News release

15 October 2003

Bank of England Review of Sterling Money Market Operations

In a speech in Leicester yesterday, the Governor announced that the Bank will review its operations in sterling money markets.

The twin and complementary objectives of the Bank's operations will continue to be to implement monetary policy while meeting the liquidity needs of the banking system. The Bank also wants a framework that continues to support efficient and competitive money markets.

Paul Tucker, Executive Director of the Bank's Markets area (and a member of the Monetary Policy Committee), said

"Our aim in reviewing our sterling money market operations is to see whether we can make improvements to ensure that the Bank's operational framework is at the leading edge internationally. The Bank last reviewed the framework around seven years ago. The changes introduced then - in particular, operating in gilt repo and broadening the range of counterparties - have worked well. But it is timely to examine now whether there is scope to make further improvements, taking account of the implications for the markets and the wholesale payment systems that support them. Starting immediately, we will consult very fully, including with the settlement banks, our open market operations counterparties, other banks and intermediaries, other users of the markets, market associations and infrastructure providers. As that dialogue and our thinking develop, we will issue consultative papers."

Notes to Editors

The Bank's current operational framework is set out in
The Bank of England's Operations in the Sterling Money Markets,
May 2002

Routine open market operations in gilt repo were introduced in 1997.

Key Resources

The Bank of England's Operations in the Sterling Money Markets
http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/markets/money
/stermm3.pdf