

3 Debt Management Systems

(1) Revenues and Expenditures for the Special Account for the GDCF (FY2021 Initial Budget)

Revenues

(Unit: million yen)

	FY2020 (Initial) (A)	FY2021 (Initial) (B)	Changes (B) - (A)
Grant from Other Accounts	83,113,734	97,775,682	14,661,948
Grant from the General Account	23,350,380	23,757,663	407,283
Grant from Special Accounts	59,763,355	74,018,020	14,254,665
Local Allocation Tax and Local Transfer Tax	31,789,709	31,973,861	184,151
Forex fund	494,602	506,936	12,334
FILP	12,057,270	26,616,741	14,559,471
Energy Projects	13,209,326	12,941,640	▲ 267,686
Pension	1,464,124	1,458,231	▲ 5,893
Stable Food Supply	142,544	124,705	▲ 17,840
Administration of National Forestry Management Debt	364,552	361,562	▲ 2,990
Motor Vehicles Safety	241,227	34,344	▲ 206,883
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	31,725	27,645	▲ 4,081
Grant from Special Accounts	31,725	27,645	▲ 4,081
Reconstruction from the Great East Japan Earthquake	31,725	27,645	▲ 4,081
Tax	123,000	113,200	▲ 9,800
Revenues from JGBs	107,981,803	147,192,946	39,211,143
Revenues from JGBs	106,288,626	144,321,975	38,033,349
Revenues from Reconstruction-related Refunding Public Bonds	1,693,177	2,870,971	1,177,794
Revenues from Equity Sale Related to the Reconstruction from the Great East Japan Earthquake	1,477,382	1,449,215	▲ 28,167
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	91,341	51,307	▲ 40,034
Interest Income	91,340	51,306	▲ 40,034
Sales/Redemption Profit	1	1	▲ 0
Investment Income Related to the Reconstruction from the Great East Japan Earthquake	2,389	2,410	21
Interest Income	2,389	2,410	21
Miscellaneous Income	152,322	126,372	▲ 25,950
Accrued Interest Receivable	150,367	124,837	▲ 25,530
Miscellaneous Income	1,955	1,535	▲ 420
Miscellaneous Income Related to the Reconstruction from the Great East Japan Earthquake	12	27	15
Accrued Interest Receivable	12	27	15
Total	193,024,158	246,789,254	53,765,096

Expenditures

(Unit: million yen)

	FY2020 (Initial) (A)	FY2021 (Initial) (B)	Changes (B) - (A)
Government Debt Consolidation Expenditures	189,769,023	242,388,537	52,619,514
Certificate, etc., Production Cost	113	180	67
JGB Handling Fees	30,512	23,551	▲ 6,962
Compensations, Redemptions, and Refunds	823	823	—
Currency Exchange Gap Compensations	0	0	▲ 0
Sales/Redemption Gap Compensations	91,000	50,000	▲ 41,000
Debt Redemption Expenses	179,645,537	232,137,685	52,492,148
Public Bonds, etc., Redemption	131,939,394	184,750,278	52,810,884
Financed with the General Account	120,627,877	158,967,142	38,339,264
Financed with Special Accounts	11,311,517	25,783,137	14,471,620
Borrowings Redemption	42,439,842	42,361,907	▲ 77,936
Financed with the General Account	592,640	589,148	▲ 3,492
Financed with Special Accounts	41,847,203	41,772,759	▲ 74,444
Financing Bills Redemption	5,266,300	5,025,500	▲ 240,800
Interest and Discount Expenses	10,001,038	10,176,298	175,261
Interests on Public Bonds, etc.	9,332,537	9,493,321	160,784
Financed with the General Account	8,590,514	8,668,923	78,409
Financed with Special Accounts	742,023	824,398	82,375
Interests on Borrowings	105,127	102,242	▲ 2,885
Financed with the General Account	14,382	13,380	▲ 1,002
Financed with Special Accounts	90,745	88,862	▲ 1,883
Interests on Financing Bills	563,374	580,735	17,361
Financed with the General Account	60,000	60,000	—
Financed with Special Accounts	503,374	520,735	17,361
Reconstruction Bonds Consolidation Expenditures	3,255,135	4,400,717	1,145,582
JGB Handling Fees	350	329	▲ 21
Equity Sale Fees	26,063	25,676	▲ 388
Sales/Redemption Gap Compensations	2,384	2,405	21
Debt Redemption Expenses	3,194,946	4,344,961	1,150,015
Public Bonds, etc., Redemption	3,194,946	4,344,961	1,150,015
Financed with Special Accounts	3,194,946	4,344,961	1,150,015
Interest and Discount Expenses	31,392	27,347	▲ 4,045
Interests on Public Bonds, etc.	29,892	26,847	▲ 3,045
Financed with Special Accounts	29,892	26,847	▲ 3,045
Interests on Borrowings	1,500	500	▲ 1,000
Financed with Special Accounts	1,500	500	▲ 1,000
Total	193,024,158	246,789,254	53,765,096

