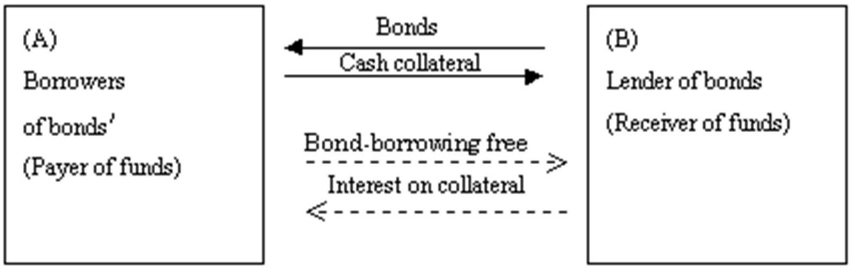
【References】

Reference 1

Basic Scheme of Repo Transactions (Bond Borrowing with Cash Collateral)



Repo rate[2] = interest rate on cash collateral – bond-borrowing fee rate

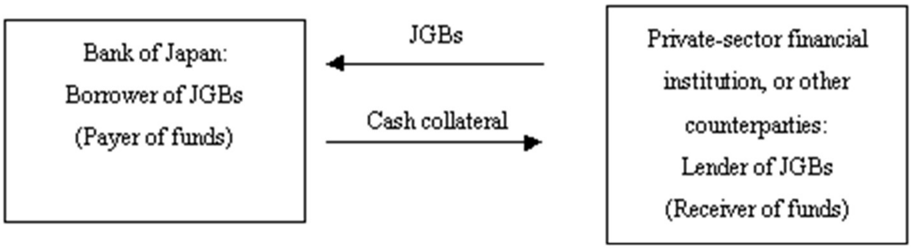
Notes: 1. The Bank is the bond borrower when injecting funds into the money market through repo operations.

2. Here, the ratio for calculating cash collateral is set at 100 percent.

Reference 2

Basic Scheme of Repo Operations

(1) At the start of a transaction:

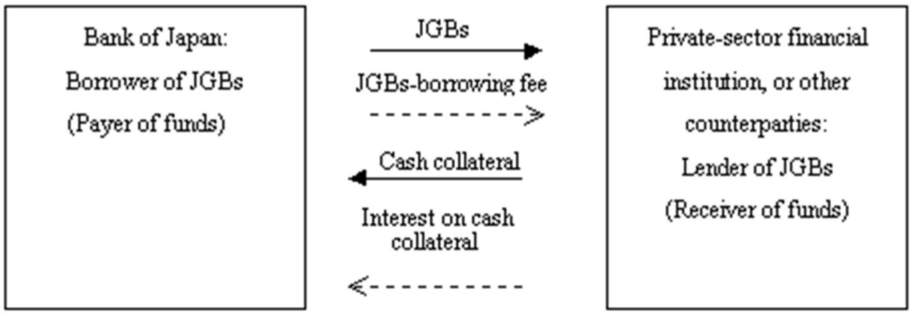


Calculation methods:

(a) Cash collateral = total market value of JGBs on the contract day × standard ratio for calculating cash collateral.

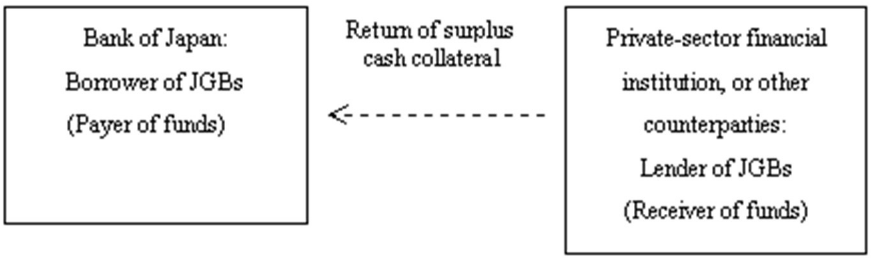
(b) Repo rate = interest rate on cash collateral – JGBs-borrowing fee rate/required cash collateral.

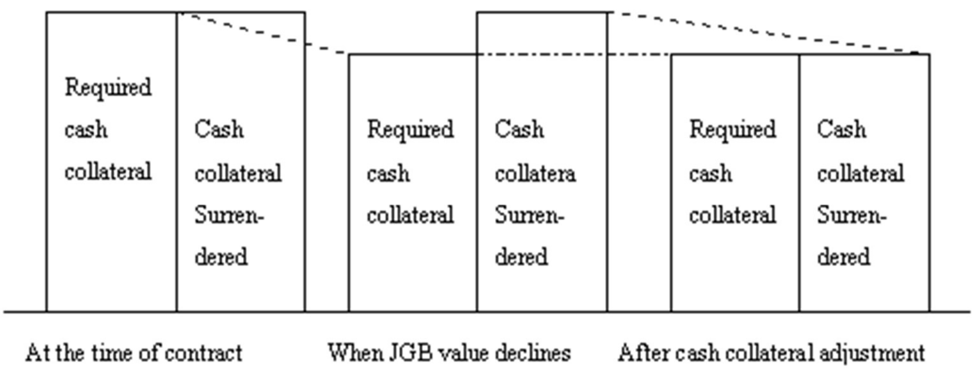
(2) At the end of a transaction:



(3) When cash collateral adjustments are required as a result of marking to market

When the value of traded JGBs declines and the amount of cash collateral provided by the Bank exceeds the amount required, the Bank may request a return of excess portion of the cash collateral from the lender. Likewise, when value of traded JGBs rises and the amount of cash collateral provided by the Bank falls below the amount required, the lender may request the Bank to provide additional cash collateral.





Note: 1. Required cash collateral = market value of traded JGBs × standard retio for calculating cash collateral.