

The Bank of England’s Asset Purchase Facility

APF Operating Procedures

Corporate Bond Purchase Scheme sales programme

Gilt Sales

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1 Introduction

- 1.1 These Asset Purchase Facility (APF) Operating Procedures govern participation in the APF Corporate Bond Scheme sales (CBPS) and the gilt sales programme, together the APF Schemes, and explain the operational procedures involved. The Bank of England Asset Purchase Facility Fund Limited (BEAPFF) is a wholly-owned subsidiary of the Bank and is the legal counterparty to market transactions. The Bank acts as agent for BEAPFF.
- 1.2 All capitalised terms have the meanings defined in the Glossary in Clause 2 'Interpretation' of the APF Terms and Conditions¹.
- 1.3 These APF Operating Procedures should be read together with the other parts of the legal APF Documentation – comprising the Terms and Conditions for Counterparties in the Bank of England's Asset Purchase Facility, the Admission Letter, the Application Form, any Market Notice and any other documentation or procedures issued by the Bank in connection with the APF, each as supplemented and amended from time to time.
- 1.4 In the event of a conflict between these APF Operating Procedures and the APF Terms and Conditions, the APF Terms and Conditions shall prevail. In the event of any conflict between any Market Notice and these APF Operating Procedures or the APF Terms and Conditions, the Market Notice shall prevail.
- 1.5 The Bank may amend these APF Operating Procedures generally or in particular circumstances from time to time, with any such amendment taking effect at a time specified by the Bank. A link to copies of the Documentation as amended will be posted on the Bank's website² and significant amendments will be circulated to Counterparties in the APF.
- 1.6 The Bank will endeavour to give reasonable notice of any amendment, but reserves the right to introduce any amendment with immediate effect. The Bank may also vary the operational timetable³ or vary or omit any of the procedures described on any particular day.
- 1.7 All transactions or planned transactions by individual Counterparties as part of the APF should be treated as confidential (in accordance with Clause 15 'Confidentiality' of the APF Terms and Conditions).
- 1.8 All references to times are to London time, unless stated otherwise.
- 1.9 The Bank may vary or omit any of the procedures on any particular day. The Bank reserves the right to review and amend the schedule of the APF Scheme operations (including the structure, assets to be sold, pricing method, or any other aspects of its approach) at its sole discretion.
- 1.10 References in these APF Operating Procedures to Euroclear should be taken to refer to the Euroclear settlement system operated by Euroclear Bank SA/NV. References to Clearstream should be taken to refer to the Clearstream settlement system operated by Clearstream Banking S.A. References to CREST should be taken to refer to the CREST settlement system operated by Euroclear UK & International Limited.

¹ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/documentation>

² <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/our-tools#APF>

³ The calendar of operations is available on the Bank's website at <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

2 Counterparties

2.1 Counterparties in the APF Schemes must satisfy the following eligibility criteria, set out in Table 1 below:

Table 1 Eligibility criteria for APF Schemes auctions

Criterion	Condition	Corporate Bond Purchase Scheme sales programme	Gilt Sales – competitive auctions
Market maker in corporate bonds		✓	
Participant in the SMF for Open Market Operations ⁴		✓	
Gilt-Edged Market Maker ⁵			✓
Participant in the SMF for gilt-purchase Open Market Operations ⁵	Only one counterparty per group may participate in competitive auctions		✓

✓ = criterion must be met

- 2.2 Counterparties must have access to the Bank's electronic tendering system, Btender, to participate in APF Schemes auctions. See section 7 (Contingencies) below for more detail on how APF Schemes auctions may be conducted in exceptional circumstances (e.g. if Btender is unavailable for technical reasons).
- 2.3 If any counterparty abuses, or seeks to abuse, the auctions or the APF Schemes more generally, the Bank retains the discretion to immediately exclude the Counterparty from the APF Schemes and to take up the issue with the Senior Management of the organisation.
- 2.4 Firms which meet the above eligibility criteria who wish to participate in the APF Schemes should complete the relevant application form and ancillary documentation, available on the Bank's website.⁶ The Bank reserves the right to reject applications or to exclude Counterparties after admission to the APF Schemes at its sole discretion.
- 2.5 Issuers who wish to undertake bilateral bond buybacks of their own bonds with the Bank will need to appoint a Counterparty meeting the eligibility criteria to act as an intermediary bank on their behalf.

