

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 June 23, 2014.

1. Amount to be Purchased

Approximately 6-8 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 of Auctions

A multiple-price competitive auction.

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

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

<Monthly schedule>

(billion yen)

	Residual maturity	Number of auctions	Purchase size per auction	Purchase size in total
Bonds with coupons (excluding floating-rate bonds and inflation-indexed bonds)	Up to 1 year	About 2	About 110-250	About 220-500
	More than 1 year and up to 5 years	About 6	About 500-700	About 3,000-4,200
	More than 5 years and up to 10 years	About 6	About 450-600	About 2,700-3,600
	More than 10 years	About 5	About 130-350	About 650-1,750
Floating-rate bonds (in the even months)		1 (bimonthly)	140	140
Inflation-indexed bonds (in the odd months)		1 (bimonthly)	20	20

Note 1: In principle, the Bank announces two or three operations with different maturity segments at the same time.

Note 2: In principle, on the day of the JGB auctions (including enhanced-liquidity auctions) by the Ministry of Finance, the Bank refrains from announcing operations with the corresponding maturity segments. The Bank conducts operations for floating-rate bonds and inflation-indexed bonds in the latter half of months.

Note 3: With regard to the auctions with residual maturity of more than 1 year and up to 5 years, the Bank may set sub-segments of the residual maturity and announce separate auctions at the same time.

Note 4: With regard to the auctions with residual maturity of more than 10 years, the Bank may set sub-segments of the residual maturity and announce separate auctions at the same time. For the first auction to be conducted from June 23, 2014, the purchase size will be 100 billion yen for residual maturity of more than 10 years and up to 25 years, and 30 billion yen for residual maturity of more than 25 years.