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(FY2021 Initial Budget, FY2019 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 FY2021 Initial Budget

(Unit: million yen)

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grant from Other Accounts	87,814,403	9,937,561	23,719	97,775,682	
Grant from the General Account	15,233,007	8,503,566	21,090	23,757,663	The redemption and interest of public bonds and borrowings, Treasury Financing Bills discount expense, etc.
Grant from Special Accounts	72,581,396	1,433,995	2,629	74,018,020	
Local Allocation Tax and Local Transfer Tax	31,896,939	76,922	—	31,973,861	The redemption and interest of borrowings, and the interest of temporary borrowings
Forex Fund	—	506,176	759	506,936	The discount expense of Foreign Exchange Fund Financing Bills, etc.
FILP	25,783,137	831,751	1,853	26,616,741	The redemption and interest of FILP Bonds, the discount expense of Fiscal Loan Fund Financing Bills, etc.
Energy Projects	12,932,132	9,493	15	12,941,640	The redemption and interest of borrowings, the redemption and discount expense of Petroleum Financing Bills and Nuclear Damage Liability Facilitation Financing Bills, etc.
Pension	1,452,421	5,810	—	1,458,231	The redemption and interest of borrowings, and the interest of temporary borrowings
Stable Food Supply	123,657	1,046	1	124,705	The redemption and interest of borrowings, the redemption and discount expense of Food Financing Bills, etc.
Administration of National Forestry Management Debt	360,299	1,263	—	361,562	The redemption and interest of borrowings, and the interest of temporary borrowings
Motor Vehicles Safety	32,810	1,534	—	34,344	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	—	27,315	329	27,645	
Grant from Special Accounts	—	27,315	329	27,645	
Reconstruction from the Great East Japan Earthquake	—	27,315	329	27,645	The interest of reconstruction bonds, the interest of temporary borrowings, etc.

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

B FY2019 Settlement of Accounts

(Unit: million yen)

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grant from Other Accounts	71,080,070	8,285,897	31,623	79,397,589	
Grant from the General Account	14,658,119	7,596,069	30,703	22,284,892	The redemption and interest of public bonds and borrowings, etc.
Grant from Special Accounts	56,421,950	689,827	920	57,112,697	
Local Allocation Tax and Local Transfer Tax	31,617,295	156	—	31,617,452	The redemption and interest of borrowings and the interest of temporary borrowings
Forex Fund	—	—	286	286	JGB handling fees
FILP	13,518,981	685,090	624	14,204,695	The redemption and interest of FILP Bonds, etc.
Energy Projects	9,338,918	974	9	9,339,901	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	1,458,291	35	—	1,458,325	The redemption and interest of borrowings, and the interest of temporary borrowings
Stable Food Supply	96,390	291	0	96,682	The redemption and interest of borrowings, the redemption of Food Financing Bills, etc.
Administration of National Forestry Management Debt	355,215	1,155	—	356,370	The redemption and interest of borrowings
Motor Vehicles Safety	36,861	2,126	—	38,987	The redemption and interest of borrowings
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other accounts	—	3,647	111	3,758	
Grant from Special Accounts	—	3,647	111	3,758	
Reconstruction from the Great East Japan Earthquake	—	3,647	111	3,758	The 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(FY2021 Initial Budget)

