

**Issuance Conditions of the Bonds Pertaining to
the Initial Listing Application**

Japan Finance Organization for Municipalities

**ISSUANCE CONDITIONS OF THE BONDS PERTAINING TO
THE INITIAL LISTING APPLICATION**

Type of Information:	Issuance Conditions of the Bonds Pertaining to the Initial Listing Application
Date of Announcement:	19 October 2016
Issuer Name:	Japan Finance Organization for Municipalities
Name and Title of Representative:	Kinya Takino, President and Chief Executive Officer
Address of Head Office:	Shisei Kaikan 1-3, Hibiya Koen Chiyoda-ku, Tokyo 100-0012 Japan
Telephone:	+81-3-3539-2697
Contact Person:	Yuko Ibaraki, Manager, Finance, Finance Department
Type of Securities:	Unsecured and unsubordinated notes
Total Issuance Value of Securities:	U.S.\$1,000,000,000
Contents of Programme Information:	
Date of Announcement:	2 February 2016
Scheduled Issuance Period:	3 February 2016 to 2 February 2017
Maximum Outstanding Issuance Amount:	¥3,000,000,000,000
Matters related to Financial Instruments Exchange Market, etc.:	Not Applicable
Address of Website for Announcement:	http://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html
Status of Submission of Annual Securities Reports:	Not Applicable
Names of the Joint Lead Managers (the " Joint Lead Managers "):	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Daiwa Capital Markets Europe Limited Mizuho International plc

Notes to Investors:

1. TOKYO PRO-BOND Market is a market principally for professional investors and bonds listed on the market ("**TOKYO PRO-BOND Market Listed Bonds**") may involve high risk. Investors should act with responsibility and be aware of the listing qualification, timely disclosure requirements that apply to issuers of TOKYO PRO-BOND Market Listed Bonds and associated risks such as the fluctuation in market prices. Prospective investors should make an investment judgement only after having carefully considered the contents of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application.
2. The regulatory framework for TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the website of Tokyo Stock Exchange, Inc.
3. The notes issued pursuant to these Issuance Conditions of the Bonds Pertaining to the Initial Listing

Application fall within disclosure exempt securities under Article 3(2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"), and as such, no "specified securities information" (*tokutei shouken jouhou*) specified in Article 27-31, Paragraph 1 of the FIEA is required to be delivered or made public in respect of the offering of such notes in Japan under the FIEA. These Issuance Conditions of the Bonds Pertaining to the Initial Listing Application therefore do not comprise a "specified securities information" (*tokutei shouken jouhou*) specified in Article 27-31, Paragraph 1 of the FIEA or any amendment thereto specified in Article 27-31, Paragraph 4 of the FIEA.

4. The Tokyo Stock Exchange, Inc. does not make any representations or warranties with regard to any part of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (including, but not limited to, whether these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (a) contain a false statement on important matters or (b) lack a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding), and will not be liable to any damages or any other liabilities.
5. These Issuance Conditions of the Bonds Pertaining to the Initial Listing Application have been prepared solely by, and is the sole responsibility of, the Issuer, and its contents have not been independently verified by the Joint Lead Managers. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or for any other statement, made or purported to be made by any Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the notes described herein. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or any such statement.

FINAL TERMS

Japan Finance Organization for Municipalities
Issue of Series 54
U.S.\$1,000,000,000
2.125 per cent. Notes due 2023
under the ¥3,000,000,000,000
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 August 2016 and the supplement to it dated 30 September 2016 which together constitute a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5(4) of the Prospectus Directive and must be read in conjunction with the Base Prospectus. In order to get the full information on JFM and the offer of the Notes, both the Base Prospectus and these Final Terms must be read in conjunction. The Base Prospectus has been published on London Stock Exchange's website.

