



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Andrew Bailey  
Governor  
Bank of England  
Threadneedle Street  
London  
EC2R 8HA

28 April 2023

Dear Andrew,

### Asset Purchase Facility

Thank you for your letter of 28 April 2023, setting out the change in the Asset Purchase Facility's (APF) stock of purchased assets.

As you noted, on 3 February 2022 you jointly agreed with my predecessor that the maximum authorised size of the APF should be updated every six months in line with the reduction in the stock of assets.<sup>1</sup> In your letter of 28 April 2023, you confirmed the current stock APF holdings, as of 19 April, comprised £815.3 billion of gilts and £6.0 billion of corporate bonds, all held for monetary policy purposes. I am therefore writing to agree to reduce the authorised maximum size of the APF from £851 billion to £821.3 billion, of which up to £6.0 billion can be corporate bonds. This will be reviewed and confirmed between us again in October 2023.

Your letter sets out the measures in place to support value for money as the Bank unwinds the APF in order to deliver the MPC's policy objective. I note that the APF unwind strategy is designed to avoid disruption to financial markets and to minimise interference with the DMO's own issuance program, utilising auctions that are designed to maximise demand and competition and applying comprehensive risk management techniques to understand and control the financial risks of the portfolio. Throughout APF unwind, the

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<sup>1</sup> <https://www.gov.uk/government/publications/asset-purchase-facility-apf-ceiling-february-2022>

APF will remain subject to comprehensive governance and reporting arrangements consistent with the indemnity and the requirement to protect value for money.

HM Treasury and Bank of England officials will continue to monitor the APF's implementation and risks to the Exchequer. Any future cash transfers will be handled under the terms of the indemnity as has been the case to date.

I am copying this letter to the chairs of the Treasury Committee and the Public Accounts Committee and depositing it immediately in the libraries of both Houses of Parliament and on the HM Treasury website.

Best wishes,

A handwritten signature in blue ink that reads "Jeremy Hunt". The signature is written in a cursive, slightly informal style.

**RT HON JEREMY HUNT MP**  
Chancellor of the Exchequer