

3 Debt Management Systems

(1) Revenues and Expenditures for the Special Account for the GDCF (FY2024 Initial Budget)

Revenues

(Unit: million yen)

	FY2023 (Initial) (A)	FY2024 (Initial) (B)	Changes (B) - (A)
Grants from Other Accounts	81,324,198	88,856,307	7,532,109
Grant from the General Account	25,249,411	27,008,257	1,758,846
Grants from Special Accounts	56,074,787	61,848,050	5,773,263
Local Allocation Tax and Local Transfer Tax	29,669,495	29,710,179	40,684
Forex fund	489,591	489,149	▲ 441
FILP	11,439,807	15,453,960	4,014,153
Energy Projects	12,398,902	14,090,161	1,691,259
Labor Insurance	374	—	▲ 374
Pension	1,446,668	1,445,168	▲ 1,500
Stable Food Supply	252,051	286,054	34,004
Administration of National Forestry Management Debt	344,014	340,115	▲ 3,900
Motor Vehicles Safety	33,885	33,263	▲ 621
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	15,587	25,411	9,824
Grant from Special Account	15,587	25,411	9,824
Reconstruction from the Great East Japan Earthquake	15,587	25,411	9,824
Grant from Other Account for GX Promotion	607	59,548	58,941
Grant from Special Account	607	59,548	58,941
Energy Projects	607	59,548	58,941
Tax	112,800	114,300	1,500
Revenues from JGBs	157,551,331	135,515,353	▲ 22,035,978
Revenues from JGBs	153,121,222	131,500,477	▲ 21,620,745
Revenues from Reconstruction-related Refunding Public Bonds	3,326,663	3,164,043	▲ 162,619
Revenues from GX Economy Transition - related Refunding Public Bonds	1,103,446	850,833	▲ 252,614
Revenues from Equity Sale Related to Reconstruction from the Great East Japan Earthquake	200,245	169,152	▲ 31,093
Dividend Income Related to Reconstruction from the Great East Japan Earthquake	5,440	4,965	▲ 475
Tokyo Metro	3,972	4,965	993
Japan Post	1,468	—	▲ 1,468
Investment Income	29,281	98,645	69,364
Interest Income	29,280	98,644	69,365
Sales/Redemption Profit	1	1	▲ 0
Investment Income Related to Reconstruction from the Great East Japan Earthquake	145	404	260
Interest Income	145	404	260
Investment Income Related to GX Promotion	—	199	199
Interest Income	—	199	199
Miscellaneous Income	234,040	291,897	57,857
Accrued Interest Receivable	232,935	290,792	57,857
Miscellaneous Income	1,105	1,105	—
Miscellaneous Income Related to Reconstruction from the Great East Japan Earthquake	22	58	36
Accrued Interest Receivable	22	58	36
Miscellaneous Income Related to GX Promotion	—	2,748	2,748
Accrued Interest Receivable	—	2,748	2,748
Total	239,473,695	225,138,987	▲ 14,334,708

Expenditures

(Unit: million yen)

