



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

22 November 2022

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

Dear Andrew,

Asset Purchase Facility

Thank you for your letter of 22 November 2022, 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. We recently agreed to reduce the maximum size of the APF from £966bn to £886bn to reflect the unused portion of the recent financial stability related APF expansion. I am writing to agree to reduce the authorised maximum size of the APF from £886 billion to £871 billion, of which up to £16.4 billion can be corporate bonds. This aligns with the current size of the APF that you reported to me. This will be reviewed and confirmed between us again in April 2023.

HM Treasury and Bank of England officials will continue to monitor the scheme's implementation and risks to the Exchequer, and officials will continue to work together to manage the cash flows between the APF and HMT. 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 Chair of the Treasury 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'.

RT HON JEREMY HUNT MP
Chancellor of the Exchequer