(Unit: billion yen)

	FY2019 (Actual)	FY2020 (Forecast)	FY2021 (Forecast)
<Transfer of financial resources for redemption>			
JGBs (Financial Resources for Reconstruction Bond Redemption)	28,409.9 (61.0)	26,394.2 (34.6)	42,161.6 (1,474.0)
General Account	14,301.9	15,032.0	14,903.1
Special Accounts (Financial Resources for Reconstruction Bond Redemption)	14,045.0 (-)	11,311.5 (-)	25,783.1 (-)
Revenue from the sales of shares (Financial Resources for Reconstruction Bond Redemption)	- (-)	- (-)	1,423.5 (1,423.5)
Investment revenue, etc. (Financial Resources for Reconstruction Bond Redemption)	63.0 (61.0)	50.6 (34.6)	51.8 (50.4)
Borrowings	41,457.5	42,189.9	42,102.6
General Account	356.2	342.7	329.9
Special Accounts	41,101.3	41,847.2	41,772.8
Total	69,867.4	68,584.1	84,264.2
<Redemption Amount>			
JGBs	28,395.8	26,412.1	42,159.8
General Bonds	14,001.4	14,224.7	14,378.0
Subscription/ Contribution Bonds	814.3	841.4	524.7
FILP Bonds	13,519.0	11,311.5	25,783.1
Reconstruction Bond	61.0	34.6	1,474.0
Borrowings	41,457.5	42,189.9	42,102.6
Total	69,853.3	68,602.0	84,262.5
Outstanding Balance of GDCF at the End of FY (Financial Resources for Reconstruction Bond Redemption)	3,020.0 (-)	3,002.0 (-)	3,003.8 (-)
(Reference)			
Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	45,082.7	43,000.0	20,000.0
Outstanding Balance of GDCF at the End of FY Incl. Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	48,102.7	46,002.0	23,003.8
Refunding Amount of JGBs (Refunding Amount of Reconstruction Bonds)	104,238.3 (3,038.6)	109,029.2 (2,725.4)	147,192.9 (2,871.0)

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 FY2020(Forecast) and FY2021(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	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Treasury Discount Bills	12.0	12.8	17.2	17.1	-	-	-	-	-	-
Gensaki, etc.	9.3	9.3	8.9	14.4	0.1	0.3	0.3	0.2	0.6	0.2
Total	21.3	22.1	26.1	31.5	0.1	0.3	0.3	0.2	0.6	0.2

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	3,091.8	3,020.0
FY 2020	3,002.0	3,002.0
FY 2021	3,003.8	3,003.8

Note 1: Trends since FY2014 after the revision of the Act on Special Accounts.

Note 2: Data for FY2020 and FY2021 are based on the initial budget for FY2021.

