

Preliminary Advisory on Japan Climate Transition Bonds

The Ministry of Finance of Japan is undertaking concrete steps to issue the Japan Climate Transition Bonds as its new financial instruments. As the new financial tool undergoes a final review, this preliminary advisory will serve as an advance reference to guide market participants in the adaption and preparation of their trading and related systems.

Please be advised that the below table on the Japan Climate Transition Bonds characteristics may be subject to further refinement and that the official announcement will be made in early December 2023.

Name	Climate Transition INT-Bearing GOVT BD ¹
Tenor	2-, 5-, 10-, or 20-Year ²
Maturity date	Similar to existing Japanese Government Bonds (JGBs). (The redemption date in the year of maturity falls on the 20 th day of the final month in the preceding quarter of the issuance date, namely March, June, September, or December for 5-, 10-, or 20-year bonds; or the 1 st day of the month of the issuance for 2-year bonds.)
Interest Payment dates	Similar to existing JGBs. (Semi-annual interest payments are due on the 20 th day of March and September, or June and December, which are aligned with the maturity dates for 5-, 10-, or 20-year bonds; or the 1 st day of the month of the issuance and the 1 st day of the month 6 months after the issuance for 2-year bonds.)
Coupon rate ticks	Similar to existing JGBs. (Fixed-coupon rate is set in percentage with one decimal place except for the minimal coupon rate which will be set at 0.005%.)
STRIPS	Similar to existing JGBs. (Only JGB Market Special Participants can apply for the separation to and integration of STRIPS bonds.)
Issuance methods	Public auction (Dutch-style yield-competitive auction.)
Other items	Non-Competitive Auction, Non-Price Competitive Auction I&II, Liquidity Enhancement Auction, and Buy-back program are NOT offered.

¹ Please refer to the announcement by the Securities Identification Code Committee <https://www.jpx.co.jp/sicc/securities-code/index.html> (in Japanese only)

² It is contemplated that 2 tenors of Japan Climate Transition Bond will be issued within the current fiscal year.