



## A summary of the current Bank of England operations in the sterling money markets<sup>1</sup>

July 2017

	<a href="#">Operational Standing Facilities (OSFs)</a>	<a href="#">Indexed Long-term Repo (ILTRs)</a>	<a href="#">Discount Window Facility (DWF)</a>	<a href="#">Funding for Lending Scheme (FLS) Extension<sup>2</sup></a>
What is the primary purpose of the operation? <sup>3</sup>	<a href="#">Monetary policy implementation</a> <a href="#">Bilateral liquidity insurance to deal with frictional payment shocks</a>	<a href="#">Liquidity insurance</a>	<a href="#">Bilateral liquidity insurance</a>	<a href="#">Boost lending to the UK real economy</a>
Who can become a participant?	<a href="#">Eligible liability reporters, designated investment firms and CCPs operating in UK markets</a>	<a href="#">Eligible liability reporters and designated investment firms</a>	<a href="#">Eligible liability reporters, designated investment firms and CCPs operating in UK markets</a>	<a href="#">Existing DWF participants</a>
What is being borrowed?	Deposit facility: n/a Lending facility: sterling cash	Sterling cash	Gilts <sup>4</sup>	Treasury Bills <sup>5</sup>
<a href="#">What collateral is eligible?</a>	Deposit facility: n/a Lending facility: <a href="#">Level A</a>	<a href="#">Level A</a> <a href="#">Level B</a> <a href="#">Level C</a>	<a href="#">Level A</a> <a href="#">Level B</a> <a href="#">Level C</a>	<a href="#">Level A</a> <a href="#">Level B</a> <a href="#">Level C</a>
What securities are eligible for purchase/ sale	n/a	n/a	n/a	n/a
<a href="#">Is there a reserves impact?</a>	Deposit facility: yes - drain Lending facility: yes - supply	Yes - supply	No <sup>4</sup>	No
What is the price/fee for the operation?	<a href="#">As published by the Bank</a>	Auction determined uniform spread indexed to Bank Rate <sup>6</sup>	Fee dependent on size of drawing and collateral delivered <sup>7</sup>	Flat fee of 0.25%
What is the maturity of the operation/ instrument?	Overnight	6 months	30 days <sup>8</sup>	4 years <sup>4</sup>
What is the frequency of the operation/facility?	Available daily, all day <sup>9</sup>	<a href="#">Typically monthly</a>	Available daily, all day <sup>9</sup>	Available daily, up to 12pm
When statistics are publicly reported?	<a href="#">Average daily usage in the maintenance period is published three weeks after its end</a>	<a href="#">Published same day as each operation</a>	<a href="#">Published 5 quarters in arrears</a>	<a href="#">Usage and lending data is published quarterly</a>
What is the minimum bid/ offer amount?	n/a	£5mn	n/a	£1mn
What is the minimum bid/ offer increment?	n/a	£1mn	n/a	£0.1mn
What is the settlement date of the operation?	T + 0	T + 2	T + 0	T + 0

<sup>1</sup> The following operations are not currently taking place: Short-term OMOs, Gilt Purchase OMOs, Contingent Term Repo Facility.

<sup>2</sup> The drawdown window for the extended FLS closes in January 2018.

<sup>3</sup> The monetary policy and financial stability purposes of the Bank's market operations are intimately linked. In particular, as well as contributing to financial stability, liquidity insurance can potentially reduce the incidence of large and unpredictable shifts in the demand for central bank money, and so help forestall complications in the implementation of monetary policy.

<sup>4</sup> At the Bank's discretion, cash may be lent through the DWF. The Bank will lend cash to CCPs as standard. In the event of the Bank lending cash, there would be a supply of reserves to the market.

<sup>5</sup> The Treasury bills supplied in the FLS have a 9 month maturity and are to be returned to the Bank near maturity in exchange for another set of Treasury bills. This is referred to in the [Quick reference guide: Treasury Bill Rollover](#).

<sup>6</sup> The ILTR's uniform pricing mechanism means that every successful bidder pays the lowest accepted spread for the chosen collateral set.

<sup>7</sup> The DWF fee matrix is set out on page 16 of the [SMF Operating Procedures](#).

<sup>8</sup> Except for CCPs, where the DWF lending term is 5 days. In certain circumstances the Bank may offer lending for a different term to DWF participants.

<sup>9</sup> OSFs and the DWF are available at the Bank's discretion and subject to the relevant settlement system deadlines.



A summary of the current Asset Purchase Facility operations in the sterling money markets

July 2017

	<a href="#">Asset Purchase Facility: Gilts</a>	<a href="#">Asset Purchase Facility: Corporate Bond Purchase Scheme (CBPS)</a>	<a href="#">Asset Purchase Facility: Term Funding Scheme (TFS)</a>
What is the primary purpose of the operation?	<a href="#">Monetary policy implementation</a>	<a href="#">Monetary policy implementation</a>	<a href="#">Monetary policy implementation: to reinforce the transmission of Bank Rate changes</a>
Who can become a participant?	<a href="#">Competitive: Market makers or Gilt Purchase OMO participants</a> <a href="#">Non-competitive: FSMA authorised firms</a>	<a href="#">Market makers and Gilt Purchase OMO participants</a>	<a href="#">Existing DWF participants</a>
What is being borrowed?	n/a	n/a	Sterling cash
<a href="#">What collateral is eligible?</a>	n/a	n/a	<a href="#">Level A</a> <a href="#">Level B</a> <a href="#">Level C</a>
What securities are eligible for purchase/ sale	<a href="#">Conventional gilts as per Operating Procedures</a>	<a href="#">High-quality corporate bonds as per market notice</a>	n/a
<a href="#">Is there a reserves impact?</a>	Yes - supply	Yes - supply	Yes - supply
What is the price/fee for the operation?	Determined in a variable rate auction on a discriminatory-price basis	Determined in a variable price auction on a uniform-price basis	Interest equal to Bank Rate plus a Scheme fee dependent on lending
What is the maturity of the operation/ instrument?	Purchase of gilts with a residual maturity greater than 3 years	Minimum residual maturity of 1 year; no perpetual debt	4 years
What is the frequency of the operation/facility?	Mondays, Tuesdays and Wednesdays, when MPC mandates purchases	Tuesdays, Wednesdays and Thursdays when MPC mandates purchases	Available daily, up to 12pm
When statistics are publicly reported?	<a href="#">Published same day as each operation</a>	<a href="#">Published each Thursday at 3pm</a>	<a href="#">TFS Usage and lending data is published quarterly</a>
What is the minimum bid/ offer amount?	£5mn	£1mn nominal for each individual security	£1mn
What is the minimum bid/ offer increment?	£1mn	£0.1mn nominal	£0.1mn
What is the settlement date of the operation?	T + 1	T + 2	T + 0