Corporate Bond Purchase Scheme

- 2.6 As a condition of participation in the APF Schemes, Counterparties will be asked to send to the Bank quotes on eligible bonds that are sent in the normal course of their business ('dealer runs') as well as indications of bonds which they would like to buy or take a position in ('dealer axes'). Dealer runs should be sent via Bloomberg. Dealer axes should be submitted by close of business on the first working day of the week, using the template available on the Bank's website.⁷ See Appendix A for details of the addresses to which these should be submitted.

⁴ See www.bankofengland.co.uk/markets/the-sterling-monetary-framework for Documentation in relation to the Bank of England's Sterling Monetary Framework.

⁵ As listed in the website of the UK Debt Management Office: <https://www.dmo.gov.uk/responsibilities/gilt-market/market-participants/>

⁶ Details on how to apply for each APF Schemes are available at <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-applicants>

⁷ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

3 Conducting APF operations via Btender

- 3.1 The timetable for the Bank's APF operations is published on the Bank's website.⁸
- 3.2 The Bank conducts APF operations via its electronic trading system, Btender.⁹
- 3.3 It is the responsibility of Counterparties using Btender to ensure that access rights to Btender are assigned appropriately within their organisations. The Bank does not accept any Loss resulting from the use of, or inability to use, Btender.
- 3.4 The start and end times for each APF operation are set out in the Btender system shortly ahead of the operation and are available, for information, in the Bank's wire services announcements. Bids may be submitted once the operation begins in Btender. Bids must be received by the Bank prior to the close time for the operation.
- 3.5 For APF gilt auctions only, GEMMs bidding on behalf of themselves, clients, or any other non-GEMM dealer(s) in their group(s), must enter the appropriate client identifiers in the relevant field on their bid input screen. For more information on client identifiers provided by the Bank see paragraphs 5.10-5.14 below.
- 3.6 The time stamp applied to any bid in accordance with these APF Operating Procedures is final and binding. Counterparties should note that it may take some seconds for bids to be received at the Bank's server after being input. A countdown timer is provided in the Btender system to assist users. Users should be aware that this operates off the local time as set on their relevant electronic device and therefore should ensure the time on their electronic device is accurate.
- 3.7 Counterparties may cancel or amend bids using the Btender system at any point up to the close of the operation. Bids which are submitted as at the close of the operation are irrevocable. By submitting a bid a Counterparty is committed, if its bid is accepted, to entering into APF transactions up to the amount specified in the bid, the details of those transactions being determined in accordance with the procedures described below.
- 3.8 Counterparties must not bid through, nor discuss their bids with, any third parties, except where such bid or discussion is in accordance with Clause 15 'Confidentiality' of the Terms and Conditions.
- 3.9 Counterparties should access their individual allocations via the results screen in the Btender system to confirm whether the full value of their bid has been accepted or, if not, what amount of their bid has been accepted.
- 3.10 In the event of a dispute, reference may be made to the Btender system archive, recordings of telephone conversations or Bloomberg IB archive.
- 3.11 Notwithstanding any provision in these APF Operating Procedures, the Bank reserves the right to accept individual bids in full, in part and in any amounts determined by the Bank at its sole discretion, and to reject individual bids, for any reason, including, but not limited to, in the light of other bids received.
- 3.12 For security and contingency purposes, the Bank recommends that APF Counterparties have

⁸ The APF operational timetable is available at <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

⁹ The Btender User Guide is available at <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

access to the relevant Bank Bloomberg IB, and install and maintain a designated direct line into the Bank's sterling dealing desk from their APF trading desks. If it does not, the Counterparty would need to provide assurance that it accepts the risk that its participation in APF operations may be restricted in the event that access to Btender is not available, and must provide a telephone number, pre-authorised on behalf of the Counterparty by one or more authorised signatories, which the Bank will use to authenticate telephone bids. The caveats associated with telephone bids more generally are further explained in section 7 Contingencies below.