(6) Results of Liquidity Enhancement Auctions in FY2020

	307th	308th	309th	310th	311st	312nd	313rd	314th	315th	316th	317th	318th
Auction Date	4/14/20	4/16/20	5/1/20	5/22/20	6/11/20	6/15/20	7/14/20	7/16/20	8/12/20	8/14/20	9/15/20	9/18/20
Amount of Competitive Bids (billion yen)	1,194.8	1,870.1	1,315.3	1,726.8	1,200.7	1,636.7	1,940.1	1,500.1	1,010.6	1,664.0	2,083.9	1,421.0
Amount of Bids Accepted (billion yen)	499.1	499.2	399.4	498.4	499.2	498.7	497.4	398.7	499.0	498.9	497.3	399.5
Average Accepted Spread (%)	0.016	▲ 0.011	0.014	▲ 0.007	▲ 0.011	▲ 0.007	▲ 0.008	▲ 0.008	0.009	0.008	0.000	▲ 0.010
Highest Accepted Spread (%)	0.022	▲ 0.009	0.018	▲ 0.005	▲ 0.007	▲ 0.005	▲ 0.007	▲ 0.007	0.014	0.011	0.002	▲ 0.008

	319th	320th	321st	322nd	323rd	324th	325h	326th	327th	328th	329th	330th
Auction Date	10/13/20	10/15/20	11/16/20	11/20/20	12/15/20	12/22/20	1/15/21	1/22/21	2/10/21	2/24/21	3/16/21	3/23/21
Amount of Competitive Bids (billion yen)	1,161.4	2,203.0	1,628.8	1,428.7	1,957.4	1,313.6	2,287.6	1,905.3	1,548.6	2,522.6	1,825.4	1,596.1
Amount of Bids Accepted (billion yen)	498.4	497.9	498.5	398.5	498.0	498.2	497.6	398.5	498.8	498.5	498.2	399.1
Average Accepted Spread (%)	▲ 0.002	▲ 0.007	▲ 0.007	▲ 0.010	▲ 0.008	▲ 0.002	▲ 0.008	▲ 0.002	0.002	0.000	▲ 0.008	▲ 0.003
Highest Accepted Spread (%)	0.000	▲ 0.006	▲ 0.005	▲ 0.008	▲ 0.007	0.000	▲ 0.008	0.002	0.003	0.002	▲ 0.007	▲ 0.002

(7) Buy-back Results in FY2020

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)
4/17/20	176.2	50.2	▲ 0.298	▲ 0.20
5/13/20	181.7	50.1	▲ 0.218	▲ 0.15
6/26/20	172.8	50.1	▲ 0.368	▲ 0.23
7/8/20	175.4	50.0	▲ 0.217	▲ 0.13
8/19/20	184.1	50.1	▲ 0.147	▲ 0.06
9/4/20	223.6	50.3	▲ 0.281	▲ 0.22
10/7/20	170.9	50.1	▲ 0.155	▲ 0.05
11/17/20	216.2	50.1	▲ 0.038	0.00
12/4/20	176.7	50.1	0.019	0.14
1/20/21	126.2	50.3	▲ 0.180	▲ 0.06
2/3/21	166.8	50.0	▲ 0.031	0.11
3/5/21	166.4	50.2	▲ 0.160	▲ 0.08

(8) Buy-back Results

(On nominal basis, billion yen)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
From the Market	2,712.4	2,825.2	2,512.6	741.4	120.2	120.4	120.5	481.0	601.6
From Bank of Japan	350.4	200.0	200.0	—	—	—	—	—	—
Total	3,062.8	3,025.2	2,712.6	741.4	120.2	120.4	120.5	481.0	601.6