	FY2023 (Initial) (A)	FY2024 (Initial) (B)	Changes (B) - (A)
Government Debt Consolidation Expenditures	234,821,541	220,861,626	▲ 13,959,914
Certificate, etc., Production Cost	7	3	▲ 3
JGB Handling Fees	23,403	23,823	420
Compensations, Redemptions, and Refunds	823	823	—
Currency Exchange Gap Compensations	0	0	0
Sales/Redemption Gap Compensations	29,000	98,000	69,000
Debt Redemption Expenses	224,745,556	209,233,972	▲ 15,511,584
Public Bonds, etc., Redemption	180,090,502	164,865,189	▲ 15,225,313
Financed with the General Account	169,290,122	148,209,928	▲ 21,080,194
Financed with Special Accounts	10,800,380	16,655,261	5,854,881
Borrowings Redemption	40,339,954	40,562,483	222,529
Financed with the General Account	587,449	586,872	▲ 577
Financed with Special Accounts	39,752,506	39,975,611	223,105
Financing Bills Redemption	4,315,100	3,806,300	▲ 508,800
Interest and Discount Expenses	10,022,751	11,505,005	1,482,253
Interests on Public Bonds, etc.	9,377,219	10,718,191	1,340,972
Financed with the General Account	8,746,695	10,025,625	1,278,930
Financed with Special Accounts	630,524	692,566	62,042
Interests on Borrowings	81,972	224,398	142,426
Financed with the General Account	11,593	10,725	▲ 868
Financed with Special Accounts	70,379	213,673	143,294
Interests on Financing Bills	563,561	562,417	▲ 1,144
Financed with the General Account	60,000	60,000	—
Financed with Special Accounts	503,561	502,417	▲ 1,144
Reconstruction Bonds Consolidation Expenditures	3,548,101	3,364,033	▲ 184,068
JGB Handling Fees	68	69	0
Equity Sale Fees	4,007	4,102	95
Sales/Redemption Gap Compensations	144	404	259
Debt Redemption Expenses	3,528,340	3,334,058	▲ 194,282
Public Bonds, etc., Redemption	3,528,340	3,334,058	▲ 194,282
Financed with Special Accounts	3,528,340	3,334,058	▲ 194,282
Interest and Discount Expenses	15,541	25,400	9,859
Interests on Public Bonds, etc.	15,241	24,575	9,334
Financed with Special Accounts	15,241	24,575	9,334
Interests on Borrowings	300	825	525
Financed with Special Accounts	300	825	525
GX Economy Transition Bonds Consolidation Expenditures	1,104,053	913,328	▲ 190,725
JGB Handling Fees	7	54	47
Sales/Redemption Gap Compensations	—	198	198
Debt Redemption Expenses	1,103,446	850,833	▲ 252,614
Public Bonds, etc., Redemption	1,103,446	850,833	▲ 252,614
Financed with Special Accounts	1,103,446	850,833	▲ 252,614
Interest and Discount Expenses	600	62,242	61,642
Interests on Public Bonds, etc.	—	62,242	62,242
Financed with Special Accounts	—	62,242	62,242
Interests on Borrowings	600	—	▲ 600
Financed with Special Accounts	600	—	▲ 600
Total	239,473,695	225,138,987	▲ 14,334,708

Note 1: "Financed with the General Account" in the "Government Debt Consolidation Expenditures" and "Financed with Special Accounts" in the "Reconstruction Bonds Consolidation Expenditures" and "GX Economy Transition 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 for Each Account (FY2024 Initial Budget, FY2022 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 FY2024 Initial Budget

(Unit: million yen)

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grants from Other Accounts	77,732,850	11,099,643	23,814	88,856,307	
Grant from the General Account	17,295,678	9,690,988	21,591	27,008,257	The redemption and interest of public bonds and borrowings, Treasury Financing Bill discount expenses, etc.
Grants from Special Accounts	60,437,172	1,408,655	2,223	61,848,050	
Local Allocation Tax and Local Transfer Tax	29,510,990	199,189	—	29,710,179	The redemption and interest of borrowings, and the interest of temporary borrowings
Forex Fund	—	488,412	738	489,149	The discount expense of Foreign Exchange Fund Financing Bills, etc.
FILP	14,755,261	697,234	1,466	15,453,960	The redemption and interest of FILP Bonds, the discount expenses of Fiscal Loan Fund Financing Bills, etc.
Energy Projects	14,081,134	9,011	16	14,090,161	The redemption of Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation, the redemption and interest of borrowings, the redemption and discount expense of Petroleum Financing Bills and Nuclear Damage Liability Facilitation Financing Bills, etc.
Pension	1,436,702	8,464	2	1,445,168	The interest of Children Special Bonds, the redemption and interest of borrowings, the interest of temporary borrowings, etc.
Stable Food Supply	285,079	974	2	286,054	The redemption and interest of borrowings, the redemption and discount expense of Food Financing Bills, etc.
Administration of National Forestry Management Debt	338,470	1,645	—	340,115	The redemption and interest of borrowings, and the interest of temporary borrowings
Motor Vehicles Safety	29,535	3,728	—	33,263	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	—	25,342	69	25,411	
Grant from Special Account	—	25,342	69	25,411	
Reconstruction from the Great East Japan Earthquake	—	25,342	69	25,411	The interest of Reconstruction Bonds, the interest of temporary borrowings, etc.
Grant from Other Account for GX Promotion	—	59,494	54	59,548	
Grant from Special Account	—	59,494	54	59,548	
Energy Projects	—	59,494	54	59,548	The interest of GX Economy Transition Bonds, etc.

