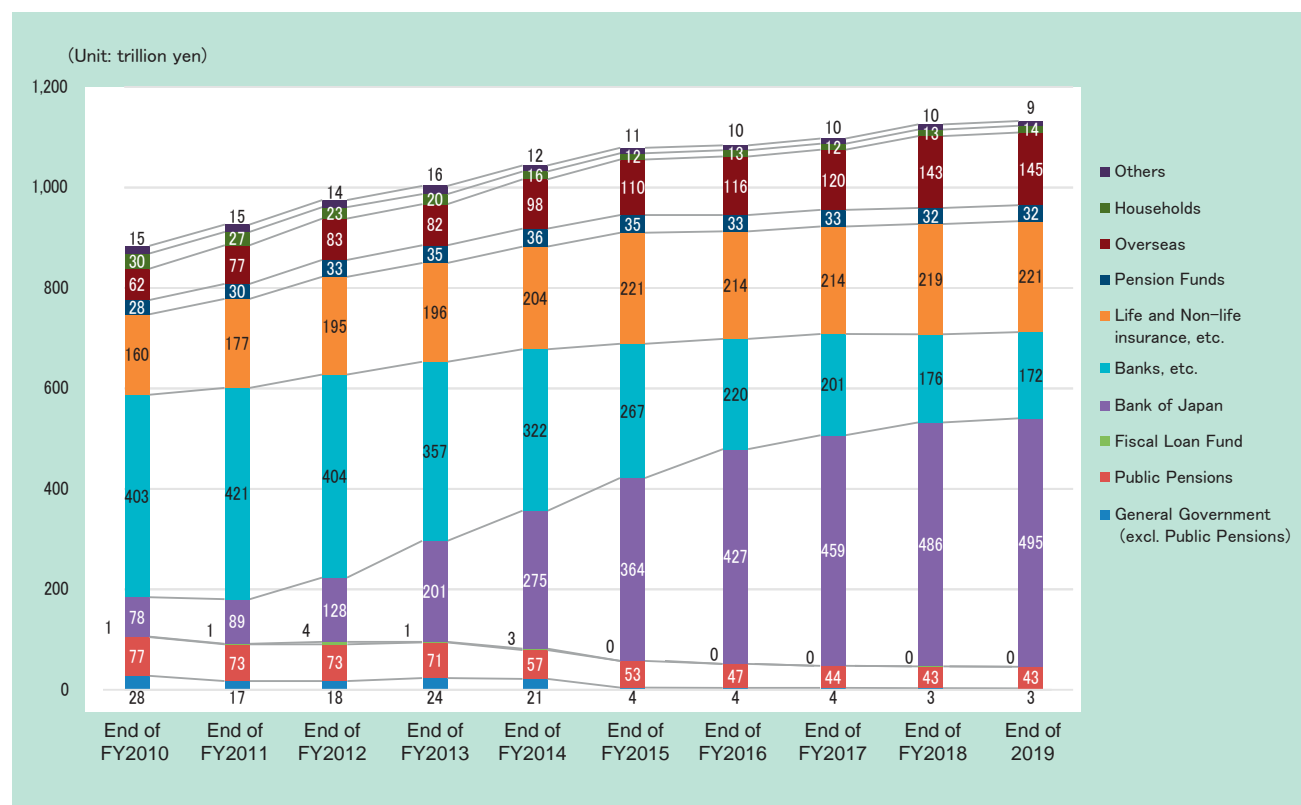
Note 6: Since February 2009, TBs and FBs have been jointly issued as T-Bills.

Note 7: Figures of JGBs and T-Bills are calculated at market value in Flow of Funds Accounts. Figures in financial statements are different in basis from those in Flow of Funds Accounts due to a difference of evaluation methods by holding purpose (book value or market value).