4 Corporate Bond Purchase Scheme Sales

4.1 Sales of corporate bonds are undertaken by the Bank, acting as agent on behalf of BEAPFF.

Table 2 Parameters applicable to the Corporate Bond Purchase Scheme sales programme

Parameter	Description
Timing	Two sales operations per week, on Tuesday and Wednesday between 11:00 and 11:30 ¹⁰
Size	Variable size auctions
Maximum amount for sale per bond per auction	Sales will not exceed 5% of total amount outstanding of an ISIN per auction, subject to a minimum outstanding amount of £100 million. Where the amount held in the APF is less than this, the maximum amount available for sale will be equal to the amount held.
Announcement	Schedule of operations and updated holdings list published on the Bank's website ¹¹ . List of eligible bonds in each operation and maximum amount for sale per auction published on wire services pages ¹² and on the Bank's website ¹³ at: <ul style="list-style-type: none"> - 11:00 on Friday, for operations to take place the following week; and - 09:00 on the day of the auction, when the operation will be available to view in Btender.
Operation type	Variable price
Allotment method	Uniform spread basis
Reference gilt yields	Reference gilt yields will be set for each bond as the market mid yields as published by Tradeweb at 11:45
Duration of operation	30 minutes
Maximum bid	5% of ISIN amount outstanding, subject to a minimum outstanding amount of £100 million. This figure may be subject to revisions.
Minimum bid	£1 million nominal for each individual security
Minimum bid increment	£0.1 million nominal
Minimum allocation	£0.1 million nominal
Minimum allocation increment	£0.1 million nominal
Maximum total bids per Counterparty	<ul style="list-style-type: none"> • Unlimited for bids submitted <u>via Btender</u>; or • Three bids for an individual security in a single operation and no more than fifteen bids in total in a single operation for <u>proxy bids</u>
Settlement	T+2 days

Size of auctions and limits

4.2 The Bank will structure each auction around bonds issued by firms from certain sectors. All sectors will be offered weekly, with the exception of energy and gas sectors, which will be offered fortnightly due to the relatively small weighting of these sectors within the overall portfolio. Issuers will be offered for sale fortnightly, with the exception of the energy and gas

¹⁰ All times referred to are in GMT, or BST where applicable.

¹¹ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

¹² Reuters BOE/Markets 1; Bloomberg BOEO 1.

¹³ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

sectors where issuers will be offered for sale every four weeks.

- 4.3 The Bank will look to unwind the CBPS via maturities, bilateral buybacks and multi-stock auctions. The Bank intends to complete the unwind consistent with the desired pace set by the Monetary Policy Committee (MPC). The sales pace is intended over time to be consistent with this target, but may fluctuate above or below it depending on factors such as seasonality, market conditions and the pattern of bids received in operations.
- 4.4 Successful bids below the Bank's reserve spread will be allocated based on their attractiveness across bonds within each auction until the quantity that the Bank is willing to sell has been reached.
- 4.5 In order to target a proportionate unwind of current portfolio holdings, the Bank will adjust the reserve spread it sets in order to increase or decrease the pace of sales over time. The Bank reserves the right to change its reserve spreads in its sole discretion.

Auction transaction process

- 4.6 The Bank reserves the right to modify the structure of its sales operations or to carry out secondary market sales via other methods, such as bilateral sales, at its sole discretion.
- 4.7 The Bank reserves the right to reject any bids, at its sole discretion, including, but not limited to, in the light of other bids received.
- 4.8 Auctions will be undertaken on a uniform spread basis so that all successful transactions for any individual bond will be allotted at the same single spread. In a uniform format, every successful bid is allocated at the highest accepted price for that bond (the clearing spread). Bids at the clearing spread may be pro-rated.
- 4.9 In each sales operation, the Bank will privately set a reserve spread to the yield on a specified reference gilt, for each security. It will not sell bonds at bids above this spread. Successful bids below the Bank's reserve spread will be ranked and allocated based on their attractiveness across bonds within each auction.
- 4.10 The Bank will keep under review the level of the spreads and the size of transactions in the light of the pattern of participation in the CBPS sales programme, market conditions, and the delivery of the objectives of the CBPS sales programme. It will also keep under review the auction mechanism.
- 4.11 In the case of an allocation during an auction resulting in a small residual holding for the Bank, i.e. less than £1 million of nominal holdings in any ISIN, the Bank reserves the right to explore bilateral sales with allocated counterparties shortly after the auction.

Submission of transactions in auctions

- 4.12 Bids must be expressed as a basis point spread to the specified reference gilt, in increments of whole basis points.
- 4.13 The Bank may, at its sole discretion, receive bids submitted by phone (via a designated direct line or pre-authorized landline number), Bloomberg IB, or via e-mail to the Bank's Sterling dealing desk¹⁴, using the phone number and email address provided to Counterparties by the

¹⁴ Contact details for the Bank are available at Appendix A.

