

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 December 1, 2014. The next announcement will be on December 30, 2014 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 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 500-1,200	About 3,000-7,200
	More than 5 years and up to 10 years	About 6	About 400-600	About 2,400-3,600
	More than 10 years	About 5	About 130-400	About 650-2,000
Floating-rate bonds (in the even months)		1 (bimonthly)	About 140	About 140
Inflation-indexed bonds (in the odd months)		1 (bimonthly)	About 20	About 20

Note 1: The Bank announces two or three operations with different maturity segments (floating-rate bonds and inflation-indexed bonds are counted as one maturity segment respectively) 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, and ones 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.

Note 4: The purchase sizes for each of the first auctions to be conducted from December 1, 2014 will be 110 billion yen for residual maturity of up to 1 year, 450 billion yen for residual maturity of more than 1 year and up to 3 years, 450 billion yen for residual maturity of more than 3 years and up to 5 years, 400 billion yen for residual maturity of more than 5 years and up to 10 years, 240 billion yen for residual maturity of more than 10 years and up to 25 years, 160 billion yen for residual maturity of more than 25 years, 140 billion yen for floating-rate bonds, and 20 billion yen for inflation-indexed bonds.