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

B FY2022 Settlement of Accounts

(Unit: million yen)

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grants from Other Accounts	76,651,422	7,715,450	16,545	84,383,417	
Grant from the General Account	16,704,570	7,148,920	15,545	23,869,035	The redemption and interest of public bonds and borrowings, etc.
Grants from Special Accounts	59,946,852	566,530	1,000	60,514,383	
Local Allocation Tax and Local Transfer Tax	30,112,295	3,953	—	30,116,248	The redemption and interest of borrowings and the interest of temporary borrowings
Forex Fund	—	—	301	301	JGB handling fees
FILP	17,919,430	559,947	691	18,480,068	The redemption and interest of FILP Bonds, etc.
Energy Projects	9,903,966	411	8	9,904,384	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	1,440,920	1,568	—	1,442,488	The redemption and interest of borrowings, and the interest of temporary borrowings
Stable Food Supply	185,539	100	0	185,639	The redemption and interest of borrowings, the redemption of Food Financing Bills, etc.
Administration of National Forestry Management Debt	353,411	7	—	353,418	The redemption and interest of borrowings
Motor Vehicles Safety	31,291	545	—	31,836	The redemption and interest of borrowings
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	243,072	2,428	44	245,544	
Grant from Special Account	243,072	2,428	44	245,544	
Reconstruction from the Great East Japan Earthquake	243,072	2,428	44	245,544	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 (FY2024 Initial Budget)

(Unit: billion yen)

	FY2022 (Actual)	FY2023 (Forecast)	FY2024 (Forecast)
<Transfer of financial resources for redemption>			
JGBs	35,045.0	27,361.7	33,822.0
(Financial Resources for Reconstruction Bond Redemption)	(248.0)	(301.5)	(170.0)
(Financial Resources for GX Economy Transition Bonds Redemption)	(—)	(—)	(—)
General Account	16,385.0	17,761.3	16,996.1
Special Accounts	18,654.8	9,485.9	16,655.3
(Financial Resources for Reconstruction Bond Redemption)	(243.1)	(187.8)	(—)
(Financial Resources for GX Economy Transition Bonds Redemption)	(—)	(—)	(—)
Revenue from the sales of shares	—	105.7	165.0
(Financial Resources for Reconstruction Bond Redemption)	(—)	(105.7)	(165.0)
Investment revenue, etc.	5.2	8.8	5.6
(Financial Resources for Reconstruction Bond Redemption)	(5.0)	(8.0)	(5.0)
(Financial Resources for GX Economy Transition Bonds Redemption)	(—)	(—)	(—)
Borrowings	40,515.3	40,062.0	40,275.2
General Account	319.6	309.5	299.6
Special Accounts	40,195.7	39,752.5	39,975.6
Total	75,560.3	67,423.7	74,097.2
<Redemption Amount>			
JGBs	35,058.6	27,362.3	33,821.4
General Bonds	16,019.1	17,389.3	16,639.2
Subscription/Contribution Bonds	872.0	373.4	2,256.9
FILP Bonds	17,919.4	9,298.1	14,755.3
Reconstruction Bonds	248.0	301.5	170.0
GX Economy Transition Bonds	—	—	—
Borrowings	40,515.3	40,062.0	40,275.2
Total	75,573.9	67,424.3	74,096.6
Outstanding Balance of GDCF at the End of FY	3,004.4	3,003.8	3,004.5
(Financial Resources for Reconstruction Bond Redemption)	(—)	(—)	(—)
(Financial Resources for GX Economy Transition Bonds Redemption)	(—)	(—)	(—)
(Reference)			
Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	15,498.8	35,000.0	44,500.0
Outstanding Balance of GDCF at the End of FY Incl. Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	18,503.2	38,003.8	47,504.5

Refunding Amount of JGBs	147,733.5	155,090.2	135,515.4
(Refunding amount of Reconstruction Bonds)	(3,783.7)	(3,217.7)	(3,164.0)
(Refunding amount of GX Economy Transition Bonds)	(—)	(1,103.4)	(850.8)

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 FY2023 (Forecast) and FY2024 (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)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Treasury Discount Bills	17.1	—	—	—	—	—	—	—	—	—
Gensaki, etc.	14.4	0.1	0.3	0.3	0.2	0.6	0.2	0.1	0.1	0.1
Total	31.5	0.1	0.3	0.3	0.2	0.6	0.2	0.1	0.1	0.1

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

(5) Budgetary Surplus of the Special Account of the GDCEF

(Unit: billion yen)

	Budgetary Surplus	Outstanding Balance of GDCEF
FY 2018	3,076.4	3,005.9
FY 2019	3,091.8	3,020.0
FY 2020	3,052.2	3,005.0
FY 2021	3,078.7	3,018.0
FY 2022	3,067.0	3,004.4
FY 2023	3,003.8	3,003.8
FY 2024	3,004.5	3,004.5

Note :Data for FY2023 and FY2024 is based on the initial budget for FY2024.