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

(9) Various Councils

A. The Advisory Council on Government Debt Management

<Members>

Ayako Fujita	Executive Director, Economic Research, JPMorgan Securities Japan Co., Ltd.
Hajime Takata	Chairman of the Center Global Research Center, Executive Economist, Okasan Securities Co., Ltd.
Hideki Sakata	Senior Managing Director, Nomura Securities Co., Ltd.
Hidenori Suezawa	Assistant General Manager, Financial Market and Fiscal analyst, Financial Market & Economic Research SMBC Nikko Securities Inc.
Iwao Matsumoto	Executive Officer, Sumitomo Life Insurance Company
Junko Koeda	School of Political Science and Economics, Waseda University, Associate Professor
Keito Shimbu	President & CEO, JA Mitsui Leasing, Ltd.
Koji Shimamoto	President and Representative Director, Societe Generale Securities Japan Limited
Main Kohda	Author
(Chairperson) Naoki Tanaka	President of Center for International Public Policy Studies
Naoyuki Yoshino	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.
Shigeru Yoshifuji	Member of the Board of Directors, Senior Managing Executive Officer, Chief Executive, Global Markets Business Unit, MUFG Bank, Ltd.
Takashi Yamada	Senior Managing Director, Daiwa Securities Co. Ltd.
Toshiki Tomita	Guest Scholar, Nomura Institute of Capital Markets Research
Yoko Takeda	Deputy General Manager, Think Tank Unit General Manager, Center for Policy and Economy, Mitsubishi Research Institute
Yuri Okina	Chairperson, The Japan Research Institute, Limited.

(17 members)
(Alphabetical order)
(As of June 24. 2021)

<Actual Achievement>

Date	Content
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
November 4, 2020 (53rd Round) *Online conference	<ul style="list-style-type: none"> Monetary policy management in response to the spread of COVID-19 Challenges on the issuance and absorption of JGBs in COVID-19 pandemic Current status and the Outlook of Japanese Government Bond (JGB) issuance
June 24, 2021 (54th Round) *Online conference	<ul style="list-style-type: none"> Efforts so far and future issues on the debt management policy

B The Meeting of JGB Market Special Participants

<Members>

Barclays Securities Japan Limited
 BNP Paribas Securities (Japan) Limited
 BofA Securities Japan Co., Ltd.
 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.
 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.

(20 companies)
 (Alphabetical order)
 (As of May 26, 2021)

<Actual Achievement>

Date	Content
June 24, 2020 (89th Round) * Held in writing	<ul style="list-style-type: none"> • Issuance size of Inflation-Indexed Bonds in the July-September 2020 quarter • Liquidity Enhancement Auctions in the July-September 2020 quarter • Latest JGB market situation and outlook in the future
September 25, 2020 (90th Round) * Held in writing	<ul style="list-style-type: none"> • Issuance size of Inflation-Indexed Bonds in the October-December 2020 quarter • Liquidity Enhancement Auctions in the October-December 2020 quarter • Latest JGB market situation and outlook in the future
November 26, 2020 (91st Round) * Online conference	<ul style="list-style-type: none"> • Latest JGB market situation and outlook in the future • Current status and issues for the compilation of the JGB Issuance Plan for FY2021
December 11, 2020 (92nd Round) * Held in writing	<ul style="list-style-type: none"> • Issuance size of Inflation-Indexed Bonds in the January-March 2021 quarter • Liquidity Enhancement Auctions in the January-March 2021 quarter • JGB Issuance Plan for FY2021 • Latest JGB market situation and outlook in the future
March 23, 2021 (93rd Round) * Held in writing	<ul style="list-style-type: none"> • Reopening and auction methods of nominal interest-bearing bonds in FY2021 • Issuance size of Inflation-Indexed Bonds in the April-June 2021 quarter • Liquidity Enhancement Auctions in the April-June 2021 quarter • Latest JGB market situation and outlook in the future

C The Meeting of JGB Investors

<Members>

1. Investors

- Capula Investment Management LLP
- Japan Post Bank Co., Ltd.
- Japan Post Insurance 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.
- Sumitomo Mitsui Trust Bank, Limited
- The Bank of Yokohama, Ltd.
- The Ehime Bank, Ltd.
- The Norinchukin Bank
- Tokio Marine & Nichido Fire Insurance Co., Ltd.