- | | | | |
|-----|-------|--|--|
| 1. | (i) | Series Number: | 54 |
| | (ii) | Tranche Number: | 1 |
| | (iii) | Date on which the Notes become fungible: | Not Applicable |
| 2. | | Specified Currency or Currencies: | U.S. Dollars ("U.S.\$") |
| 3. | | Aggregate Nominal Amount: | U.S.\$1,000,000,000 |
| | (i) | Series: | U.S.\$1,000,000,000 |
| | (ii) | Tranche: | U.S.\$1,000,000,000 |
| 4. | | Issue Price: | 99.297 per cent. of the Aggregate Nominal Amount plus accrued interest, if any, from 25 October 2016 |
| 5. | (i) | Specified Denominations: | U.S.\$200,000 and integral multiples of U.S.\$2,000 in excess thereof |
| | (ii) | Calculation Amount: | U.S.\$2,000 |
| 6. | (i) | Issue Date: | 25 October 2016 |
| | (ii) | Interest Commencement Date: | Issue Date |
| 7. | | Maturity Date: | 25 October 2023 |
| 8. | | Interest Basis: | 2.125 per cent. Fixed Rate |
| 9. | | Redemption Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount |
| 10. | | Put/Call Options: | Not Applicable |

11. Date President's approval for issuance of Notes obtained: 18 October 2016

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Note Provisions: Applicable
- (i) Rate of Interest: 2.125 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
 - (ii) Interest Payment Date(s): 25 April and 25 October in each year subject to the Following Business Day Convention (Unadjusted) with Additional Business Centre being Tokyo
 - (iii) Fixed Coupon Amount(s): U.S.\$21.25 per Calculation Amount
 - (iv) Broken Amount(s): Not Applicable
 - (v) Day Count Fraction: 30/360
 - (vi) Determination Dates: Not Applicable
13. Floating Rate Note Provisions: Not Applicable
14. Zero Coupon Note Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

15. Call Option: Not Applicable
16. Put Option: Not Applicable
17. Final Redemption Amount of each Note: U.S.\$2,000 per Calculation Amount
18. Early Redemption Amount Par (being U.S.\$2,000 per Calculation Amount)
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes: Registered Notes, evidenced by:
- (i) In the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S, Unrestricted Global Registered Note; and
 - (ii) In the case of Registered Notes sold in the United States to QIBs in reliance on Rule 144A, Restricted Global Registered Note(s),
- exchangeable in each case for Individual Note Certificates in the limited circumstances described in the relevant Global Registered Note. Each Note evidenced by an Unrestricted Global Registered Note will be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the Unrestricted Global Registered Note will be deposited on

or about the Issue Date with the common depositary. Each Note evidenced by a Restricted Global Registered Note will be registered in the name of Cede & Co. as nominee for DTC and the Restricted Global Registered Note(s) will be deposited on or about the Issue Date with the DTC Custodian.

- | | | |
|-----|---|----------------------|
| 20. | New Global Note: | No |
| 21. | Additional Financial Centre(s): | London and Tokyo |
| 22. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 23. | Reserved Matters Quorum: | 100 per cent. Quorum |

Signed on behalf of Japan Finance Organization for Municipalities:

By:

小林 弘史

.....
Duly authorised

Date: 18 October 2016

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** Listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market with effect from 26 October 2016.

Application has been made for the Notes to be listed and admitted to trading on the TOKYO PRO-BOND Market of the Tokyo Stock Exchange with effect from the first business day in Tokyo following the Issue Date.
2. **RATINGS**

Ratings: The Notes to be issued are expected to be rated:

S&P: A+ (stable)
Moody's: A1 (stable)
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save as discussed in "Subscription and Sale", so far as JFM is aware, no person involved in the offer of the Notes has an interest material to the offer.
4. **TOTAL EXPENSES**

Estimated total expenses: Estimated total expenses related to admission to trading is GBP3,650
5. **YIELD**

Indication of yield: 2.234 per cent.
6. **OPERATIONAL INFORMATION**

ISIN: Restricted Global Registered Note(s): US471068AJ50
Unrestricted Global Registered Note: XS1506462784

Common Code: Restricted Global Registered Note(s): 150642353
Unrestricted Global Registered Note: 150646278

CUSIP: Restricted Global Registered Note(s): 471068 AJ5

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and/or DTC and the relevant identification number(s): Not Applicable

Names and addresses of additional Paying Agent(s) (if any): Not Applicable
7. **DISTRIBUTION**

U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category 2; TEFRA not applicable; 144A