Bank. In this event, Counterparties:

- i) must provide the specified ticker of the security; the nominal amount bid; and a spread to the reference gilt;
- ii) should make no more than three bids for an individual security in a single operation and no more than fifteen bids in total in a single operation; and
- iii) submitting multiple bids across the operation, should also provide the weighted average spread of those bids to 3 decimal places. That is, the sum across all bids of the nominal bid size multiplied by the spread for each bid, divided by the total nominal value of bids.

4.14 The Bank will reveal to Counterparties in Btender their allocation of bids as soon as possible following 11:45.

Published information

4.15 The Bank currently publishes the aggregate total stock of corporate bonds (the sum of the value of corporate bonds purchased, less redemptions, less sales and non-operation based transactions since operations began in September 2016, reported on a settlement date basis) and the aggregate nominal holdings of corporate bonds as at the first Thursday of each month at 15:00 on the Bank's website¹⁵ and wire services pages¹⁶.

4.16 These data are published weekly during periods where the Bank is conducting sales, and monthly outside of these times.

4.17 The schedule of operations and updated list of individual sterling corporate bond holdings are published on the Bank's website¹⁷. The Bank will publish an updated list of individual sterling corporate bond available for sale on the Bank's website at 3pm on Thursday 15 September 2022, and every fourth Thursday thereafter.

Eligible bonds in auctions

4.18 The Bank intends to sell the individual sterling corporate bonds held in the APF. The list of individual sterling corporate bonds for sale is updated on a monthly basis and available on the Bank's website¹⁸. Only bonds that mature on or after 6 April 2024 will be eligible for sale via auctions in the first instance.

4.19 The Bank expects to hold any bonds that mature on or before 5 April 2024 to maturity; however participation in any Open Market Tenders launched by issuers will be considered.

4.20 The Bank will keep this maturity limit under review, and reserves the right to adjust it as required.

¹⁵ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

¹⁶ Reuters BOE/Markets1; Bloomberg BOEO 1

¹⁷ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

¹⁸ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

Alternative methods of sale

- 4.21 Throughout the CBPS sales programme the Bank is open to receiving expressions of interest from issuers who may wish to buy back their own bonds. This applies to all bonds held in the CBPS, including those maturing on or before 5 April 2024.
- 4.22 The Bank will stand ready to conduct debt buybacks during specified execution windows from the week beginning 17 October 2022. These will be on Thursdays, with specific dates varying according to the same issuer grouping used for auctions. The schedule of operations detailing the auctions cycle can be found on the Bank's website¹⁹. Issuers may only execute buybacks during the relevant execution window as outlined in the operations schedule.
- 4.23 Issuers interested in undertaking debt buybacks of their own issuance should submit an expression of interest to the Bank. Further information on how to submit an expression of interest can be found on the Bank's website. You should send your expression of interest, either directly or via a dealer, to: APF_CorporateBond_DealersInfo@bankofengland.co.uk.
- 4.24 Once received, the Bank will disclose to the issuer on a strictly confidential basis the nominal size of the Bank's holdings within a sizing range, to aid the issuer in its decision whether to proceed with buyback(s). To proceed with the buyback, the issuer must appoint a bank as an intermediary to execute the buyback(s).
- 4.25 The Bank will share bilaterally upon request with issuers a list of CBPS counterparty banks that may be used, upon receiving an expression of interest. The Bank is not involved in, nor does it accept any responsibility, and disclaims all liability (whether arising in tort or contract or otherwise) which it might otherwise have, in relation to, any arrangement between an issuer wishing to participate in a debt buyback and any intermediary.
- 4.26 Issuers that wish to pursue a buyback should complete an Eligible Bond-Buyback Request form (Buyback Request form), which is available on the Bank's website, stating the nominal value the issuer wishes to buy back and the bid as a spread to the benchmark gilt. As part of this request, issuers will be required to nominate an intermediary bank to act on its behalf in the proposed transaction. Issuers should submit the Buyback Request form via their intermediary bank to: CBPSissuerbuybacks@bankofengland.co.uk no later than five London business days before the required execution date.
- 4.27 Upon receipt of the Buyback Request form, the Bank will consider the bilateral debt buyback and will confirm to the intermediary bank whether the bid will be accepted for the following day's buyback window no later than 6pm one business day before the execution date.
- 4.28 Both the Bank and the intermediary bank acting on behalf of the issuer reserve the right to terminate the debt buyback request at any point until 6pm on the London business day before the execution date.
- 4.29 Where the Bank accepts the proposed buyback and has not received notice of a withdrawal of the proposal by 6pm on the London business day before the execution date, the terms shall be considered agreed and final. The Bank will determine whether it has received a valid notice of withdrawal from the issuer on time at its sole discretion.
- 4.30 The final price agreed for the buyback will be determined by the Bank on the execution day, based on the mid-yield of the benchmark gilt as published by TradeWeb at 11:45, plus the

¹⁹ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

spread as agreed between the Bank and the intermediary bank.