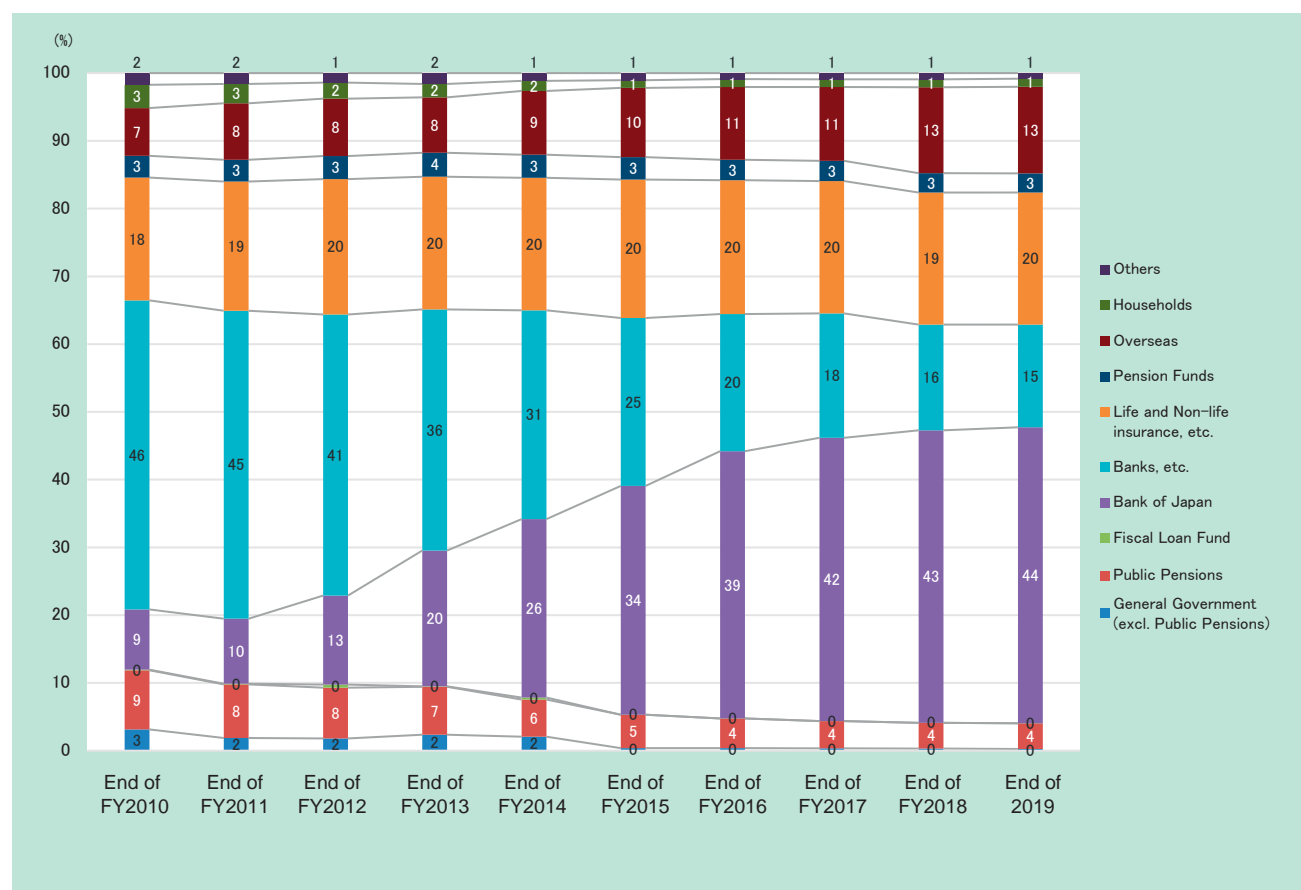
(Sources) Bank of Japan "Flow of Funds Accounts Statistics"



# (Reference) Outstanding Amount



# (Reference) Share





# (16) Balance Sheet of Japanese Government (General Account and Special Accounts) (as of the end of FY2018)

(Unit: million yen)