(6) Results of Liquidity Enhancement Auctions in FY2023

Auction Date	4/13/23	4/18/23	5/2/23	5/19/23	6/8/23	6/13/23	7/19/23	7/21/23	8/22/23	8/24/23	9/19/23	9/21/23
Remaining Maturity Zone (years)	15.5-39	5-15.5	1-5	5-15.5	5-15.5	15.5-39	1-5	5-15.5	5-15.5	15.5-39	1-5	5-15.5
Amount of Competitive Bids (billion yen)	1,396.9	2,374.3	2,208.9	1,851.7	1,547.4	1,426.5	2,172.9	2,117.5	1,798.2	1,452.0	1,733.9	1,639.6
Amount of Bids Accepted (billion yen)	499.5	498.8	497.7	498.3	499.2	496.6	498.9	499.8	498.9	499.7	498.5	499.0
Average Accepted Spread (%)	▲ 0.013	▲ 0.012	0.004	0.006	0.002	▲ 0.019	▲ 0.014	0.005	0.005	▲ 0.038	▲ 0.002	0.009
Highest Accepted Spread (%)	▲ 0.011	▲ 0.009	0.005	0.007	0.003	▲ 0.017	▲ 0.013	0.011	0.006	▲ 0.031	▲ 0.001	0.013

Auction Date	10/19/23	10/25/23	11/16/23	11/24/23	12/20/23	12/22/23	1/5/24	1/22/24	2/16/24	2/22/24	3/21/24	3/25/24
Remaining Maturity Zone (years)	5-15.5	15.5-39	1-5	5-15.5	5-15.5	15.5-39	1-5	5-15.5	15.5-39	5-15.5	5-15.5	1-5
Amount of Competitive Bids (billion yen)	1,785.8	1,385.7	1,904.4	2,185.3	2,077.6	1,049.9	2,216.3	1,693.1	1,429.2	2,233.0	1,446.6	1,848.7
Amount of Bids Accepted (billion yen)	498.3	498.4	499.5	498.9	499.6	499.5	498.0	498.7	498.8	498.9	499.6	499.1
Average Accepted Spread (%)	0.020	0.029	▲ 0.013	0.031	▲ 0.081	0.064	▲ 0.009	▲ 0.010	0.009	▲ 0.015	▲ 0.001	▲ 0.019
Highest Accepted Spread (%)	0.023	0.032	▲ 0.010	0.033	▲ 0.079	0.085	▲ 0.008	▲ 0.007	0.013	▲ 0.015	0.006	▲ 0.017

(7) Buy-back Results in FY2023

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)
4/10/23	69.7	20.0	▲ 0.335	▲ 0.31
5/12/23	80.8	20.0	▲ 0.430	▲ 0.37
6/21/23	49.9	20.1	▲ 0.037	0.14
7/12/23	90.1	20.1	▲ 0.075	0.00
8/10/23	97.0	20.0	▲ 0.319	▲ 0.22
9/13/23	69.6	20.1	▲ 0.069	0.09
10/12/23	86.7	20.2	▲ 0.084	▲ 0.01
11/13/23	98.8	20.0	▲ 0.454	▲ 0.34
12/13/23	147.1	20.0	▲ 0.830	▲ 0.83
1/11/24	121.0	20.0	▲ 0.266	▲ 0.25
2/8/24	120.5	20.0	▲ 0.336	▲ 0.31
3/4/24	105.0	20.1	▲ 0.331	▲ 0.26

(8) Buy-back Results

(On nominal basis, billion yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
From the Market	741.4	120.2	120.4	120.5	481.0	601.6	510.9	240.4	240.6

(9) Various Meetings

A. Study Group on Government Debt Management

<Members>

AKAMATSU Keiichi	Executive Officer, Head of Fixed Income & Equity Group, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
IWASHITA Mari	Chief Market Economist, Fixed Income, Currency and Commodities(FICC) Research Dept, Daiwa Securities Co., Ltd.
KAMEDA Keigo	Professor, School of Policy Studies, Kwansei Gakuin University
KOEDA Junko	Professor, Faculty of Political Science and Economics, Waseda University
MORITA Chotaro	All Nippon Asset Management Chief Strategist / Walls & Bridges President
SAMIKAWA Ikuko	Director, Financial Research, Lead Economist Economic Research Department Japan Center for Economic Research
SHINO Junnosuke	Associate Professor, Faculty of International Research and Education, Waseda University
TAKIZAWA Miho	Professor, Faculty of Economics, Gakushuin University
TOMURA Hajime	Professor, Faculty of Political Science and Economics, Waseda University

(9 members)

(Alphabetical order)

(As of May 9, 2024)