- 4.31 Bilateral debt buybacks will normally settle on a T+2 basis.
- 4.32 Eligible CBPS counterparties who wish to act as an intermediary bank for bilateral debt buybacks should contact Applications@bankofengland.co.uk.
- 4.33 The Bank will also consider participating in any Open Market Tenders launched by issuers throughout the duration of sales.

5 Gilt Sales

5.1 Gilt Sales are undertaken by the Bank, acting as agent for the BEAPFF.

Table 3 Parameters applicable to Gilt Sales

Parameter	Description
Timing	Auctions will normally be conducted on Mondays and/or Thursdays, alternating between two auctions per week (short maturities on Mondays, medium maturities on Thursday) and one auction per week (long maturities on Thursdays). Auctions are held between 14:15 and 14:45.
Announcement	The size of the auctions and the stocks to be sold will ordinarily be announced on the Bank's wire services pages ²⁰ : <ul style="list-style-type: none"> - each Thursday at 16:00, for auctions to be held during the following week, and - at 09:00 on the morning of each operation, for that day's operations.
Gilts sold	The bank intends to sell gilts divided into three maturity sectors: <ul style="list-style-type: none"> - Short : Between 3 and 7 years - Medium: Between 7 and 20 years - Long: Greater than 20 years²¹
Bids	Competitive bids only
Duration of auctions	30 minutes
Minimum bid	£5 million
Minimum bid increment	£1million
Minimum allocation increment	£0.1 million
Maximum total bids per counterparty	Unrestricted
Settlement	T+1

Sales process

5.2 The Bank intends to sell gilts in multi-stock auctions. In each auction, the Bank intends to sell a fixed total value of gilts, based on total sales proceeds, subject to the bids received. Each auction will only have a competitive element. The Bank will not accept non-competitive bids from counterparties.

5.3 Sales will be undertaken at prices determined in a variable rate auction on a discriminatory-price basis based on their attractiveness relative to market mid-yields.

5.4 In any individual auction, the Bank intends to sell gilts divided into three maturity sectors, defined as:

- i) gilts with a residual maturity of between 3 and 7 years;
- ii) gilts with a residual maturity between 7 and 20 years; or
- iii) gilts with a residual maturity greater than 20 years. .

²⁰ Reuters BOE/Markets 1; Bloomberg BOEO 3.

²¹ A gilt with exactly 7 years (measured at settlement date for the auction) residual maturity would be included in the 7-20 year maturity sector, and a gilt with exactly 20 years (measured at settlement date for the auction) residual maturity would be included in the over 20 years maturity sector..

- 5.5 Subject to final confirmation of the amount of APF stock reduction set by the MPC, the Bank expects to hold auctions in each maturity sector once per fortnight. Auctions will normally be conducted on Mondays and/or Thursdays, alternating between two auctions per week (short maturities on Mondays, medium maturities on Thursday) and one auction per week (long maturities on Thursdays).
- 5.6 The amount of each stock that the Bank will sell in each auction will not be pre-determined, subject to the overall size of the operation. Bids for different stocks will be allocated based on the attractiveness of bids for each stock relative to market mid yields for the stocks, as published by Tradeweb, at the close of the auction. There will be no minimum allocation to a particular stock.