	FY2017 (as of March 31, 2018)	FY2018 (as of March 31, 2019)		FY2017 (as of March 31, 2018)	FY2018 (as of March 31, 2019)
<Assets>			<Liabilities>		
Cash and Deposits	47,860,071	51,327,860	Accounts Payable	10,515,848	10,520,276
Securities	118,517,982	119,600,975	Reserves Claims	265,380	269,838
Inventories	4,299,555	4,306,128	Accrued Liabilities	1,220,788	1,192,054
Accounts Receivable	5,458,548	5,353,180	Money in Custody	1,030,143	1,125,993
Accrued Income	716,505	729,587	Advance Received	49,417	52,039
Accrued Insurance Premiums (Accrued Reinsurance Premiums)	4,735,921	4,687,900	Deferred Revenues	9,289	30,422
Prepaid Expenses	5,474,106	4,703,908	Prepaid Insurance Premiums (Prepaid Reinsurance Premiums)	36,413	36,514
Loans	112,809,764	108,861,002	Allowance for Bonus Payment	325,560	340,743
Money in Trust	111,464,931	112,693,217	Financing Bills	76,987,793	76,101,566
Other Credits	3,264,871	3,827,748	Government Bonds	966,898,628	986,064,569
Allowance for Doubtful	1,623,059	1,498,715	Borrowings	31,443,449	31,920,685
Tangible Fixed Assets	182,452,620	184,381,760	Money on Deposit	6,505,949	6,364,850
National Property	30,305,869	31,223,110	Liability Reserves	9,135,615	9,374,528
Land	17,740,516	18,306,157	Deposit Reserved for the Public Pension	120,110,492	120,758,887
Unfilled Timber	2,997,650	3,120,941	Allowance for Retirement Benefits	6,697,342	6,420,104
Buildings	3,430,462	3,411,639	Other Liabilities	7,643,198	7,451,601
Structures	2,658,601	2,562,840			
Machinery and Equipment	0	0			
Ships	1,482,320	1,465,061			
Aircraft	714,501	946,131			
Construction in Progress	1,281,817	1,410,337			
Public Property	150,267,144	150,969,096			
Property for Public Use (Land)	39,841,969	39,984,537			
Property for Public Use (Facilities)	110,060,581	110,660,869			
Construction in Progress	364,592	323,689			
Commodities	1,854,779	2,165,906			
Other Tangible Assets	24,826	23,647	Total Liabilities	1,238,875,311	1,258,024,676
Intangible Fixed Assets	281,123	305,438	<Difference Between Assets and Liabilities>		
Investments	74,800,579	75,387,964	Difference Between Assets and Liabilities	568,361,788	583,356,718
Total Assets	670,513,522	674,667,957	Total Liabilities and Difference Between Assets and Liabilities	670,513,522	674,667,957

Note 1: Cash and Deposits (51.3 trillion yen at the end of FY2018) take into account receipts and disbursements of cash during the "accounting adjustment term" (As of the end of FY2018, the actual balance of government deposits in the Treasury was 17.5 trillion yen and foreign currency deposits was 12.4 trillion yen).

Note 2: Assets held by the government is largely to use for public purposes directly such as public property, and basically not to sell or change into cash.

Note 3: Government bonds in the liabilities (986.1 trillion yen at the end of FY2018) include government bond balance such as in Special Account for Fiscal Investment and Loan Program besides general bonds (883.5 trillion yen) that will basically be the future burden on public, and cancel out bonds internally held by the government.

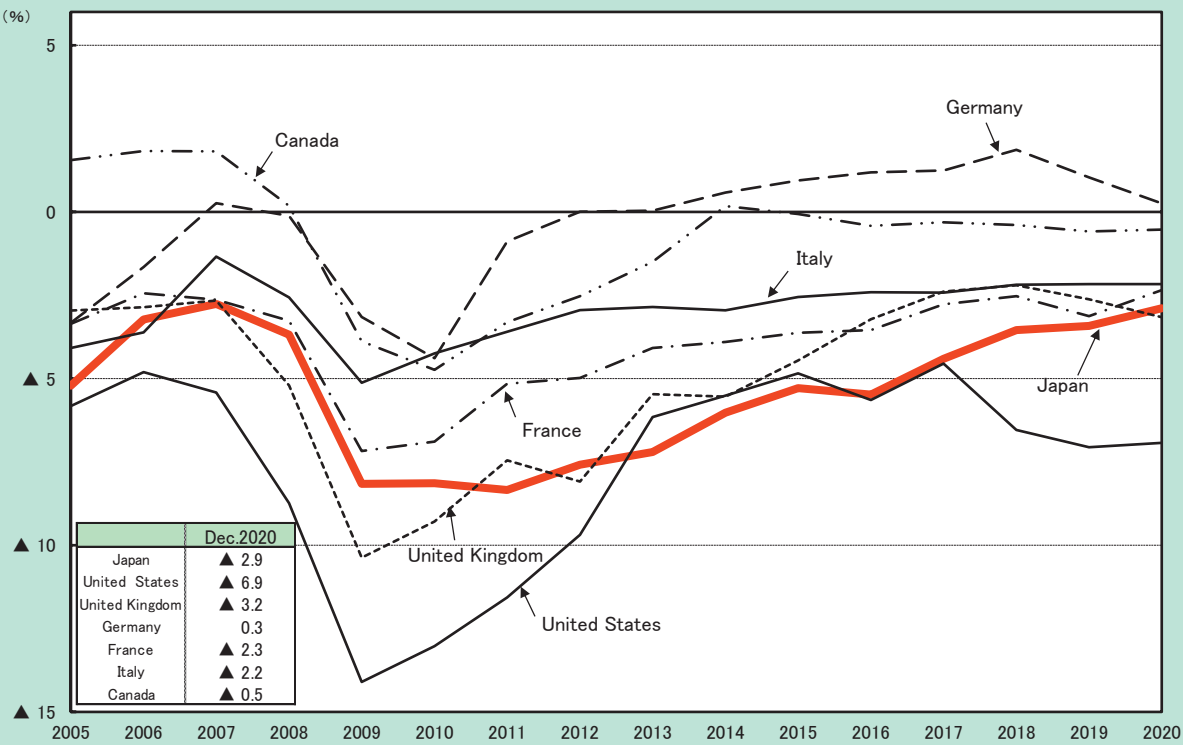
(17) Financial Assets and Liabilities of General Government (Central Government, Local Government and Social Security fund) (End of Dec, 2019 (Preliminary Figures))

