

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	
	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"> • FY2019 budget and JGB issuance plan (report) • Current state of the JGB market and future forecasts (1) Investment trends of life-insurance companies (2) The global financial and fiscal environments
June 12, 2019 (50th Round)	<ul style="list-style-type: none"> • Issuance result of Front-Loading Refunding Bonds as of the end of FY2018 • Cost at Risk Analysis of the government debt • Trends in the debt management policies of major foreign countries • Overseas IR activities
October 25, 2019 (51st Round)	<ul style="list-style-type: none"> • Current state and future trends of the JGB market environment • Current debt management policy
June 22, 2020 (52nd Round) *Online conference	<ul style="list-style-type: none"> • Current and future JGB issuance • COVID-19 and medium- to long-term challenges in Japan • Current status of and future efforts in the JGB futures market

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"> • Issuance amount of Inflation-Indexed Bonds in the July-September quarter 2019 • Liquidity Enhancement Auctions in the July-September quarter 2019 • Latest JGB market situation and outlook for future investments
September 24, 2019 (82nd Round)	<ul style="list-style-type: none"> • Issuance amount of Inflation-Indexed Bonds in the October-December quarter 2019 • Liquidity Enhancement Auctions in the October-December quarter 2019 • Latest JGB market situation and outlook for future investments
November 25, 2019 (83rd Round)	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for the future • JGB Issuance Plan for FY2020
December 12, 2019 (84th Round)	<ul style="list-style-type: none"> • Issuance amount of Inflation-Indexed Bonds in the January-March 2020 quarter • Liquidity Enhancement Auctions in the January-March 2020 quarter • JGB Issuance Plan for FY2020 • Latest JGB market situation and outlook for the future
March 23, 2020 (85th Round) * Held in writing	<ul style="list-style-type: none"> • Reopening and auction methods of nominal interest-bearing bonds in FY2020 • Issuance amount of Inflation-Indexed Bonds in the April-June 2020 quarter • Liquidity Enhancement Auctions in the April-June 2020 quarter • Latest JGB market situation and outlook for the future
April 2, 2020 (86th Round) * Held in writing	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for the future • Alteration in the JGB Issuance Plan for FY2020 (supplementary budget)
April 30, 2020 (87th Round) * Held in writing	<ul style="list-style-type: none"> • Alteration of the Issuance amount of Inflation-Indexed Bonds in the April-June 2020 quarter • Latest JGB market situation and outlook for the future
May 22, 2020 (88th Round) * Held in writing	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for the future • Alteration in the JGB Issuance Plan for FY2020 (the second supplementary budget)

C The Meeting of JGB Investors

<Members>

1. Investors

Capula Investment Management LLP
 Japan Post Bank Co., Ltd.
 Japan Post Insurance Co., Ltd.
 Jyo 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"> • Issuance amount of Inflation-Indexed Bonds in the July-September quarter 2019 • Liquidity Enhancement Auctions in the July-September quarter 2019 • Latest JGB market situation and outlook for future investments
November 26, 2019 (81st Round)	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for future investments • JGB Issuance Plan for FY2020
March 24, 2020 (82nd Round) * Held in writing	<ul style="list-style-type: none"> • Reopening and auction methods of nominal interest-bearing bonds in FY2020 • Issuance amount of Inflation-Indexed Bonds in the April-June 2020 quarter • Liquidity Enhancement Auctions in the April-June 2020 quarter • Latest JGB market situation and outlook for future investments
April 2, 2020 (83rd Round) * Held in writing	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for future investments • Alteration in the JGB Issuance Plan for FY2020 (supplementary budget)
May 22, 2020 (84th Round) * Held in writing	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for future investments • Alteration in the JGB Issuance Plan for FY2020 (the second supplementary budget)

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"> 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 Exchange of opinions with regard to each content
October 31, 2014 (14th Round)	<ul style="list-style-type: none"> 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 Exchange of opinions with regard to each content
November 13, 2015 (15th Round)	<ul style="list-style-type: none"> 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 Exchange of opinions with regard to each content
November 9, 2016 (16th Round)	<ul style="list-style-type: none"> 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 Exchange of opinions with regard to each content
February 19, 2018 (17th Round)	<ul style="list-style-type: none"> 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 Exchange of opinions with regard to each content
May 30, 2019 (18th Round)	<ul style="list-style-type: none"> Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors and advertisement of JGBs for Retail Investors Exchange of opinions with regard to each content
June 10, 2020 (19th Round) *Teleconference	<ul style="list-style-type: none"> 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 Exchange of opinions with regard to each content

(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 ① Launching of issuance of short-term bonds, of Refunding Bonds (front-loading) ② 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		
	04.10 Introduction of JGB Market Special Participants Scheme	(Establishment of Senior Director and Market Analyst Separation of the Debt Management Division into two Appointment of non-government persons etc.)	
	04.11 Launching of Advisory Council on Government Debt Management	(Designation of Special Participants Launching of Meeting of Special Participants Launching of the Non-Price Competitive Auction II)	
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	Formation of the Abe Cabinet	
	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))		
07	07.4 Execution of law regarding Special Accounts (legislation of rules of swaption transaction, etc.)	Formation of the Fukuda Cabinet	
	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)		
08	08.4 Introduction of Special Liquidity Enhancement Auctions	Global financial crisis	
	08.4 Setting the issuance date of coupon-bearing bonds as T (auction date) + 3, in principle	Formation of the Aso Cabinet	
	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 II 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			
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)	Formation of the Hatoyama Cabinet	
	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		
10	10.7 Issuance of JGBs for Retail Investors (3-year) since July (offered in June), 2010	Formation of the Kan Cabinet	
	10.12 Execution of Buy-Back whose resources are reduced from GDCF		
11	11.7 Revisions of Rate-Setting Formula for JGBs for Retail Investors (10-Year Floating Rate)	Formation of the Noda Cabinet	
	12.1 Issuance of Reconstruction Bonds for Retail Investors since January, 2012 (offered in December, 2011)	Issuance of Reconstruction Bonds	
12	12.4 Issuance of Reconstruction Supporters' Bonds for Retail Investors since April, 2012 (offered in March, 2012)	Formation of the Abe Cabinet	
	13.1 Setting the issuance date of JGB and T-Bill as T (auction date) + 2, in principle	Issuance of Special Bonds for covering Public Pension Funding	
13	13.1 Announcement of reduction of the Issuance of Refunding Bonds by using the Government Debt Consolidation Fund(GDCF)		
	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)		
14	14.5 Announcement of allowing Retail Investors to hold JGBi from January 2015	Consumption tax hike from 5% to 8%	
15	15.1 Launching of the purchase of JGBi by Retail Investors through direct negotiation		
	15.4 Reduction of the Bidding upper limit for auction participants from "planned issuance amount" to "half of planned issuance amount"	Achievement of the interim target of halving the primary deficit	
16	15.4 Raising of the bidding responsibility for JGB market Special Participants from "3% or more of planned issuance amount" to "4% or more"		
	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%	
20		Implementation of the reduced tax rate system for the consumption tax	

(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.