<Actual Achievement>

Date	Content
June 13, 2022 (1st Round) *In-person conference/ Online conference	<ul style="list-style-type: none"> Current status and issues regarding JGB issuance
November 10, 2022 (2nd Round)	<ul style="list-style-type: none"> Current status and issues regarding JGB issuance Trends in the Yen interest rate market: spillover of global upward pressure on interest rates Cost-at-Risk analysis
Jun 2, 2023 (3rd Round) *In-person conference/ Online conference	<ul style="list-style-type: none"> Stable absorption of JGBs Natural interest rate and long term yield
Nov 21, 2023 (4th Round) *In-person conference/ Online conference	<ul style="list-style-type: none"> Current status and issues regarding JGB issuance Current status regarding JGB issuance <ol style="list-style-type: none"> Liquidity and Challenges in JGB Market ~Preparing for positive rates~ Overview of JGB Futures at Osaka Exchange
May 9, 2024 (5th Round)	<ul style="list-style-type: none"> Report <ol style="list-style-type: none"> JGB Issuance Plan for FY2024 Changes in the Monetary Policy Framework Issues for stable issuance and absorption of JGBs in the future

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.
 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.

(19 companies)
 (Alphabetical order)
 (As of December 27, 2023)

<Actual Achievement>

Date	Content
June 12, 2023 (104th Round)	<ul style="list-style-type: none"> • Issuance size and Buy-back amount of Inflation-Indexed Bonds in the July-September 2023 quarter • Issuance size of Liquidity Enhancement Auctions in the July-September 2023 quarter • Latest JGB market situation and outlook in the future
September 27, 2023 (105th Round)	<ul style="list-style-type: none"> • Issuance size and Buy-back amount of Inflation-Indexed Bonds in the October-December 2023 quarter • Issuance size of Liquidity Enhancement Auctions in the October-December 2023 quarter • Latest JGB market situation and outlook in the future
October 23, 2023 (106th Round)	<ul style="list-style-type: none"> • JGB issuance plan for the supplementary budget for FY2023
December 6, 2023 (107th Round)	<ul style="list-style-type: none"> • Issuance of Japan Climate Transition Bonds through auctions in FY2023 • Current trends on JGB investment and opinions on the formulation of the JGB issuance plan for FY2024 • Issuance size and Buy-back amount of Inflation-Indexed Bonds in the January-March 2024 quarter • Issuance size of Liquidity Enhancement Auctions in the January-March 2024 quarter • Latest JGB market situation and outlook in the future
March 13, 2024 (108th Round)	<ul style="list-style-type: none"> • Reopening rules of fixed-rate coupon-bearing bonds in FY2024 • Auction methods of fixed-rate coupon-bearing bonds in FY2024 • Issuance size and Buy-back amount of Inflation-Indexed Bonds in the April-June 2024 quarter and others • Issuance size of Liquidity Enhancement Auctions in the April-June 2024 quarter • Issuance of Japan Climate Transition Bonds through auctions in FY2024 • 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.
 Mitsubishi UFJ Trust and Banking Corporation
 National Mutual Insurance Federation of Agricultural Cooperatives
 Pension Fund Association
 PGIM Japan Co., Ltd.
 Shinkin Central Bank
 Sumitomo Mitsui Banking Corporation
 Sumitomo Mitsui Trust Asset Management Co., Ltd.
 The Bank of Fukuoka, Ltd.
 The Dai-ichi Life Insurance Company, Limited
 The Keiyo Bank, Ltd.
 The Norinchukin Bank
 Tokio Marine Holdings, Inc.

(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 Economics, Keio University
 - Specially Appointed Professor, Tokyo Metropolitan University (International Economics)
 - Advisor, Financial Research Center, Financial Services Agency (FSA)

(3 members)
 (Alphabetical order)
 (As of April 19, 2024)

<Actual Achievement>

Date	Content
October 23, 2023 (92nd Round) *Held in writing	• JGB issuance plan for the supplementary budget for FY2023
December 6, 2023 (93rd Round)	• Issuance of Japan Climate Transition Bonds through auctions in FY2023 • Current trends on JGB investment and opinions on the formulation of the JGB issuance plan for FY2024 • Latest JGB market situation and outlook for future investments
March 13, 2024 (94th Round)	• Reopening rules and auction methods of fixed-rate coupon-bearing bonds in FY2024 • Issuance size and Buy-back amount of Inflation-Indexed Bonds in the April-June 2024 quarter and others • Issuance size of Liquidity Enhancement Auctions in the April-June 2024 quarter • Latest JGB market situation and outlook for future investments

D The Meeting of JGB Top Retailers

<Members>

Chuo Labour Bank	SMBC Nikko Securities Inc.
Daiwa Securities Co. Ltd.	Sumitomo Mitsui Banking Corporation
JA MIYAZAKI	Sumitomo Mitsui Trust Bank, Limited
Japan Post Bank Co., Ltd.	The Hachijuni Bank, Ltd.
Mizuho Bank, Ltd.	The Joyo Bank, Ltd.
Mizuho Securities Co., Ltd.	The Keiyo Bank, Ltd.
MUFG Bank, Ltd.	The Nagasaki Mitsubishi Credit Cooperative
Nomura Securities Co., Ltd.	The Sugamo Shinkin Bank
North Pacific Bank, Ltd.	The Tama Shinkin Bank
SBI SECURITIES Co., Ltd.	The Toho Bank, Ltd.

