



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

21 March 2000

Bank of England to issue Euro-Denominated 3-Year Notes

The Bank of England today announced arrangements for it to take over from HM Treasury as the issuer of 3-year euro Notes with effect from January 2001. The euro notes currently take the form of UK Government Euro Treasury Notes, issued by HM Treasury. The other main features of the Note programme, which will thereafter be known as the Bank of England Euro Note programme, will remain unchanged.

Further details will be announced, and a new Information Memorandum issued, prior to the first auction of Bank of England Euro Notes in January 2001. The proceeds from the issue of the Notes will be held on the Bank's balance sheet as foreign currency assets.

Notes to Editors

1. This is a similar process to the change made last year in the issuer of euro Bills (1-6 months maturity), for which the Bank of England took over from HM Treasury as issuer during the course of 1999.
2. Notes issued by the Bank of England will be termed Bank of England Euro Notes and will be obligations of the Bank of England. Outstanding UK Government Euro Treasury Notes will remain obligations of HM Treasury until they mature.
3. Auctions of the existing UK Government Euro Treasury Note maturing in 2003 will proceed according to the schedule announced in the Information Memorandum of 11 January 2000.
4. The Bank of England plans to make the first issue of three-year euro Notes in January 2001. Since the Bank of England already acts as agent for HM Treasury in the existing programme, no material changes in the procedures for issuance should be necessary.
5. 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 the auctions are held. The arrangements for the programme

are described in an Information Memorandum issued on 11 January 2000. A new Information Memorandum will be issued for Bank of England Euro Notes prior to the first auction.

6. There are currently € 4.5 bn of UK Government Euro Treasury Notes outstanding with the public, with maturity dates between January 2001 and January 2003. The original maturity of each Note was three years. In addition €3.5 bn of Bank of England Euro Bills (one to six months in maturity) and €2.5 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 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, for intra-day liquidity within the RTGS payment system and under the FSA's retail bank stock liquidity regime. The Bank will accept Bank of England Euro Notes as collateral and intends to seek acceptance of the Notes as Tier 1 collateral by the ECB.

7. There are twenty-one market makers of UK Government Euro Treasury Notes, as listed in the Information Memorandum of 11 January 2000. Current market makers of Notes will be invited to join a panel of market makers for Bank of England Euro Notes. Other applications to join this panel should be addressed to the Manager, External Debt, Foreign Exchange Division at the Bank of England (tel : 020 7601 5982).