(15 companies)
(Alphabetical order)

2. Academics

- KOHYAMA Hiroyuki
 - Professor, The University of Tokyo Graduate Schools for Law and Politics
- TOMITA Toshiki
 - Guest Scholar, Nomura Institute of Capital Markets Research
- (Chairperson)YOSHINO Naoyuki
 - Professor Emeritus of Keio University
 - Director of Financial Research Center, Financial Services Agency
 - Visiting Professor, National Graduate Institute for Policy Studies

(3 members)
(Alphabetical order)
(As of April 28, 2021)

<Actual Achievement>

Date	Content
November 26, 2020 (85th Round) * Online conference	<ul style="list-style-type: none"> • Latest JGB market situation and outlook for future investments • Current status and issues for the compilation of the JGB Issuance Plan for FY2021
March 23, 2021 (86th Round) * Held in writing	<ul style="list-style-type: none"> • Reopening and auction methods of nominal interest-bearing bonds in FY2021 • Issuance size of Inflation-Indexed Bonds in the April-June 2021 quarter • Liquidity Enhancement Auctions in the April-June 2021 quarter • Latest JGB market situation and outlook for future investments

D The Meeting of JGB Top Retailers

<Members>

Chuo Labour Bank	Sumitomo Mitsui Banking Corporation
Daiwa Securities Co. Ltd.	Sumitomo Mitsui Trust Bank, Limited
JA-MIYAZAKICHUOH	The Chugoku Bank, Ltd.
Japan Post Bank Co., Ltd.	The Hokkaido Bank, Ltd.
Mizuho Bank, Ltd.	The Joyo Bank, Ltd.
Mizuho Securities Co., Ltd.	The Keiyo 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
SMBC Nikko Securities Inc.	Tomato Bank, Ltd

(20 companies)

(Alphabetical order)

(As of May 28, 2021)

<Actual Achievement>

Date	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, promotion of stable long-term holdings of JGBs for Retail Investors and advertisement of JGBs for Retail Investors Exchange of opinions with regard to each content
June 7, 2021 (20th Round) *Online conference	<ul style="list-style-type: none"> Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, initiative cases by handling institutions for the sale of JGBs for Retail Investors, enhancement of cooperation between the Financial Bureau and handling institutions and advertisement of JGBs for Retail Investors Explanation from handling institutions regarding their effort at selling 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) 02.5 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	
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	

FY	Debt Management Policy	Fiscal Policy, etc.
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	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	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	
	09.4 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	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	
	10.7 Issuance of JGBs for Retail Investors (3-year) since July (offered in June), 2010	Formation of the Kan Cabinet
11	10.12 Execution of Buy-Back whose resources are reduced from GDCF	
	11.7 Revisions of Rate-Setting Formula for JGBs for Retail Investors (10-Year Floating Rate)	Formation of the Noda Cabinet
12	12.1 Issuance of Reconstruction Bonds for Retail Investors since January, 2012 (offered in December, 2011)	Issuance of Reconstruction Bonds
	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	Formation of the Abe Cabinet
13	13.1 Announcement of reduction of the Issuance of Refunding Bonds by using the Government Debt Consolidation Fund(GDCF)	Issuance of Special Bonds for covering Public Pension Funding
	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	Consumption tax hike from 5% to 8%
	15.1 Launching of the purchase of JGBi by Retail Investors through direct negotiation	
15	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
	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	16.4 Extension of targets of Liquidity Enhancement Auctions (Coupon-bearing bonds from 1- to 39-year bonds)	
	16.4 Launching Buy-Backs of Inflation-Indexed 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%
	20.3 Buy-Back of Inflation-Indexed Bonds worth 300 billion yen	Implementation of the reduced tax rate system for the consumption tax Spread of COVID-19
20	20.4 Suspension of Non-Price Competitive Auction II for Inflation-Indexed Bonds	Formation of the Suga Cabinet
	20.4 Raising the Buy-Back of Inflation-Indexed Bonds from 20 billion yen to 50 billion yen	
	20.10 Revision of a fee system for JGBs for Retail Investors (Introduction of a management fee)	
21	21.4 Reduction of the lower limit for a coupon on interest-bearing JGBs from 0.1% to 0.005%	

(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 Bonds 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.