



Market Notice

4 August 2016

Asset Purchase Facility: Gilt Purchases

1. The MPC has decided to increase the stock of purchases of UK government bonds, financed by central bank reserves, by £60bn to £435bn over a six month period. This market notice sets out the details of the purchases that will take place during the first three months of the programme. A separate Market Notice will be published on 3 November 2016 setting out the structure of operations for the subsequent three months.
2. APF gilt purchase operations will commence in the week beginning 8 August 2016. The Bank intends to purchase evenly across the three gilt maturity sectors. Between 8 August 2016 and 31 October 2016, the size of auctions will initially be £1,170mn for each maturity sector. This includes the reinvestment of the £12.1bn cash flows associated with the maturity on 7 September 2016 of a gilt owned by the APF. As usual, the size of auctions will be kept under review throughout the purchase programme in light of market conditions. The Bank will not hold gilt purchase operations on the bank holiday on 29 August 2016. This has been taken into account when determining auction sizes.
3. The range of gilts eligible for purchase will remain unchanged from previous operations. The Bank will continue, normally, to conduct three auctions a week: gilts with a residual maturity of 3-7 years will be purchased on Mondays; of over 15 years on Tuesdays; and of 7-15 years on Wednesdays.
4. The Bank will confirm details of the following week's operations each Thursday at 16.00. The Bank does not currently intend to purchase gilts where the Bank holds more than 70% of the "free float", i.e. the total amount in issue minus government holdings. The Bank will, however, continue to keep the gilts eligible for purchase by the APF under review.
5. Other than as amended by this Market Notice, previous Market Notices relating to the Bank's gilt purchases under the APF will apply.¹

Bank of England

4 August 2016

¹ The current consolidated Market Notice can be found at <http://www.bankofengland.co.uk/markets/Documents/marketnotice120301con.pdf>