Bidding in APF gilt sales auctions

- 5.7 Counterparties must input the nominal sterling amount in millions for each specific gilt they wish to buy and the clean price they wish to bid. The number of decimal places allowed for the price is currently three.
- 5.8 Bids are submitted by counterparties using a clean price. When bids are received in Btender they are also converted to a yield using the standard gilt market conversion calculation available on the DMO's website, and the yield is also displayed for information to counterparties.
- 5.9 The Bank reserves the right to set a minimum bid price/maximum yield. Bids will be allocated in ascending yield order, based on the attractiveness of bids for different stocks relative to market yields.
- 5.10 From the start of sales, GEMMs bidding on behalf of themselves, clients, or any other non-GEMM dealer(s) in their group(s), must enter the appropriate unique identifier in the relevant field on their bid input screen in Btender. Unique identifier for GEMMs and clients will also be allocated and maintained by the Bank. Such identifiers are unique and will be retained for use in gilt sales auctions.
- 5.11 All GEMMs, non-GEMM dealer(s) in their groups, and/or end-users intending to participate in the Bank's auctions should apply directly to the Bank for the allocation of a unique identifier. Applications may be made by email to clientidentifiers@bankofengland.co.uk, or Bloomberg message.
- 5.12 New applications for unique identifiers should be made to the Bank as soon as possible. In any event, applications must be made by clients directly to the Bank by 17:00 the day before any gilt sales auction, otherwise GEMMs will be expected in exceptional circumstances to submit bids from non-registered clients (once for each new client) under the code 'NEWC'. In either case, GEMMs should contact the Bank immediately via email to clientidentifiers@bankofengland.co.uk or Bloomberg message to identify the new bidder and its bids.
- 5.13 Different legal entities within the same client institution may also apply for the assignment of a unique client identifier. However, in such cases it is the sole responsibility of the GEMM bidding to conduct appropriate due diligence checks and to be responsible for the legal and regulatory compliance of each transaction entered into.
- 5.14 The Bank is collecting this information to get a better understanding on the effect of its

operations on the broader market and thus on the impact of its monetary and financial stability objectives. It does not accept responsibility nor liability for undertaking verification of the legitimacy nor due diligence on the GEMM's clients. It remains the responsibility of the GEMM to conduct appropriate due diligence on their clients and GEMMs are responsible for the legal and regulatory compliance of each transaction entered into on behalf of themselves, non-GEMM dealers in their group(s), or its client.

- 5.15 Bids are accepted in full or in part at the counterparty's bid price. The amount of each accepted bid in total proceeds will be paid by the counterparty.
- 5.16 Confirmation of the amount allocated will be available in Btender.

Published information

- 5.17 The results of each auction will be announced on the Bank's wire services pages²² as soon as possible after its end. The Bank will publish, for each stock, the amount sold, in terms of the total sales proceeds; the total size of bids received; the weighted average price; the highest accepted price; and the lowest accepted price.
- 5.18 The Bank publishes each Thursday at 15:00 the sum of gilts purchased, less maturities, less sales, to date, reported on a settlement date basis. During any period of gilt sales auctions, the Bank will also publish each Thursday the total amount of gilts sold in operations, in terms of the total sales proceeds, from the previous Thursday up until the previous day, reported on a trade date basis.

Eligible bonds

- 5.19 BEAPFF will sell the current holdings of conventional gilts with a minimum residual maturity of greater than three years in the secondary market.

²² Reuters BOE/Markets 1; Bloomberg BOEO 3.

6 Settlement

Corporate Bonds

- 6.1 As part of the application process for the APF, Counterparties must provide the Bank with:
- i) their authorised signatory list;
 - ii) settlement area contact details, including telephone numbers, fax numbers and settlement group email addresses;
 - iii) Standard Settlement Instructions (SSIs)²³ (for settlement accounts to be used); and
 - iv) where the Counterparty operates via an agent or custodian, contact details for the agent or custodian should also be provided in case of settlement issues.
- 6.2 Where Counterparties use multiple accounts in the settlement systems for different products, they should detail which asset types are delivered from or to each individual account.
- 6.3 These settlement and SSI details can only be changed with 24 hours' notice, either by authenticated signed instruction or by SWIFT instruction (sent to our SWIFT BIC BKENGB2LXXX fao MST, BU 5).
- 6.4 Where Counterparties have submitted bids via Btender, the agreed transaction record will be held in Btender.
- 6.5 Settlement of issuer buybacks will be undertaken via syndicate desks of existing counterparty banks, using the Standard Settlement Instructions (SSIs) provided.
- 6.6 For all other transactions entered into, the Bank (as settlement agent for BEAPFF) will send transaction confirmations by email to the nominated contact address on the day of the transaction. Any differences must be highlighted by the Counterparty within 24 hours. Otherwise this transaction confirmation will be deemed to be the agreed version.
- 6.7 The Bank will not accept written or electronic transaction confirmations sent by Counterparties.
- 6.8 All trades should be input and matched, and ready for settlement at 17:00 on the day prior to settlement.
- 6.9 The pricing used on all trades should be rounded to 3 decimal points.
- 6.10 Where trades are to settle in real time, it is the Counterparty's responsibility to attach a daylight indicator (if settling via Euroclear or Clearstream) to enable such trades to settle.
- 6.11 Where corporate bond sale trades do not settle on value date because of any failure by a Counterparty, or by their agent, Counterparties may be charged a failed trade charge by the Bank which is the greater of either: the RTGS overdraft rate on the cash proceeds for the period of the fail; or the minimum failed settlement charge of £500. Such a charge must be paid within 10 days of notification being sent by the Bank.
- 6.12 Counterparties are liable, in accordance with Clause 9 'Costs, expenses and indemnity' of the APF Terms and Conditions, to pay or reimburse to the Bank or BEAPFF on demand all of

