



# Asset Purchase Facility: Gilt purchases - Market Notice 17 December 2020

**i** On 4 November 2020, the MPC voted to increase the target stock of purchased UK government bonds by an additional £150 billion, financed by the issuance of central bank reserves, to take the total stock of government bond purchases to £875 billion.



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The Committee expected the new UK government bond purchase programme to start in January and be completed by around the end of 2021. The Committee envisaged that the pace of purchases could remain at around its current level initially, with flexibility to slow the pace of purchases later.

## Asset Purchase Facility: Gilt Purchases

This market notice sets out details of the Bank's planned APF gilt purchases taking place from the week commencing 4 January 2021 up to and including the week commencing 1 February 2021 – which is the week of the MPC's February meeting. It covers the initial phases of the £150bn gilt purchases announced in November<sup>1</sup> and the reinvestment of proceeds of a gilt maturity occurring on 22 January 2021.

The Bank intends to purchase evenly across the three gilt maturity sectors. For operations scheduled between 4 January 2021 and 3 February 2021 the planned size of auctions will be £1.48bn for each maturity sector. These purchases include the initial part of the reinvestment of the £7.0bn cash flows associated with the gilt maturity occurring on 22 January 2021 which the Bank intends to complete by the MPC's May policy announcement. The range of gilts eligible for purchase will remain unchanged from previous operations.

The Bank plans to conduct three 30 minute auctions a week: gilts with a residual maturity of 3-7 years will be purchased on Mondays at 14:15; those with a residual maturity of over 20 years will be purchased on Tuesdays at 14:15; and those with a residual maturity of 7-20 years will be purchased on Wednesdays at 14:15. All times are London time.

A further Market Notice will be published alongside the February MPR explaining the operational approach to gilt purchases for the subsequent maintenance period.

As usual, the size of auctions will be kept under review throughout the purchase programme in light of market conditions.

The Bank will confirm details of the following week's operations each Thursday at 16:00 (London time). Operational details for the week commencing 4 January 2021 will be confirmed at 16:00 on Wednesday 30 December. 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.

Other than as amended by this Market Notice, previous Market Notices relating to the Bank's gilt purchases under the APF will apply.<sup>2</sup>

<sup>1</sup> See the [November MPC minutes](#) .

<sup>2</sup> See the current [Consolidated Market Notice: Asset Purchase Facility: Gilt Purchases](#).