(Unit: billion yen)

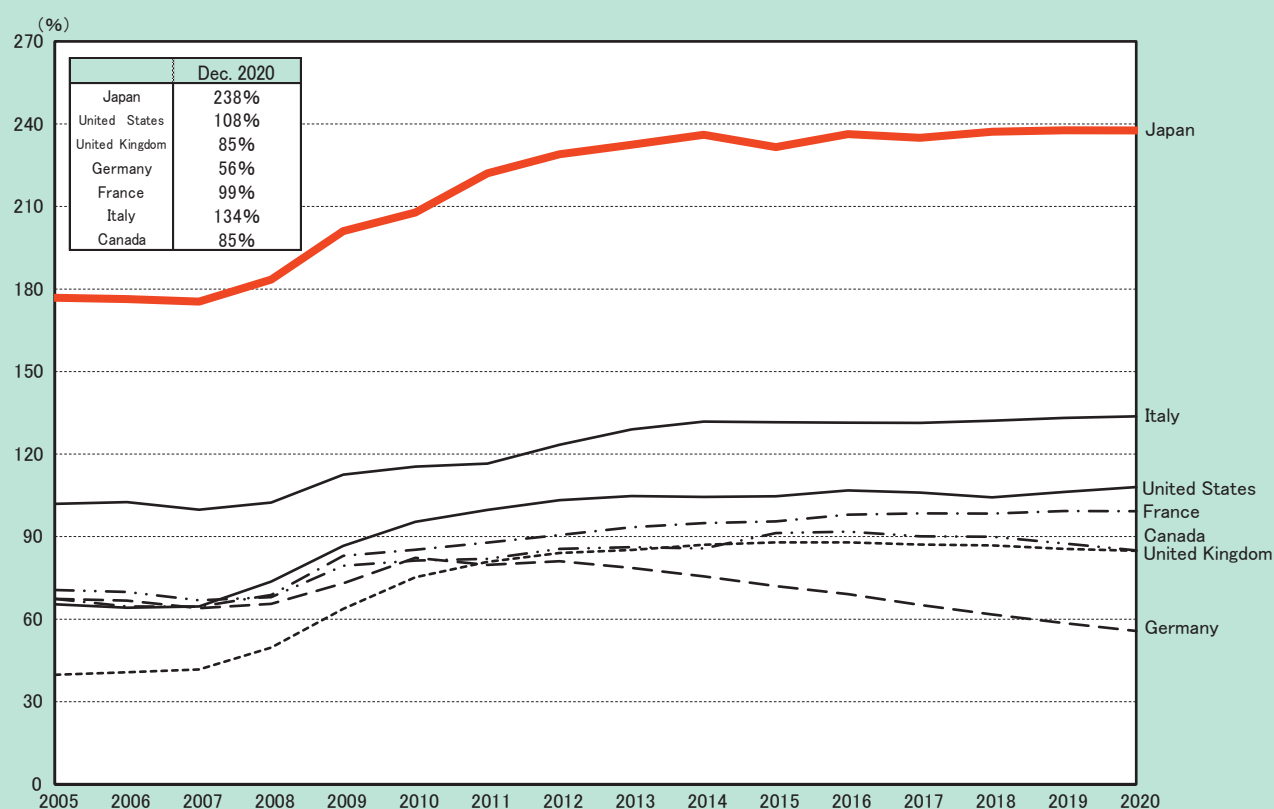
	General Government							
			Central Government		Local Governments		Social Security funds	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Currency and deposits	86,035.3		30,784.4		41,315.7		13,935.2	
Currency	0.9		0.7		0.2		0.0	
Government deposits	15,546.0		15,546.0					
Transferable deposits	27,372.7		2,019.7		18,006.2		7,346.8	
Time and savings deposits	15,719.6		507.0		9,609.5		5,603.1	
Certificates of deposits	14,720.7		239.1		13,496.3		985.3	
Foreign currency deposits	12,675.4		12,471.9		203.5			
Deposits with the Fiscal Loan Fund	20,750.5		403.7				20,346.8	
Loans	23,691.2	153,299.3	11,193.2	52,847.2	6,693.7	98,442.6	5,804.3	2,009.5
Call loans and bills	3,049.5						3,049.5	
Loans by private financial institutions		63,030.4		28,355.4		34,322.1		352.9
Loans to companies and governments		63,030.4		28,355.4		34,322.1		352.9
Loans by public financial institutions		85,968.5		22,463.0		62,032.3		1,473.2
Loans by the nonfinancial sector	20,519.4	2,809.0	11,193.2	2,028.8	6,571.4	596.8	2,754.8	183.4
Installment credit (not included in consumer credit)		29.2				29.2		
Repurchase agreements and securities lending transactions	122.3	1,462.2	0.0	0.0	122.3	1,462.2	0.0	0.0
Debt securities	76,040.1	1,110,500.7	869.2	1,035,013.5	11,567.7	75,487.2	63,603.2	
Treasury discount bills	3.1	94,866.5	3.1	94,866.5	0.0		0.0	
Central government securities and FILP bonds	45,803.2	940,107.0	328.4	940,107.0	1,542.5		43,932.3	
Local government securities	10,946.3	74,895.5	132.2		4,680.6	74,895.5	6,133.5	
