



BANK OF ENGLAND

Market Notice

2 February 2017

Asset Purchase Facility: Gilt Purchases

1. As set out in the MPC's statement of 2 February, the MPC has agreed to make £11.6bn of gilt purchases, financed by central bank reserves, to reinvest the cash flows associated with the maturity on 22 January 2017 of a gilt owned by the Asset Purchase Facility (APF).
2. Operations to make these gilt purchases will commence in the week beginning 6 February 2017. 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.
3. The Bank intends to purchase evenly across the three gilt maturity sectors. The size of auctions will initially be £775mn for each maturity sector.
4. The Bank does not intend to hold a gilt purchase operation on 8 March 2017 (the day of the Spring Budget). This operation, to purchase gilts with a residual maturity of 7-15 years, will instead be held on Monday 13 March 2017.
5. 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.
6. Other than as amended by this Market Notice, previous Market Notices relating to the Bank's gilt purchases under the APF will apply.¹

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