

Outline of Outright Purchases of Japanese Government Securities

The Bank of Japan decided to conduct the outright purchases of Japanese government securities as follows, effective from December 7, 2023.

Regarding outright purchases of Japanese Government Bonds (JGBs), the Bank will announce the schedule separately in "Quarterly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method)" at the end of March, June, September, and December.

1. Outright purchases of JGBs <competitive auction method> ^(Note)

(1) Bonds to be purchased

JGBs with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, 40-year bonds, Japan Climate Transition Bonds, floating-rate bonds, and inflation-indexed bonds).

The Bank will select eligible issues per auction, mainly taking into consideration the yield differences between other issues of JGBs with close remaining maturities, the amount outstanding in the market, and the supply and demand conditions in the repo market.

(2) Schedule of purchases

The Bank, in principle, will release the schedule of purchases for the following month in advance on the last business day of each month.

(3) Amount to be purchased

In the schedule of purchases for the following quarter, the amount of purchases per type of JGBs / residual maturity will be announced in a range form. The Bank, in principle, will conduct purchase within the range in a flexible manner, taking account of market conditions.

(4) Method for auctions

A multiple-price competitive auction.

JGBs 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.

With regard to the outright purchases of JGBs with coupons (excluding inflation-indexed bonds and floating-rate bonds), the Bank may set a lower limit on the yield spreads for purchasing yields, taking account of market conditions.

(5) Other ad hoc purchases

Notwithstanding (2) and (3), the Bank will make nimble responses for each maturity by conducting an additional outright purchase of JGBs and increasing the amount of purchases even more when deemed necessary.

2. Outright purchases of JGBs <fixed-rate method> ^(Note)

Please also refer to "Market Operation Measures following the Monetary Policy Decision Today" published on October 31, 2023.

(1) Bonds to be purchased

Among JGBs with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, and 40-year bonds), mainly on-the-run issues.

(2) Schedule of purchases

The Bank will conduct the auctions as needed.

(3) Amount to be purchased

Depending on market conditions, the Bank may set the purchase size per auction to a fixed amount or to an unlimited amount.

(4) Method for auctions

Purchasing yields will be set per auction, by indicating the yield spreads from the benchmark yields which the Bank determines separately.

(5) Fixed-rate purchase operations for consecutive days

The conduct of fixed-rate purchase operations for consecutive days will be announced as needed before conducting these operations. The Bank, in principle, will release the information regarding bonds to be purchased, schedule of the purchases, purchase size per auction and the fixed rate applied in the auctions on its website.

3. Outright purchases of treasury discount bills (T-Bills) ^(Note)

Regarding purchases of T-Bills, conducted as part of money market operations, the Bank will decide the purchase size per auction considering the effects on financial markets.

Note: Bidding at the auctions assuming the use of Securities Lending Facility (SLF) is not permitted. In case the Bank deems it appropriate, the Bank will not accept either all or a part of the bids at the auctions for its outright purchases of JGBs, T-Bills, and SLF.