(20 companies)

(Alphabetical order)

(As of May 31, 2024)

<Actual Achievement>

Date	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, advertisement of JGBs for Retail Investors and the promotion of stable long-term holdings of JGBs for Retail Investors Exchange of opinions with regard to each content
June 7, 2021 (20th Round) *Online meeting	<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 efforts at selling JGBs for Retail Investors Exchange of opinions with regard to each content
June 8, 2022 (21st Round) *Online meeting	<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, initiative cases by handling institutions for the sale of JGBs for Retail Investors, cautions on handling JGBs for Retail Investors, and initiative policy for FY2022 Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors Exchange of opinions with regard to each content
June 15, 2023 (22nd Round) *In-person meeting/ Online meeting	<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 Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors Exchange of opinions with regard to each content
June 7, 2024 (23rd Round) *In-person meeting/ Online meeting	<ul style="list-style-type: none"> Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors Explanation from an advertising agency regarding advertisement of JGBs for Retail Investors Explanation from handling institutions regarding their efforts 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 Launch of underwriting Syndicate (7-year)	The issuance of Revenue-Financing Bonds in the supplementary budget (Start of issuance of bonds)
66	66.3 Launch of underwriting by Trust Funds Bureau	
67		Introduction of Construction Bonds
68	68.4 Introduction of "Tokubetsu-Maruyu" tax free saving schemes	
69	68.5 Formation of Redemption system	
70		
71	72.1 Extension of term-to-maturity for JGBs (7 years → 10 years)	Nixon Shock
72		
73		First year of the welfare era
74		1973 energy crisis
75		Launch of issuance of Special Deficit-Financing Bonds
76	77.1 Launch of auction for discount bonds (5-year)	
77	77.4 Launch of securitization of JGBs acquired by financial institutions	
78	78.6 Launch of auction for medium-term bonds (3-year)	Proactive fiscal management for 7% growth promised at Bonn summit
79	79.6 Launch of auction for medium-term bonds (2-year)	1979 energy crisis
	80.1 Launch of sales for Fund of medium-term JGBs	Locomotive theory
	80.2 Creation of the Book-Entry Transfer System	Setting of the goal (fiscal year 1984) to grow out of dependence on Special Deficit-Financing Bonds
80	80.6 Launch 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 Launch of handling for offering of JGBs by financial institutions	Setting of "Minus-Ceiling"
	83.9 Direct issuance of 20-Year Bonds	Setting of the goal (fiscal year 1990) to grow out of dependence on Special Deficit-Financing Bonds
84	84.6 Launch of dealing of JGBs by financial institutions	
85	85.6 Amendment of the law for the Act on GDCF Special Account ① Launch of issuance of short-term bonds and Refunding Bonds (front-loading) ② Reversion of former NTT stocks etc. to the Account	
	85.10 Launch of transactions for JGB futures	
	86.2 Launch of auction for short-term bonds	
86	86.10 Launch of underwriting Syndicate (20-year)	
87	87.9 Launch of auction for Fixed-rate bonds (20-year)	
	87.11 Introduction of system for underwriting auction of 10-Year Bonds	
88	88.4 Launch of handling for 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 to the ratio of bids by Syndicate (10-Year Bonds; 40% → 60%)	Growing out of dependence on Special Deficit-Financing Bonds
91	91.4 Same-day-announcement of auction results for 10-Year Bonds	Issuance of Ad-hoc Deficit-Financing Bonds
92	92.4 Tax exemption on profit from redemption for TB and FB owned by foreign corporations	
93	94.1 Extension of scope for "Maruyu" tax free saving schemes (3.5 million yen)	
	94.2 Launch of auction for Fixed-rate bonds (6-year)	
94		Issuance of tax reduction-related Special Deficit-Financing Bonds
95		Issuance of Special Deficit-Financing Bonds for Earthquake
96	96.4 Introduction of auction for 20-Year Bonds in each quarter of the year	Re-issuance of Special Deficit-Financing Bonds
	96.4 Launch of the Japanese version of cash-secured bond lending transactions	Setting of the goal for 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 Launch of the non-competitive auction for medium-term JGBs	Consumption tax hike from 3% → 5%
	99.1 Abolishment of the article pre-maturity redemption	Approval of the stop-law for the special treatment law regarding the promotion of fiscal reconstruction
	99.3 Launch of prior announcement of auction schedules and amounts of issuance	
99	99.4 Launch of auction for T-Bill (1-year)	Reduction for income tax and corporate tax
	99.9 Launch of auction for Fixed-rate bonds (30-year)	
	00.2 Introduction of Fixed-rate bonds (5-year)	
00	00.6 Launch of auction for 15-Year Floating-Rate Bonds	
	00.9 Launch of the Meeting of JGB Market	
	00.11 Launch of auction for discount bonds (3-year)	
	01.3 Introduction of the immediate reopening rule	
01	01.4 Introduction of new Gensaki transactions	Formation of the Koizumi Cabinet
	01.10 Alteration of announcement of auction calendar (announce next 3 months)	Launching of issuance of FILP Bonds
02	02.4 Launch 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 Launch of the auction for Buy-back	
	03.3 Introduction of JGBs for Retail Investors	
03	03.5 Raising of the ratio of competitive auction in Syndicate (From 75% to 80%; applied since May, 2003)	
	03.12 Announcement of "Forthcoming Development of Debt Management Policy"	
	04.2 Launch of WI transactions	
	04.3 Introduction of 10-Year Inflation-Indexed Bonds	
04	04.5 Raising of the ratio of competitive 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 Deputy Director-General and Special Officer for Analysis on Debt Market 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 JGB Market Special Participants Launch of the Meeting of JGB Market Special Participants Launch of the Non-Price Competitive Auction II)	
	04.11 Launch of the Advisory Council on Government Debt Management	
05	05.1 Launch of overseas IRS	