²³ SSIs can be submitted using forms which are available on the Bank's website at www.bankofengland.co.uk/markets/quantitative-easing-and-the-asset-purchase-facility. See Appendix A for all Bank contact details.

their costs, charges, fees, penalties and other expenses. These include in particular (and without limitation) amounts incurred in connection with any third party custody arrangement or settlement or clearing system or depository arrangement with respect to securities, amounts incurred in connection with checking that assets are eligible for the APF, legal expenses, transfer taxes, value added tax, registration charges and other similar taxes and charges incurred in connection with the transfer of securities or the enforcement of any of their rights under the Documentation or any Transaction.

- 6.13 For reference the following account is used by BEAPFF:
- i) Payments should be made via CHAPS to Clearing System Member ID 10-00-00 account 50002422 (sent to our SWIFT BIC BKENGB33XXX).

Gilts

- 6.14 As part of the application process for the APF, Counterparties must provide the Bank with:
- i) their authorised signatory list;
 - ii) settlement area contact details, including telephone numbers, and settlement group email addresses;
 - iii) Standard Settlement Instructions (SSIs)²⁴ (for the CREST settlement account to be used); and
 - iv) where the Counterparty operates via an agent or custodian, contact details for the agent or custodian should also be provided in case of settlement issues.
- 6.15 Where Counterparties use multiple accounts in the settlement systems for different products, they should detail which asset types are delivered to each individual account.
- 6.16 These settlement and SSI details can only be changed with 24 hours' notice, either by authenticated signed instruction or by SWIFT instruction (sent to our SWIFT BIC BKENGB2LXXX fao CMC, BU 5).
- 6.17 Where Counterparties have submitted bids via Btender, the agreed transaction record will be held in Btender.
- 6.18 All trades should be input and matched and ready for settlement at 17:00 on the day prior to settlement.
- 6.19 All trades settling in CREST must be settled without transaction splitting. Partial / fractional deliveries will not normally be allowed. Where a Counterparty wishes to split a trade, prior permission must be sought from the Bank.
- 6.20 The Counterparty must exactly match the Bank's cash settlement proceeds for trades settling in CREST. There is no tolerance matching on the Bank's CREST account.
- 6.21 Where APF gilt sales trades do not settle on value date because of any failure by a Counterparty, or the by their agent, Counterparties may be charged a failed trade charge at the RTGS overdraft rate on the cash proceeds for the period of the fail. Such a charge must be paid within 10 days of notification being sent by the Bank.
- 6.22 It is a requirement of Clause 13 'Payments and deliveries' of the APF Terms and Conditions,

²⁴ SSIs can be submitted using forms which are available on the Bank's website. See Appendix A for all Bank contact details.

that transactions should be free of any transfer taxes or other charges. When entering transactions to settle in CREST, this should be done with Stamp Duty Reserve Tax (SDRT) status set to not apply.

- 6.23 Counterparties are liable, in accordance with Clause 9 'Costs, expenses and indemnity' of the APF Terms and Conditions, to pay or reimburse to the Bank or BEAPFF all of their costs, charges, fees, penalties and other expenses. These include in particular (and without limitation) amounts incurred in connection with any third party custody arrangement or settlement or clearing system or depository arrangement with respect to securities and any transfer taxes, registration charges and value added taxes incurred in connection with the transfer of securities.
- 6.24 For reference the following accounts are used by BEAPFF:
- i) CREST account – MGOAD.
 - ii) Payments should be made via CHAPS to Clearing System Member ID 10-00-00 account 50002422 (sent to our SWIFT BIC BKENGB33XXX).

