



Trial reverse auctions for PSPP supranational bond purchases

Banque de France, in close cooperation with the Eurosystem, will start to conduct reverse auctions on a trial basis in the course of October. A trial auction will be conducted once a week for at least one month and until sufficient experience is gained. The aim is to gain experience with the use of reverse auctions in carrying out asset purchases under the PSPP, without prejudging in any way whether Banque de France would consider applying auctions more systematically in asset purchase programmes in the future. Also two other central banks (De Nederlandsche Bank and Bank of Lithuania) will start trial reverse-auctions.

The tests will be conducted with Banque de France's major counterparties on certain supranational securities issued by the EFSF (European Financial Stability Facility) and ESM (European Stability Mechanism) eligible to the Public Sector Purchase Programme (PSPP). The trials do not imply a change in any of the current parameters of the PSPP.

Banque de France will communicate on its Bloomberg page [<BDF GO>](#) the exact date of the tests. It is expected that the first auction takes place on 16 October 2015. Banque de France will also communicate on these pages in the coming days the operational modalities of the trial auctions. The ISINs of the bonds that will be purchased will be announced three days before the auction. The bonds that are not included in the reverse auction will continue to be purchased on a bilateral basis on the secondary market. The Bloomberg auction tool will be used to collect offers and realize the allotment. Best offers will be accepted, at the price proposed by the counterparty, up to a maximum amount and price determined by Banque de France for each bond.

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