

Principal Terms and Conditions for JGB Market Special Participants Scheme: Comparison of the Current and Revised Provisions

Current Provisions	Revised Provisions <i>(Effective from auctions for JGBs (including Treasury Discount Bills) issued on or after April 2022)</i>
<p>Section 2 Designation of JGB Market Special Participants</p> <p>1 Standards for Designation (Omitted)</p> <p>(1) The applicant has bid for an amount equal to <u>5% or more of the planned issuance amount (meaning the planned issuance amount offered by the MOF in each auction for JGBs; the same shall apply hereinafter)</u> at reasonable prices in each of auctions (except Non-Price Competitive Auctions II for JGB Market Special Participants set forth in Paragraph 5 of Section 4 (hereinafter referred to as “Non-Price Competitive Auctions II”); the same shall apply hereinafter) for all JGBs (including Treasury Discount Bills; the same shall apply hereinafter) issued by the method of an auction in and after the first day of the quarter before the last.</p> <p>(Omitted)</p>	<p>Section 2 Designation of JGB Market Special Participants</p> <p>1 Standards for Designation (Omitted)</p> <p>(1) The applicant has bid for an amount equal to <u>or greater than the planned issuance amount (meaning the planned issuance amount offered by the MOF in each auction for JGBs; the same shall apply hereinafter) multiplied by the rate of bidding responsibility (calculated by the formula shown below, with any fraction less than one rounded up to the nearest whole number; the same shall apply hereinafter)</u> at reasonable prices in each of auctions (except Non-Price Competitive Auctions II for JGB Market Special Participants set forth in Paragraph 5 of Section 4 (hereinafter referred to as “Non-Price Competitive Auctions II”); the same shall apply hereinafter) for all JGBs (including Treasury Discount Bills; the same shall apply hereinafter) issued by the method of an auction in and after the first day of the quarter before the last.</p> <p style="text-align: center;">$\text{Rate of bidding responsibility (\%)} = \frac{100}{n}$</p> <p><u>“n” is the number of Special Participants. In Paragraph 1 of Section 2, “n” is “n” as of the first day of the quarter before last.</u></p> <p>(Omitted)</p>

Section 3 Responsibilities of JGB Market Special Participants

(Omitted)

1 Bidding Responsibility and Purchasing Responsibility in the Primary Market

(1) Bidding Responsibility

Special Participants shall bid for an adequate amount equal to 5% or more of the planned issuance amount at reasonable prices in each of auctions for all JGBs; provided, however, that the MOF shall not accept a bid whose price significantly differs from the market price and is not considered a reasonable price.

(Omitted)

Section 4 Special Entitlements of JGB Market Special Participants

(Omitted)

5 Entitlement to Participate in Non-Price Competitive Auctions II for JGB Market Special Participants, etc.

(Omitted)

Section 3 Responsibilities of JGB Market Special Participants

(Omitted)

1 Bidding Responsibility and Purchasing Responsibility in the Primary Market

(1) Bidding Responsibility

i Special Participants shall bid for an adequate amount equal to or more than the amount obtained by multiplying the planned issuance amount by the rate of bidding responsibility at reasonable prices in each of auctions for all JGBs; provided, however, the MOF shall not accept any amount that differs significantly from the market price and is not considered reasonable.

ii The rate of bidding responsibility may change due to the calculation of the rate of bidding responsibility, considering the change in the Special Participants. In that case, each Special Participant shall be notified of the new rate of bidding responsibility with consideration of the change within one month after the announcement of the change.

iii The new rate of bidding responsibility shall be applied to all JGBs issued in the month following the month in which the MOF notifies each Special Participant.

(Omitted)

Section 4 Special Entitlements of JGB Market Special Participants

(Omitted)

5 Entitlement to Participate in Non-Price Competitive Auctions II for JGB Market Special Participants, etc.

(Omitted)

(3) Reference Bidding Coefficient

i. After all auctions for JGBs to be issued in each quarter are conducted, the MOF shall calculate, for JGBs that have the same names as those that are issued and to be issued during that quarter or the preceding quarter, the simple average (rounded up to the second decimal place on a percentage basis) of the ratios (rounded up to the second decimal place on a percentage basis, but not exceeding 100%) of the bid amount of each Special Participant (excluding bids whose prices are not considered reasonable prices by the MOF in accordance with Paragraph 1 (1) of Section 3) in Price-Competitive Auction and Non-Price Competitive Auction I or Yield-Competitive Auction to the planned issuance amount in each auction minus 5%, as the Reference Bidding Coefficient; provided, however, that in case no auction is held for a JGB that has the same name as the relevant JGB during the relevant and preceding quarter, then the last figure calculated before the relevant quarter shall be deemed to be the Reference Bidding Coefficient.

(Omitted)

Section 7 Transitional Measures regarding Standards for Designation, etc.

(Omitted)

(3) Reference Bidding Coefficient

i. After all auctions for JGBs to be issued in each quarter are conducted, the MOF shall calculate, for JGBs that have the same names as those that are issued and to be issued during that quarter or the preceding quarter, the simple average (rounded up to the second decimal place on a percentage basis) of the ratios (rounded up to the second decimal place on a percentage basis, but not exceeding 100%) of the bid amount of each Special Participant (excluding bids whose prices are not considered reasonable prices by the MOF in accordance with Paragraph 1 (1) of Section 3) in Price-Competitive Auction and Non-Price Competitive Auction I or Yield-Competitive Auction to the planned issuance amount in each auction, as the Reference Bidding Coefficient; provided, however, that in case no auction is held for a JGB that has the same name as the relevant JGB during the relevant and preceding quarter, then the last figure calculated before the relevant quarter shall be deemed to be the Reference Bidding Coefficient.

(Omitted)

Section 7 Transitional Measures regarding Standards for Designation, etc.

(Omitted)

4 The rate of bidding responsibility specified in Paragraph 1 (1) of Section 2 and Paragraph 1 (1) of Section 3 shall be calculated according to the number of Special Participants as of March 31, 2022. The MOF will notify each Special Participant of the rate and apply it to all JGBs issued on or after April 1, 2022.