

Outline of Outright Purchases of Japanese Government Securities

In accordance with the Plan for the Reduction of the Purchase Amount of Japanese Government Bonds decided at the Monetary Policy Meeting held today, the Bank of Japan decided to conduct the outright purchases of Japanese government securities as follows.

For the amount of purchases of Japanese government bonds (JGBs) per type / residual maturity for July through September 2025, please refer to "Quarterly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method) (July-September 2025)" published on June 17, 2025.¹ Thereafter, the Bank will, as before, announce the amount of JGB purchases every quarter in "Quarterly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method)." Regarding the schedule of purchases, the Bank, in principle, will release the schedule for the following month in advance on the last business day of each month.

Regardless of the planned amount and the schedule of JGB purchases, in the case of a rapid rise in long-term interest rates, the Bank will make nimble responses by, for example, increasing the amount of JGB purchases, including additions to the purchase schedule, and conducting fixed-rate purchase operations of JGBs and the Funds-Supplying Operations against Pooled Collateral.

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

¹ The Bank has set the auction dates for June 2025, as shown in "Quarterly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method) (April-June 2025) <Schedule Updates>" published on May 30, 2025.

amount outstanding in the market, and the supply and demand conditions in the repo market.

(2) Amount to be purchased

In the schedule of purchases for the following quarter, the amount of purchases per type of JGBs / residual maturity will, as before, be announced at a specific amount. The Bank, in principle, will maintain that purchase amount throughout the quarter.

(3) Frequency of auctions

In order to avoid each auction amount becoming small as the Bank has been proceeding with the reduction in the amount of JGB purchases, the frequency of auctions will be changed from four times a month to three times a month in principle for JGBs with residual maturities of "more than 1 year and up to 3 years," "more than 3 years and up to 5 years," and "more than 5 years and up to 10 years." The frequency of auctions for JGBs with residual maturities of "more than 10 years and up to 25 years" and "more than 25 years" will continue to be three times a month and twice a month in principle, respectively.

(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.

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

(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) 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.

(3) Method for auctions

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

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 the 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.

For further information, please contact the Market Operations Division, Financial Markets Department (post.fmd7@boj.or.jp).