7 Contingencies

- 7.1 In the event that Btender is unavailable prior to the start of an operation, the operation may be postponed or cancelled. If Btender were to become operational later in the day, the operation would be run later on the scheduled day if the Bank determined that it was able to do so. Counterparties would normally be given 30 minutes' notice of the start time via a wire services announcement. If the operation could not be run on the same day, the Bank would announce as soon as practicable an alternative date on which the operation would take place.
- 7.2 If one or more Counterparties are unable to participate in an operation via Btender due to local technical problems, but Btender is still generally available, Counterparties may contact the Bank on the relevant Bank Bloomberg IB or telephone the Bank on their designated direct line to request to place a bid. Alternatively, Counterparties can email the Bank's sterling dealing desk (proxybids@bankofengland.co.uk), followed by a call to the Bank's sterling dealing desk on 0203 461 5000 from a pre-authorised telephone number. Where an operation has already started, firms should call the Bank's sterling dealing desk on 0203 461 5000 as a priority; the Bank may then request an email or call back to confirm the validity of the bid. The Bank would enter bid details manually into Btender.
- 7.3 The Bank would only be able to answer calls and enter bids to the extent practicable in the circumstances, and then on the basis of its reasonable endeavours and at the risk of the Counterparty. The Bank would not amend bids received by telephone, but would cancel bids where, in the Bank's opinion, it is reasonable and practicable to do so if the request was received with sufficient notice before the close of the operation.
- 7.4 If the number of Counterparties seeking to bid using a designated direct line or by calling the Bank's sterling dealing desk was greater than the number that the Bank could manage operationally, the auction would be postponed or cancelled. If the Bank was satisfied that the local technical problems had been resolved, the operation could be run later in the day. Counterparties would be given 30 minutes' notice of the start time via wire services announcement. If an operation could not be run on the same day the Bank would announce as soon as practicable an alternative date upon which the operation would take place. The Bank may refuse to consider telephone bids from Counterparties that persistently fail to use Btender.
- 7.5 Should Btender not be available at the end of an operation, the Bank would call each Counterparty by telephone to confirm acceptance of their bids.
- 7.6 If SWIFT were not operational more widely, or at the Bank, the auction may be conducted via telephone or may be cancelled.
- 7.7 The Bank reserves the right to cancel an operation at any time before the results are published.

Appendix A – Communication with the Bank

- A.1 Telephone numbers and email addresses, including for front and back offices and the Bank's contingency site, are available on the Bank's website.²⁵
- A.2 Counterparties should understand that email (whether encrypted or unencrypted) is not a secure method of communication and that messages so delivered may be intercepted, lost, destroyed, corrupted or delayed in transmission. The Bank encourages all Counterparties who communicate with the Bank by email to use encrypted email only.
- A.3 All key electronic communications with the Bank are securely archived. Furthermore, all telephone conversations with the Bank's sterling dealing desk and back office are recorded. In the event of a dispute, reference will be made to the archive and recordings.
- A.4 Counterparties must supply the Bank's sterling dealing desk with contact names, email addresses and telephone numbers for their front and back offices, and for their contingency sites.
- A.5 The table below summarises contact details for specific queries and actions.

Table A Telephone numbers and email addresses for contacting the Bank

Action	Contact
Queries on admission to the APF	Sterling dealing desk: applications@bankofengland.co.uk , via direct line or 0203 461 5000
Queries during a live APF Operation	Sterling dealing desk: proxybids@bankofengland.co.uk via direct line or 0203 461 5000
Queries regarding corporate bond settlement	Market Settlements Team: BPIMSTSettlement@bankofengland.co.uk
Queries regarding gilt settlement	Collateral Management and Custody Team: CMCCUSTODY@bankofengland.co.uk via 0203 461 5399
Eligibility of corporate bond issuers and securities	Middle Office: eligible.securities@bankofengland.co.uk
Dividends or other corporate actions	Collateral Management and Custody team: CMCAST@bankofengland.co.uk via 0203 461 5477
Submission of dealer runs	BOE CORPBONDS, bcorpbonds@bloomberg.net
Submission of dealer axes	APF_CorporateBond_DealersInfo@bankofengland.co.uk
Expressions of interest – eligible bonds buyback requests	CBPSissuerbuybacks@bankofengland.co.uk
APF gilt auctions client identifier requests	clientidentifiers@bankofengland.co.uk

²⁵ The contact list is available at <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/information-for-participants>

