



BANK OF ENGLAND

News release

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Bank of England Euro Notes: Announcement of Auction and Publication of Information Memorandum

The Bank of England today announced the auction of h500 million nominal of Bank of England Euro Notes maturing in 2004. The auction, which will be on a bid-yield basis, will take place on Tuesday 16 January 2001. An additional h50 million of Notes will be allotted directly to the Bank of England, and will be available for sale and repurchase operations with market makers. The Notes will be issued on Monday 29 January 2001, to mature on Thursday 29 January 2004. This will be the first issue of Bank of England Euro Notes, following the announcement of 21 March 2000 setting out arrangements for the Bank of England to replace HM Treasury as issuer of Notes denominated in euro. A copy of the auction notice published by the Bank is attached (Appendix 1).

It is expected that further tranches of these Notes maturing in 2004 will be sold in subsequent quarterly auctions in 2001, to be held on the third Tuesday of the first month of each quarter. The remaining auction dates for 2001 would thus be:

17 April 2001

17 July 2001

16 October 2001

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

In addition, the Bank of England has today published an Information Memorandum for the Bank of England Euro Note programme, copies of which are available from the Bank of England on request.

All market makers in the UK Government Euro Treasury Note programme have accepted the Bank's invitation to become market makers in the Bank of England Euro Note programme. In addition, the Bank has appointed Allied Irish Banks plc and Halifax plc as new market makers for Bank of England Euro Notes. The new Information Memorandum contains a revised list of market makers.

Notes for Editors

1. On 21 March 2000, the Bank of England announced that it would be taking over from HM Treasury as the issuer of 3-year euro Notes with effect from January 2001. The UK Government Euro Treasury Note Programme (together with its predecessor, the ECU Treasury Note programme) has now been running since 1992.
2. There are currently €6 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. These remain the obligations of HM Treasury. 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 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.
3. The proceeds of the issue of Bank of England Euro Notes will be added to the foreign currency holdings of the Bank of England.
4. This information does not constitute an offer of securities for sale in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold without registration thereunder or pursuant to an available exemption therefrom.
5. There are 21 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/2001/auctnt33.pdf>

Information Memorandum for the Bank of England Euro Note programme

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2001/inmen20011.pdf>