

## **LARGE SCALE ASSET PURCHASE (LSAP) PROGRAMME**

### **LOCAL GOVERNMENT FUNDING AGENCY SECURITIES**

#### **1. AUCTION ANNOUNCEMENTS**

##### **1.1. PURCHASE COMPOSITION**

The Bank will announce the composition of each auction via the Refinitiv (RBNZ03) and Bloomberg (GPGX 1549 3 1) wire services.

The announcement will include the following details:

- the Local Government Funding Agency Securities being purchased;
- the amount of Local Government Funding Agency Securities being purchased;
- the closing time of the auction; and
- the settlement date for the auction;

The Bank will make a pre-auction announcement 1 hour ahead of the scheduled open of the auction window. This announcement will note all of the details outlined above.

##### **1.2. AUCTION ANNOUNCEMENT TIME**

Auctions will be run on **Thursday**

Pre-auction announcement	10:00 am
Offer window open	11:00 am
Offer window close	11:30 am
Auction results announced	11:45 am (or as soon as possible thereafter)
Settlement date	auction date plus two business days

Every Friday at 2:00pm, the Bank will announce its intended auction schedule for the week ahead. These details will be made available on the Bank's website and on Refinitiv (RBNZ10) and Bloomberg (GPGX 1549 7 2).

##### **1.3. ALTERATION OF ANNOUNCEMENT**

The Bank reserves the right to extend, postpone or cancel an auction at any time. If an auction is postponed or cancelled, any offers lodged will be disregarded.

#### **2. PARTICIPATION RULES**

##### **2.1. ELECTRONIC OFFERS**

All offers must be submitted using the Yieldbroker DEBTS Auction System unless a telephone offer is deemed acceptable by the Bank. Offers must be final prior to the auction close time in the Yieldbroker DEBTS Auction System as has been stated in the auction composition announcement for that auction.

Offers cannot be amended or withdrawn after the auction close time in the Yieldbroker DEBTS Auction System. It is the responsibility of each eligible counterparty to ensure that offers are submitted correctly, and prior to auction closure.

## 2.2. TELEPHONE OFFERS

The Bank may, at its discretion, take telephone offers before auction closure where the Bank has reasonable grounds for believing a technical fault or circumstances beyond an eligible counterparty's control are preventing electronic offers from being placed.

If a counterparty is unable to place offers via the Yieldbroker DEBTS Auction System, an authorised person may contact the Bank on (04) 472 0074 / (04) 472 0075 (or a dedicated line where applicable) to place offers.

The counterparty will be required to provide:

- the dealer's name;
- the institution it is placing an offer (or offers) on behalf of; and
- the offer for each security with all details prescribed in section 2.3.

All offers must be read back and confirmed for validation. Failure to affirm offers will result in the offer being rendered void and disregarded.

Once a telephone offer has been placed and confirmed it may not be cancelled or withdrawn.

## 2.3. OFFER ETIQUETTE

Offer price	Quoted in yield to 3 decimal places
Minimum offer size	\$1,000,000 nominal
Offer multiples	\$1,000,000 nominal

Participants may place multiple offers at an auction

## 2.4. SETTLEMENTS

Confirmations will be sent to successful counterparties. Physical settlement is by delivery versus payment through NZClear.

## 2.5. CONSIDERATION

Consideration will be calculated using the price and yield formulae stated in Appendices and Application Forms on the Reserve Bank's website (<https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Markets-and-payments/Domestic-markets/3287159.pdf?revision=2a3253f4-9bb2-4bba-a54b-074927340596>)

## 3. ACCEPTANCE/REJECTION OF BIDS

The Bank reserves the right to reject any offer, or part thereof, for any reason.

## 4. RESULTS AND ALLOCATIONS

For the purchase of all Local Government Funding Agency securities, allocations for each auction will be made in descending order of yields offered.

Successful counterparties will be awarded allocations that are whole multiples of \$1,000,000 with the minimum amount being \$1,000,000. At the lowest yield accepted, security repurchases will, if necessary, be allocated as far as practicable on a pro-rata basis in relation to the principal amount available at that yield.

The Bank may purchase less than the maximum amount indicated either in aggregate or for any specific bond, at any auction.

Results will be announced as soon as possible after the close of the offer window via Yieldbroker, Refinitiv (RBNZ03) and Bloomberg wire services (GPGX 1549 3 1), and the RBNZ website (<https://www.rbnz.govt.nz/markets-and-payments/domestic-markets/domestic-markets-media-releases>).

## **5. REGISTRATION OF PARTICIPANTS**

Participation in the auction (via either electronic or telephone platforms) is limited to counterparties authorised by the Bank.

Counterparties already eligible to participate in the Bank's Open Market Operations need not reapply in order to participate in LSAP auctions. That said, the counterparty must also be an active user of the Yieldbroker DEBTS Auction System.

A list of current authorised LSAP participants can be found on the [Reserve Bank website](#). Application for registration can be made but needs to occur at least 10 days prior to the intended participation date.

Application details can be found on the [Reserve Bank website](#).

