



BANK OF ENGLAND

News release

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11 January 2000

UK Government Euro Treasury Notes: Announcement of Auction and Publication of Information Memorandum

The Bank of England announces the auction of Euro 500 million nominal of UK Government Euro Treasury Notes to be issued on Friday 28 January 2000 and to mature on Tuesday 28 January 2003. The auction, which will be on a bid-yield basis, will take place on Tuesday 18 January 2000. An additional Euro50 million of Notes will be allotted directly to the Bank for the account of the Exchange Equalisation Account, and will be available for sale and repurchase operations with market makers. A copy of the auction notice published by the Bank is attached (Appendix 1) .

It is presently contemplated that further tranches of Notes maturing in 2003 will be sold in subsequent quarterly auctions in 2000, to be held on the third Tuesday of the first month of each quarter. The remaining auction dates for 2000 would thus be:

18 April 2000

18 July 2000

17 October 2000

The amount and maturity of the Notes to be offered at each future auction will be announced at least four days in advance of each auction.

In addition, the Bank of England has today published a new Information Memorandum for the UK Government Euro Treasury Note programme , which replaces the Information Memorandum issued in January 1999 . The revisions to the Information Memorandum include new provisions for holding Noteholders meetings. These make the Note programme consistent with other UK Government foreign currency issues. It also reflects the G10 statement of 26 September 1999 which said that

"Ministers and Governors also noted the constructive role that the voluntary use of collective representation and majority action clauses in sovereign bond issues could play in the resolution of financial crises. They welcome and encourage efforts by the private sector to promote the wider use of collective action clauses and similar arrangements in sovereign bond issues. They undertook to examine the modalities relating to the

inclusion of the most appropriate collective action clauses in foreign-currency sovereign bond issues. Ministers and Governors reaffirmed their overall objective of fostering improvements in market practices relating to foreign-currency bond issuance."

The new information Memorandum also contains a revised list of market makers (section VII) and a technical amendment to the tax section (section VIII) of the Information Memorandum following some legislative developments. Copies of the Information Memorandum are available from the Bank of England.

Notes for Editors

The UK Government Euro Treasury Note Programme (together with its predecessor, the ECU Treasury Note programme) has now been running since 1992. Auctions are held quarterly, with the size and maturity of auctions normally announced a week before auctions are held.

There are currently Euro 6 bn of UK Government Euro Treasury Notes outstanding with the public, with maturity dates between January 2000 and January 2002. The original maturity of each Note was three years. In addition Euro3.5 bn of Bank of England Euro Bills (one to six months in maturity) and Euro2.5 bn of a euro-denominated UK Government bond maturing in February 2001 are outstanding with the public. All these instruments are eligible as Tier 1 collateral within TARGET for euro intra-day liquidity and in the ESCB's open market operations. They are also eligible as collateral for repo in the Bank's sterling open market operations and for intra-day liquidity within the sterling CHAPS payments system.

There are twenty-one Euro Note market makers, as listed in the Information Memorandum.

Key Resources

Auction Notice

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2000/auctnt16.pdf>