

BANK OF ENGLAND OPERATIONS IN THE STERLING MONEY MARKETS

Supplement to the Operational Notice issued in April 2000

1 Overnight Deposit Facility: Invitation for bids for the purchase of overnight DBV at 15.30

In addition to the existing operations to supply funds at 15.30 the Bank will, with effect from 27 June 2001, also invite overnight deposits from OMO participants who will be invited to bid for the purchase that day of gilts for repurchase by the Bank through overnight DBV transactions. Such operations will be governed by the Liquidity Withdrawal Legal Agreement. The applicable arrangements and timetable are set out below. The Bank will publish screen announcements substantially in the form set out in the Appendix to this supplement.

Bids will be invited at 15.30. OMO participants will have five minutes to bid. The minimum amount for a bid will be £5 mn. Each participant may make no more than one bid.

The amount of each accepted bid will be the purchase price to be paid by the applicant. The market value of gilts to be delivered to successful applicants will be equal to the purchase price divided by 1.025: the Bank reserves the right to change this figure at its discretion. The repurchase price paid by the Bank when equivalent securities are returned will include a premium calculated by reference to a rate which will be determined by the Bank for the purpose of these transactions and which will be below the Bank's repo rate. The Bank reserves the right to change the rate at its discretion. The rate will be published as part of the Bank's 15.30 screen announcement. Participants should confirm details using the form Appendix III (d) as soon as possible, but in any event by 16.00.

Timetable:	15.30	Invitation to bid
	15.35	Deadline for bids.
	By 15.45	Publish results.
	By 15.50	Input DBV instructions.
	By 16.00	Confirmation sent

The Bank reserves the right to reject individual bids and to accept individual bids in part.

Participants must ensure that sufficient securities are available to enable the repurchase of DBV by the Bank as soon as the settlement process is enabled in the CREST system the following business day.

2 Amendment to Section II, 4 of the Operational Notice issued in April 2000

Invitation for bids at 15.30

Replace Section II, 4(iii) with:

- (iii) The rate to be applied to supply funds at the 15.30 round will be determined by the Bank but will be above its repo rate. The Bank reserves the right to change the rate at its discretion. The rate will be published as part of the Bank's 15.30 screen announcement.

**Bank of England
June 2001**

APPENDIX TO JUNE 2001 SUPPLEMENT TO THE OPERATIONAL NOTICE

3.30 pm Residual shortage £nnn mn.

A round of overnight repo operations to supply funds is invited at a rate of 6 1/4%. OR
No further operations to supply funds are invited.

Deposit Facility: bids are invited for the purchase from the Bank of overnight DBV at a rate of 4 1/4%

3.45 pm Total amount allotted in overnight repo operations £nnn mn.

Amount deposited with the Bank £nnn mn.

Net flows of overnight funds to/from the market £nnn mn.

Total liquidity provided to the market today £nnn mn.

15.30 Round Deposit Facility: Purchase by Counterparty of Overnight DBV for repurchase by the Bank

Counterparty:

Contact Name:

Date:

We refer to the Bank's telephone confirmation that, as a result of the acceptance of bids under the round of money market operations specified above, we are to enter today into repo transactions with the Bank for the maturities and the aggregate purchase prices for each such maturity specified below. We hereby notify the Bank that the securities to be purchased by us under those repo transactions, and the purchase prices for those securities, are to be as specified below. This notice is given under the Bank's Operating Procedures relating to its Official Market Operations and the repo transactions to which it relates are subject to the Liquidity Withdrawal Agreement between us and the Bank and to those Operating Procedures.

Type	Purchase Price	Maturity Date	Rate	Repurchase Price
Gilts - DBV				

DBV Nominal*	
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* Calculated as follows: Purchase Price divided by 1.025
E.g. £10,000,000.00/1.025 = £9,756,097.56 (rounded to nearest penny)

Counterparty's CREST Participant Identifier

Bank of England CREST Participant Identifier

(Confirmed at time of trade callover)

NOTE – The premium element of the repurchase price will be paid via CREST.

Authorised Signatory