Public corporation securities	12,643.3	40.0	180.5	40.0	5,197.2		7,265.6	
Bank debentures	367.8		42.2		143.4		182.2	
Industrial securities	6,087.1		175.4		0.7		5,911.0	
External securities issued by residents	24.3	591.7				591.7	24.3	
Commercial paper	0.3						0.3	
Trust beneficiary rights	125.4		7.4		3.3		114.7	
Structured-financing instruments	39.3						39.3	
Equity and investment fund shares	159,883.8	14,070.8	53,510.4	12,656.0	49,142.3	1,306.2	57,231.1	108.6
Equity	159,716.9	14,070.8	53,509.9	12,656.0	49,128.8	1,306.2	57,078.2	108.6
Listed shares	56,813.3		372.1		392.4		56,048.8	
Unlisted shares	13,358.7	0.0	8,723.5	0.0	4,633.3		1.9	
Other equity	89,544.9	14,070.8	44,414.3	12,656.0	44,103.1	1,306.2	1,027.5	108.6
Investment trust beneficiary certificates	166.9		0.5		13.5		152.9	
Financial derivatives and employee stock options	29.0	15.7	29.0	15.7				
Forward-type instruments	29.0	15.7	29.0	15.7				
Deposits money	8,696.7	5,036.6	2,742.7	216.8	1.1	14.9	5,952.9	4,804.9
Trade credits and foreign trade credits	1,319.6	17,688.7	1,205.0	1,995.2	114.6	7,823.8		7,869.7
Accounts receivable/payable	12,298.5	15,294.1	3,987.7	12,599.3	485.8	101.3	7,825.0	2,593.5
Outward investment in securities	220,236.3		120,493.8		0.0		99,742.5	
Other external claims and debts	18,648.5	2,277.0	18,648.5	2,277.0				
Of which: gold and SDRs etc.	3,501.7	1,854.5	3,501.7	1,854.5				
Others	3,351.5	10,277.5	48.6	10,277.5	1,001.2		2,301.7	
Difference between financial assets and liabilities (Assets and Liabilities)		-697,479.4		-883,982.0		-72,853.9		259,356.5
Total	630,981.0	630,981.0	243,916.2	243,916.2	110,322.1	110,322.1	276,742.7	276,742.7

