

Q&A Reverse Auctions

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Monetaire Operaties

Why does DNB purchase debt securities via reverse auctions?

DNB implements reverse auctions as a complementary trading method to bilateral purchases. As the list of debt securities is announced in advance, reverse auctions open up the possibility for real money investors to participate via dealers acting in a broker function and for dealers to source debt securities ahead of a reverse auction. DNB believes this contributes to market efficiency in specific market segments, like the market for Dutch agency bonds and money market instruments – in which DNB currently conducts reverse auctions.

Which counterparties can participate in the reverse auctions?

Only eligible dealers operating as a counterparty to DNB for the PSPP and PEPP can directly participate in the reverse auctions. This includes a selection of euro area and non-euro area dealers that cover a large share of the market. We encourage end-investors to contact their dealers to explore possibilities for indirect participation in the reverse auction.

At which price will DNB execute the offers?

We conduct a multi-price reverse auction. This means that offers are executed against offered price and it is possible that one security will be purchased at multiple prices.

Does DNB also partially allocate offers?

Yes, DNB may allocate offers partially, rounded to whole millions.

Will DNB buy every debt security that is part of the reverse auction?

Depending on the offers, DNB will decide if and how much of each security is bought. It is therefore possible that a security will not be bought at all. It is also possible that DNB will not purchase any security during a reverse auction, depending on offered prices.

Is there a fixed target size?

DNB retains full flexibility on how much will be bought during each reverse auction. The allocated amount will depend among others on the quality and quantity of offers, purchase needs and market conditions.

How often is DNB having auctions and how does DNB determine which securities are purchased via auctions?

Auctions are implemented in a flexible manner, implying that the frequency and timing of auctions may differ. In any case, DNB will publish a list of ISINs on the DNLB page in Bloomberg at least 2 business days ahead of the reverse auction. Dealers will also find the list of debt securities on the AUPD DNLB page in Bloomberg. When selecting securities, DNB takes into account among others purchase needs, market conditions, the added value of auctions and blackout period restrictions (see also [DECISION \(EU\) 2015/774](#)).

What factors does DNB take into account when making the allocation decision?

Offers will be allocated based on the attractiveness relative to an internally determined reference yield. This also allows for comparing offers on multiple instruments.

How long will DNB take to make the allocation decision?

We try to allocate offers as soon as possible after the close of the submission period (typically within a couple of minutes, but no more than 10 minutes).

Can offers be changed after submitting?

After the close of the submission period, offers are binding and cannot be changed anymore. Until the close of the submission period all offers can be changed or cancelled, even when already submitted. Note that a change or a removal of submitted offers needs to be confirmed by pressing the submit button again.

Will DNB continue to buy debt securities via the regular method? Can securities be offered that are targeted via the reverse auctions bilaterally?

DNB will continue to be active for all securities (as defined within the programmes) via quote requests, but to a lesser extent for the instruments that are bought via the reverse auctions.

What information will be published after the reverse auction?

Counterparties will receive a confirmation of their allocation (zero, partial or full) immediately after the allocation period. One hour after the auction, results will also be published on the DNLB page in Bloomberg, including total offers and allocated offers for the auction as a whole, as well as minimum, maximum and average prices per instrument.

Further questions?

Please contact our dealingroom via +31 (20) 520 5055, fm.dealingroom@dnb.nl or Bloomberg chat.