Bank of England

The Rt Hon John Healey
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

**Andrew Bailey**
Governor

10 November 2026

Dear John,

**Asset Purchase Facility**

As you are aware, the Bank holds a stock of high-quality assets within the Asset Purchase Facility (APF), arising from activities in support of its statutory objectives. The APF's portfolio comprises UK government bonds (gilts) and is being reduced in line with the instructions of the Monetary Policy Committee (MPC).

As we discussed in our exchange of letters on 17 September[1], the MPC has set out a multi-year path for APF unwind. As a consequence, the Bank Executive announced that it would not sell gilts with redemption dates earlier than 2035, and that £120bn of the longest-dated gilts in the APF will remain in the APF for the purposes of indirectly backing current and future banknote issuance. The Bank Executive is considering adjusting the way it conducts the remaining gilt sales, and intends to implement the MPC's multi-year plan via sales to the Government rather than to the market.

The Bank continues to engage with HM Treasury officials, and this approach is subject to final agreement with HMT. Irrespective of the final decision, the Bank will be announcing by April 2027 the operational details through which it will be implementing the MPC's multi-year plan. The Bank's operations, as carried out by the Bank Executive, should maximise value for money by minimising cost and risk over the lifetime of the APF, subject to achieving the MPC's chosen unwind target and in line with the MPC's key principles.

As agreed when it was established in 2009, the activities of the APF are indemnified by HM Treasury (HMT). As the size of the APF holdings changes, the authorised maximum size of the APF should be periodically adjusted to reflect the size of the portfolio. In 2022 it was agreed that the maximum authorised size of the APF should be updated every six months in line with the reduction in the stock of assets and that this be detailed by an exchange of letters between us.

I can confirm that the stock of APF gilt holdings, as of 4 November 2026, was £482.4 billion. The maximum size of the APF can therefore now be adjusted downwards from £524.9 billion as agreed in the most recent exchange of letters on 5 May 2026 to a total of £482.4 billion. This will be reviewed and confirmed between us again in six months, alongside the relevant APF Quarterly Report.

I would be grateful if you could confirm these changes.

Yours sincerely

