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Practical Issues Arising from the Euro: November 2002

The Bank is publishing today the latest edition of the half-yearly Practical Issues Arising from the Euro.

Practical Issues includes an updated City guide to a UK euro changeover, which sets out how the changeover in the City would be expected to be handled, if the UK were to join EMU.

In the managed transition described in HM Treasury's Sixth Report on Euro Preparations, published in July, sterling wholesale financial markets would operate in euro immediately from the entry date, whereas retail financial services would remain largely in sterling until later in the transition period after entry. The City guide focuses on the changeover in sterling wholesale financial markets, and the relationship between wholesale and retail markets during the transition period after entry.

The City guide is intended for use by practitioners in sterling financial markets in their preparations for possible UK entry, and has been drawn up in consultation with members of the City Euro Group. This is a representative City body, chaired by the Bank and including City market associations and institutions, which has met regularly over the past four years.

The guide also summarises the Bank of England's own preparations for possible UK entry into EMU, under the Government's policy of 'prepare and decide'.

Practical Issues also includes the latest in a series of reports on the UK's performance as a euro financial centre. It reviews developments across the spectrum of wholesale euro financial markets and describes and explains the evidence available to date on the City's performance. The evidence suggests that, since the launch of the euro, the City has maintained its market share. The report is limited to providing and explaining the evidence to date. It does not consider the potential impact on the competitive position of UK financial services of UK entry into EMU, which will be assessed by the Government. Nor does the report pre-empt the preliminary and technical work which will be published alongside the Government's assessment.

Notes for Editors

This is the eighteenth edition of Practical Issues, which was first published in May 1996, and became the authoritative guide in the financial markets - in London, across the euro area and beyond - to preparing the euro's launch at the beginning of 1999. Since then, Practical Issues has reported on the evolution of the euro markets in practice, in London and in the euro area, as well as setting out the City's preparations for EMU entry, if the UK decides to join.

Practical Issues is widely distributed, both in the UK and overseas.