

Terms and Definitions for Japanese Joint Local Government Bond Trading Indication

Joint Bond	Bonds jointly issued by Japan Local Governments based on Article 5-7 of the Local Government Finance Act
Indicative pricing	Bid or Ask indicative pricing used as reference for over-the-counter transactions
Indicative pricing information	“Average indicative pricing” information calculated for Joint bonds
Individual indicative pricing	Indicative pricing provided by each designated reporting member  * Each designated reporting member reports pricing information (such as Yield) aimed to reflect the prevailing secondary market to JLGBA. This information is based on the market situation as of the close of each publication day. Yield includes both Bid and Ask values for Simple yield and Compound yield. Spread refers to the spread between long term JGB yield curve and Compound yield.
Average indicative pricing	Average values calculated based on “Individual indicative pricing” information
Average method	“Top-bottom exclusion rule” is first applied to Bid and Ask values presented by reporting members, for Simple yield, Compound yield, and Spread against JGB yield curve. Average of the remaining values represents “Average indicative pricing”.  Mid refers to the sum of Bid and Ask values calculated as above, divided by 2.
Spread against JGB yield curve	Spread (Difference) between the yield presented by each reporting member for the target Joint bond issue and the yield on JGB yield curve (calculated by each reporting member) that has the same remaining years-to-maturity as the target Joint bond issue.
Unit	For Simple yield (%) and Compound yield (%), each unit is 0.001% (rounded to the nearest 3 <sup>rd</sup> decimal place).  For Spread against JGB yield curve (bp), each unit is 0.1bp (=0.001%) (rounded to the nearest 1 <sup>st</sup> decimal place)
Top-bottom exclusion rule	The number of values that ultimately contributes to calculation of the Average is determined by the top-bottom exclusion rule below. A certain proportion of the highest and lowest values will be excluded based on number of reporting members.  Number of reporting members:  1) 5 or less companies >> no exclusion 2) Between 6 to 10 companies >> exclude 1 highest and 1 lowest value 3) Between 11 to 20 companies >> exclude 2 highest and 2 lowest values
Target bond issue	6 latest Joint bond issues with confirmed terms and conditions, as of each publication day. On the announcement day of each new Joint bond issue, oldest of the 6 will be substituted by the latest new issue.
Indicative pricing reporting members	Financial institutions, designated by Japan Local Government Bond Association (JLGBA), that have agreed to report indicative pricing information for Joint Local Government Bonds.
List of Indicative pricing reporting members	12Reporting members;  Barclays Securities Japan Ltd. BofA Securities Japan Co., Ltd. Daiwa Securities Co.Ltd. Goldman Sachs Japan Co.,Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Bank,Ltd. Mizuho Securities Co.,Ltd. Nomura Securities Co.,Ltd. Okasan Securities Co.,Ltd. Shinkin Securities Co.,Ltd. SMBC Nikko Securities Inc. Tokai Tokyo Securities Co.,Ltd. (List in alphabetical order)

Publication	<p>Designated data vendors and Japan Local Government Bond Association (JLGBA) will publish Joint Bond Indication on dedicated terminals by 06:00 pm of each publication day. The data vendors are as follows.</p> <p>Bloomberg L.P. Jiji Press,Ltd. QUICK Thomson Reuters Markets</p> <p style="text-align: right;">(List in alphabetical order)</p>
Content	<p>Japan Local Government Bond Association (JLGBA) will publish the following content.</p> <ol style="list-style-type: none"> <li>1) Ask and Bid for Average Simple yield (%)</li> <li>2) Ask and Bid for Average Compound yield (%)</li> <li>3) Ask and Bid for Average Spread against JGB yield curve (bp)</li> <li>4) Mid (%) for (1) and (2), Mid (bp) for (3)</li> </ol>