



**BANK OF ENGLAND**

# News release

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## **The Revised Securities Borrowing and Lending Code of Guidance**

The Bank of England is publishing today, on behalf of the Securities Lending and Repo Committee (SLRC), a revised version of the Securities Borrowing and Lending Code of Guidance and the UK Annex to the Code. The new Code and Annex replace the Stock Borrowing and Lending Code of Guidance issued in December 2000 and the UK Annex issued in May 2004. The Code provides practitioner guidance on standards and practice in the securities borrowing and lending markets, including corporate actions and voting. The UK Annex covers in more detail matters relating to the borrowing and lending of gilts, equities and corporate bonds traded in the United Kingdom, including settlement arrangements, Companies Act notification requirements, corporate actions, voting and tax.

The Code and Annex have been updated by the SLRC to reflect market and regulatory developments since they were last published. Changes include the extension of the Code to cover gilts, updating the section on regulation, including a mention of Alternative Trading Systems, a general discouragement of naked short selling, a new section on voting and borrowing, a recognition that traditional confirmations are not necessary when there is electronic communication, and amplifications of the sections on legal agreements and credit assessment.

The SLRC will continue to keep the Code and UK Annex under review in the light of developments and will amend the documents as necessary from time to time.

### **Notes to Editors**

1. The Securities Lending and Repo Committee (SLRC) is a UK-based committee of international repo and securities lending practitioners, together with bodies such as CREST, the Debt Management Office, the Inland Revenue, the London Clearing House, the Financial Services Authority and the London Stock Exchange. The Committee provides a forum in which structural (including legal) developments in the relevant markets can be discussed by practitioners and the authorities. It is chaired by the Bank of England, which also provides administrative support.

2. The SLRC produces, in addition to the Securities Borrowing and Lending of Guidance, the Gilt Repo Code of Best Practice and the Equity Repo Code of Best Practice. These Codes will be reviewed by the SLRC in 2005 with a view to updating.
3. The SLRC also produces the Gilts Annex of the ISMA/BMA Global Master Repurchase Agreement (GMRA).
4. Together with the Association of Corporate Treasurers, British Bankers Association, London Investment Banking Association, International Securities Lending Association and London Stock Exchange, the SLRC has sponsored an Introduction to Securities Lending. This publication provides a description of the securities borrowing and lending markets, including the market mechanics and the roles of market participants.
5. The above publications, together with the SLRC's terms of reference and minutes of SLRC meetings, are also available on the Securities Lending and Repo Committee pages.

### **Key Resources**

Stock Borrowing and Lending - Code of Guidance

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/markets/gilts/stockborrowing.pdf>

The UK Annex

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/markets/gilts/stockborrowingannex.pdf>