

## **Outline of Outright Purchases of Japanese Government Bonds**

The Bank of Japan decided to conduct the outright purchases of Japanese government bonds as follows, effective from September 1, 2016. The next announcement will be on September 30, 2016 at 5 p.m.

### **1. Amount to be Purchased**

Approximately 8-12 trillion yen per month in principle. The Bank takes account of market conditions and conducts purchases in a flexible manner in order to ensure that the effects of monetary policy permeate the economy.

### **2. Bonds to be Purchased**

Japanese government bonds with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, 40-year bonds, floating-rate bonds, and inflation-indexed bonds).

### **3. Amounts to be Purchased from Specific Brackets Classified by Bond Type and Residual Maturity**

Stated in the attachment.

### **4. Frequency of Purchases**

Approximately 8-10 times (business days) per month. The Bank may increase it as needed.

### **5. Method for Auctions**

A multiple-price competitive auction.

Japanese government bonds with coupons (excluding floating-rate bonds and inflation-indexed bonds): Counterparties bid their "desired yield spreads," which are calculated by subtracting "benchmark yields" from the yields at which counterparties seek to sell to the Bank.

Floating-rate bonds and inflation-indexed bonds: Counterparties bid their "desired price spreads," which are calculated by subtracting "benchmark prices" from the prices at which counterparties seek to sell to the Bank.

(Attachment)

<Monthly schedule>

(billion yen)

	Residual maturity	Number of auctions	Purchase size per auction	Purchase size in total
Bonds with coupons (excluding inflation-indexed bonds and floating-rate bonds)	Up to 1 year	About 2	About 50-150	About 100-300
	More than 1 year and up to 5 years	About 6	About 600-1,000	About 3,600-6,000
	More than 5 years and up to 10 years	About 6	About 300-600	About 1,800-3,600
	More than 10 years	About 5	About 300-600	About 1,500-3,000
Inflation-indexed bonds		About 2	About 25	About 50
Floating-rate bonds (in the even months)		1 (bimonthly)	About 100	About 100

Note 1: The Bank announces two or three auctions for different maturity segments (inflation-indexed bonds and floating-rate bonds are each counted as one maturity segment) at the same time.

Note 2: With regard to residual maturity of more than 1 year and up to 5 years, and residual maturity of more than 10 years, the Bank may set sub-segments of the residual maturity and announce separate auctions for them at the same time.

Note 3: With regard to inflation-indexed bonds, the Bank may exclusively include those issued in and after October 2013 in the list of issues to be purchased.

Note 4: In principle, on the day of the JGB auctions (including enhanced-liquidity auctions) by the Ministry of Finance, the Bank refrains from announcing auctions for the corresponding maturity segments.

Note 5: The purchase sizes for each of the first auctions to be conducted from September 1, 2016 will be 70 billion yen for residual maturity of up to 1 year, 400 billion yen for residual maturity of more than 1 year and up to 3 years, 420 billion yen for residual maturity of more than 3 years and up to 5 years, 430 billion yen for residual maturity of more than 5 years and up to 10 years, 200 billion yen for residual maturity of more than 10 years and up to 25 years, 120 billion yen for residual maturity of more than 25 years, 25 billion yen for inflation-indexed bonds, and 100 billion yen for floating-rate bonds.