

7 August 2023

Sterling Monetary Framework

Summary of collateral eligible for the Bank's operations

Collateral	Level A	Level B	Level C
Sterling, euro, US dollar and Canadian dollar denominated securities (including associated strips) issued by the governments and central banks of the UK, Canada, France, Germany, the Netherlands and the United States.	Yes		
Sovereign and central bank debt (including associated strips), of Australia, Austria, Belgium, Denmark, Finland, Ireland, Italy, Japan, Luxembourg, New Zealand, Norway, Portugal, Spain, Sweden and Switzerland, issued in either the domestic currency or in sterling, euro or US dollar.		Yes	
Sterling, euro, US and Canadian dollar denominated securities issued by major international institutions.		Yes	
Bonds issued by G10 government agencies explicitly guaranteed by national governments, of the highest credit quality (broadly equivalent to AAA).		Yes	
Debt issued by HM Government and denominated in a currency other than sterling, euro, US dollars or Canadian dollars, and directly held in Euroclear or Clearstream.		Yes	
Sterling Sukuk issued by HM Government, directly held in Euroclear or Clearstream.		Yes	
Debt issued under the National Loans Guarantee Scheme announced on 20 March 2012.		Yes	
Conventional debt issued by Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal National Mortgage Corporation (Fannie Mae) and the Federal Home Loan Banks System, of the highest credit quality (broadly equivalent to AAA).		Yes	
UK and EEA residential mortgage-backed securities (RMBS).		Yes (only the most senior tranches of prime UK and Dutch of the highest credit quality, broadly equivalent to AAA)	Yes (the most senior tranches, of credit quality broadly equivalent to A3/A- or above)
Covered bonds. The underlying assets may be either UK or EEA public sector debt, social housing loans or residential mortgages.		Yes (only regulated UK, French and German prime covered bonds of the highest credit quality, broadly equivalent to AAA, with an issue size greater than £1 bn or €1 bn, depending on the currency of issue)	Yes (of credit quality broadly equivalent to A3/A- or above)
UK, US and EEA asset-backed securities (ABS) backed by credit cards.		Yes (the most senior tranches of the highest credit quality, broadly equivalent to AAA, and must be prime)	Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above)
UK, US and EEA asset-backed securities (ABS) backed by auto loans and certain equipment leases.		Yes (the most senior tranches of the highest credit quality, broadly equivalent to AAA, and must be prime)	Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above)
US asset-backed securities (ABS) backed by student loans and consumer loans.		Yes - FFELP Student loans only (the most senior tranches of the highest credit quality, broadly equivalent to AAA, and must be prime)	Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above)
UK and EEA asset-backed securities (ABS) backed by student loans and consumer loans.			Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above)
UK, US and EEA commercial mortgage-backed securities (CMBS). Securities containing construction loans will not be eligible. The pool must be diversified.			Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above)
UK, US and EEA covered bonds where the underlying assets include SME loans or commercial mortgages.			Yes (of credit quality broadly equivalent to A3/A- or above)
UK, US and EEA covered bonds or ABS backed by certain Export Credit Agency guarantee loans. These will be subject to individual review.			Yes (of credit quality broadly equivalent to A3/A- or above)
UK, US and EEA securitised portfolios of senior secured or on-balance sheet, corporate loans or SME loans. Leveraged loans are not permitted.			Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above and must be a diversified pool)
UK, US and EEA securitised portfolios of corporate bonds. Portfolios containing high-yield bonds are not permitted.			Yes (the most senior tranches of credit quality broadly equivalent to A3/A- or above and must be a diversified pool)
Some types of UK, US and EEA asset-backed commercial paper (ABCP) of credit quality broadly equivalent to a short term rating of A-1+/P1/F1+. Only the most senior paper will be accepted and the eligibility of individual programmes must be agreed with the Bank. Underlying assets must be of a type that are eligible for the operation.			Yes
Senior bank debt that is guaranteed under certain non-UK sovereign bank debt guarantee schemes. Various schemes have now been reviewed and are considered eligible. The eligibility of sovereign-guaranteed bank schemes is reviewed at the Bank's discretion in light of requests from counterparties. The debt must be due to mature prior to the expiry date of the relevant guarantee.		Yes	
Portfolios of conventional, listed, senior corporate bonds, with a minimum amount in issue of £100mn, and of credit quality broadly equivalent to A3/A- or above and commercial paper of credit quality broadly equivalent to a short term rating of A2/P2/F2, issued by non-financial companies in the UK, US and the EEA.		Yes	Yes
Portfolios of residential mortgage, consumer, commercial real estate or corporate loans to a non-bank where the borrower is domiciled in the UK, or in the case of a corporate, the UK is its centre of main interest (see: https://www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/level-c-loan-collateral.pdf).			Yes
Own name securities (that meet one of the above criteria)			Yes
Eligible security/loan denominations.	Sterling, euro, US dollars, Australian dollars, Canadian dollars, Swedish krona, Swiss francs and in the case of Japanese government bonds and bank debt issued under the Credit Guarantee Scheme announced by HM Government on 8 October 2008 only, yen.		

Individual securities will be eligible as either Level A, Level B or Level C.

Collateral can reference interest rate benchmarks (e.g. SONIA), but will not be eligible if it references, reverts to referencing, or may be required to reference, sterling LIBOR, US dollar LIBOR, euro LIBOR, yen LIBOR, Swiss franc LIBOR, any form of synthetic LIBOR (where applicable), or US dollar credit sensitive rates (this includes AMERIBOR, Bloomberg Short-Term Bank Yield Index (BSBY), USD Credit Inclusive Term Rate (CRITR), USD Credit Inclusive Term Spread (CRITS) and other similar rates).

References to credit rating agency ratings are used to indicate the broad standards of credit quality expected in the securities accepted and are not prerequisites for eligibility. The Bank forms its own independent view of the risk in the collateral taken and only accepts collateral that it can value and risk manage effectively.

The assets underlying securitisations must be cash, not synthetic.

Securities whose credit quality is on the basis of a guarantee or insurance provided by a third party ("a wrap") will not be eligible.

Requests to check eligibility of securities or loans should be made to one of the following e-mail addresses

eligible.securities@bankofengland.co.uk
eligible.loans@bankofengland.co.uk

The Bank will keep under review the securities eligible as collateral in its operations. The Bank reserves the right to reject any security, loan portfolio or individual loan offered or provided as collateral, for any reason, at any time. Participants should always consult the SMF Documentation, including any relevant market notices, for a complete guide to eligible collateral.

Asset-backed securities and covered bonds must also meet the Bank's transparency requirements (see: <https://www.bankofengland.co.uk/markets/eligible-collateral/>)

A list of eligible securities is updated monthly (see: <https://www.bankofengland.co.uk/markets/eligible-collateral/>)

All eligibility requests should complete the "ABS and Covered Bond Eligibility Request Template" (see: <https://www.bankofengland.co.uk/markets/eligible-collateral/>)