FY	Debt Management Policy	Fiscal Policy, etc.
05	05.4 Launch of the Non-Price Competitive Auction I	
	05.4 Raising of the ratio of competitive auction in Syndicate (From 85% to 90%; applied since April, 2005)	
	05.7 Revision of rules related to auctions	
	05.7 Introduction of bid limitation for auction of bonds and FB	
	05.7 Alteration of auction system for 15-Year Floating-Rate Bonds (conventional method)	
06	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	
	06.4 Launch of Liquidity Enhancement Auctions	Formation of the Abe Cabinet
06	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))	
	07.4 Execution of law regarding Special Accounts (legislation of rules of swaption transaction, etc.)	Formation of the Fukuda Cabinet
07	07.4 Alteration of auction system for 30-Year Bonds (conventional method)	
	07.6 Launch of the Meeting of JGB Top Retailers	
	07.9 Announcement of re-opening issuance in principle of 15-Year Floating-Rate Bonds	
	07.10 Introduction of the New Over-The-Counter (OTC) Sales System	
	07.11 Launch of auction for fixed-rate bonds (40-year)	
08	08.4 Introduction of Special Liquidity Enhancement Auctions	Global financial crisis
	08.4 Setting of the issuance date of coupon-bearing bonds as T (auction date) + 3, in principle	Formation of the Aso Cabinet
	08.4 Extension of scope for 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 Launch of Buy-back of STRIPS	
	08.8 Reduction in planned issuance amount of 15-Year Floating-Rate Bonds (four times per year → twice per year)	
	08.9,10 Reduction in planned issuance amount of 10-Year Inflation-Indexed Bonds (Suspension of issuance)	
	08.12 Reduction in 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 Launch of 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	09.7 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 5-year to 29-year)	
	10.1 Reduction in amount of Buy-back for 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds (In terms of a change from response 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
10	10.12 Execution of Buy-back with reduced resources from Government Debt Consolidation Fund(GDCF)	
	11.7 Revisions to Rate-Setting Formula for JGBs for Retail Investors (10-Year Floating Rate)	Formation of the Noda Cabinet
11	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)	Formation of the Abe Cabinet
12	12.4 Setting of the issuance date for JGB and T-Bill as T (auction date) + 2, in principle	Issuance of Special Bonds for covering Public Pension Funding
	13.1 Announcement of reduction of the Issuance of Refunding Bonds by using the GDCF	
	13.7 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 5- to 39-year bonds)	
13	13.10 Resumption of issuance for Inflation-Indexed Bonds	
	13.12 Launch of the monthly offering and issuance of JGBs for retail investors (10-Year Floating Rate and 5-Year Fixed Rate)	
	13.12 Announcement of re-opening issuance in principle for 20-Year Bonds	
14	14.5 Announcement regarding allowing Retail Investors to hold JGBi from January 2015	Consumption tax hike from 5% to 8%
	15.1 Launch of 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"	
	15.4 Raising of the minimum bidding responsibility amount for JGB market Special Participants from 3% of the planned issue amount to 4%	
16	16.4 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 1- to 39-year bonds)	
	16.4 Launch Buy-back 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 of 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 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 per buy-back	
	20.10 Revision of the 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%	Formation of the Kishida Cabinet
	21.6 Termination of the Advisory Council on Government Debt Management	
	22.1 Reduction of Buy-back of Inflation-Indexed Bonds from 50 billion yen to 20 billion yen per buy-back	
	22.3 Change of the minimum bidding responsibility amount for JGB Market Special Participants from "5% of the planned issue amount" to "100/n(*)%" *n is the number of the Special Participants	
22	22.6 Commencement of Study Group on Government Debt Management	
23	24.2 Launch of Japan Climate Transition Bonds	