(Source) Bank of Japan

(18) International Comparison of General Government Financial Balance to GDP

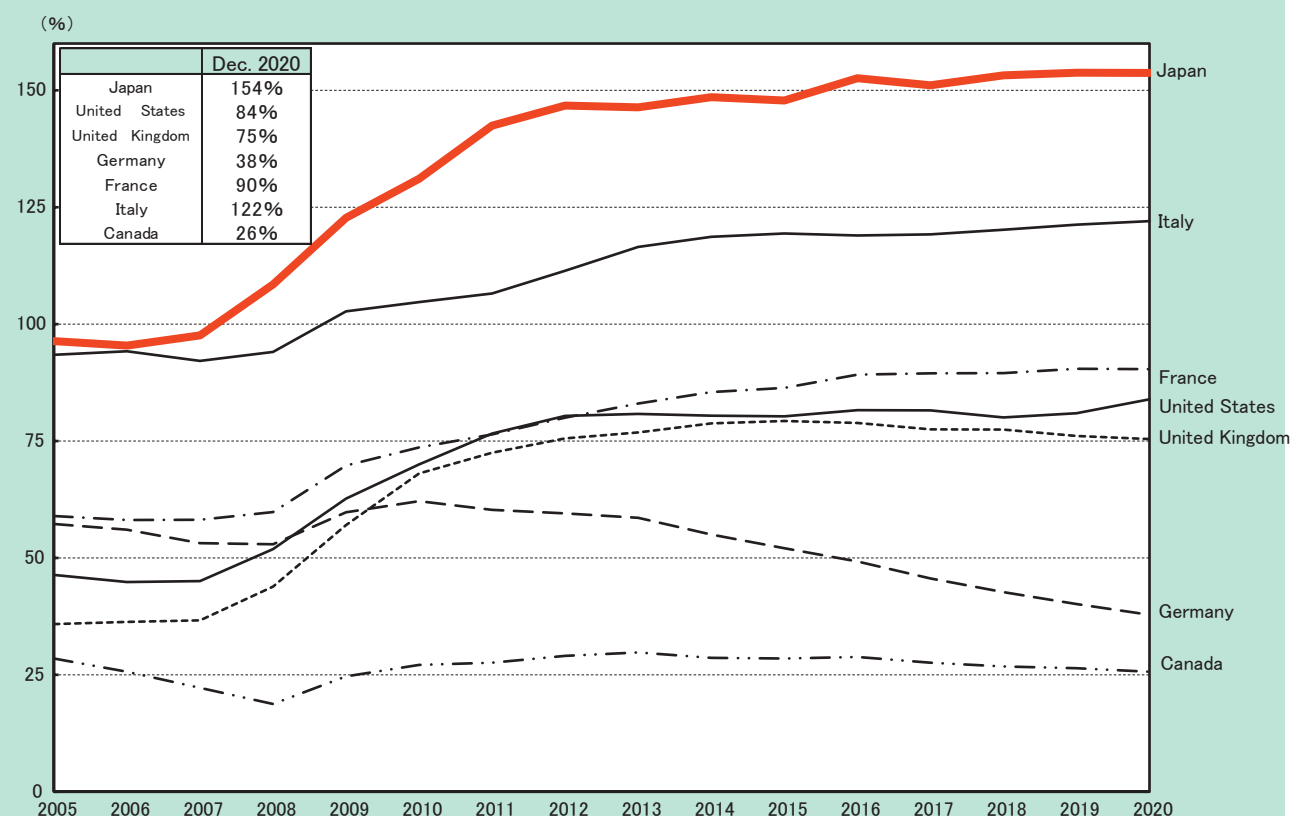


## (19) International Comparison of General Government Gross Debt to GDP



Note: Figures represent the general government-based data (including the central/local governments and the social security funds).  
(Source) IMF "World Economic Outlook Database" (October 2019)

## (20) International Comparison of General Government Net Debt to GDP



Note: Figures represent the general government-based data (including the central/local governments and the social security funds).  
(Source) IMF "World Economic Outlook Database" (October 2019)

## 【Reference】 JGB-related Advertisements and Publications



<Kokochan>

### <Posters>



### <Leaflets>



[Webpage on JGBs for Retail Investors] <https://www.mof.go.jp/jgbs/individual/kojinmuke/index.html>

<KOKUSAI SENSEI>  
(JGB Teacher)



### <Yearbook of the Government Debt Statistics>



### <Newsletters>



### <Twitter>



[Webpage on JGB-related publications] <https://www.mof.go.jp/jgbs/publication/index.htm>

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# Debt Management Report 2020

The Government Debt Management  
and the State of Public Debts

Financial Bureau, Ministry of Finance, JAPAN

[www.mof.go.jp](http://www.mof.go.jp)

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