(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, Reconstruction Bonds, GX Economy Transition Bonds, Children Special 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 Art. 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 carry out borrowings within amounts that correspond to public works, 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 resources can be procured through bond 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 bond issuance and/or borrowing are permitted, limited to public works expenditure, etc.

However, the government can issue Construction Bonds within the amount approved by the Diet, and the ceiling amount is provided under the general provisions of the General Account budget.

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 Public Bonds to Secure Financial Resources Required for Fiscal Management" provide for "issuance in addition to the government bonds 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 the specific ceiling amount. The reason for this structure is that the applicable ceilings for the issuance of government bonds 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 can be within the amount approved by the Diet, 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, the government 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 issuance 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 Art. 69 (1) and (4) 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 can be issued within the amount approved by the Diet, and the ceiling amount is stipulated in 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 onwards. 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 by FY2037. Redemption of these bonds will be financed with revenues generated from the Special Taxes for Reconstruction, etc. from FY2012 to FY2037.

d. Act on Promoting Transition to the Decarbonized Growth Economic Structure Art. 7 (1) (GX Economy Transition Bonds)

Based on the provisions of Art. 7 (1) of the "Act on Promoting Transition to the Decarbonized Growth Economic Structure" GX Economy Transition Bonds are JGBs issued only for each fiscal year from FY2023 to FY2032 in order to secure financial resources for the costs required for measures related to promoting a smooth transition to a decarbonized growth and economic structure.

As with Construction Bonds, Special Deficit-Financing Bonds, and Reconstruction Bonds, GX Economy Transition Bonds can be issued within the amount approved by the Diet, and the ceiling amount is stipulated in the general provisions of the Special Account budget. In addition, as with Special Deficit-Financing Bonds, and Reconstruction Bonds, the accounting adjustment term issuance system is provided.

GX Economy Transition Bonds, including their Refunding Bonds, will be redeemed by FY2050. Redemption of these bonds will be financed with revenues from GX-Surcharge (Surcharge on fossil fuel supply) for companies such as fossil fuel importers and GX-ETS (Emissions Trading System).

e. Child and Child Care Support Act, Art. 71-26 (1) (Children Special Bonds)

Based on the provisions of Article 71-26 (1) of the "Child and Child Care Support Act," Children Special Bonds will be issued as necessary from FY2024 to FY2028 as bridging finance in order not to be short of financial resources until stable financial resources will be secured by FY2028 for strengthening Policies supporting children and child-rearing radically.

As with Construction Bonds, Special Deficit-Financing Bonds, Reconstruction Bonds, and GX Economy Transition Bonds, Children Special Bonds can be issued within the amount approved by the Diet, and the ceiling amount is stipulated in the general provisions of the Special Account budget. In addition, as with Special Deficit-Financing Bonds, Reconstruction Bonds, and GX Economy Transition Bonds, the accounting adjustment term issuance system is provided.

Children Special Bonds, including their Refunding Bonds, will be redeemed by FY2051. Redemption of these bonds will be financed with Child and Child-rearing Support Levy.

f. 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 lead to an increase in the total amount of outstanding debt. 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 the issuance amount.

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.

g. Act on Special Accounts, Art. 62 (1) (Fiscal Investment and Loan Program 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 (FILP Bonds), which are charged to the Fiscal Loan Fund account, in order to finance the Fiscal Loan Fund operations. According to Art. 62 (2), as the central government issues FILP Bonds based on its credit, an approval from the Diet is necessary on the issuance amount in a similar manner to other JGBs. Art. 62 (3) stipulates that the expenditure schedule must be accompanied by a redemption plan.

h. Others (Financing Bills, etc.)

Financing Bills are issued in accordance with Art. 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 JGBs)

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 resources 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.