



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 €1 billion nominal of Bank of England Euro Notes maturing in 2007. The auction, which will be on a bid-yield basis, will take place on Tuesday 20 January 2004. An additional €1,200 million nominal of Notes will be allotted directly to the Bank of England. Of these Notes, €100 million nominal will be available for sale and repurchase operations with market makers for the Bank of England Euro Note programme and €1,100 million nominal will be held by the Bank with the intention that they will be sold in a subsequent auction or may be made available for sale and repurchase operations with the market makers. The Notes will be issued on Thursday 29 January 2004, to mature on Monday 29 January 2007. This will be the fourth 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 the remaining tranche of the Note maturing in 2007 will be sold in an auction to be held on 16 March 2004. The amount to be offered at any future auction will be announced at least four business days in advance of the auction.

In addition, the Bank of England has today published a new Information Memorandum for the Bank of England Euro Note programme, which includes an updated list of market makers. Following the practice for the 2004-2006 Bank of England Euro Notes, the 2007 Bank of England Euro Note includes collective action clauses. The clauses have been updated to reflect the recent recommendations of the G10, in keeping with the UK's continuing support for international efforts to encourage the greater use of these clauses in international bond issues.

Notes to Editors

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) had been running since 1992.

There are currently €6 billion of Bank of England Notes outstanding with the public, with maturity dates between 29 January 2004 and 27 January 2006. The original maturity of each Note was three years. This is in addition to the €3.6 billion of Bank of England Euro Bills (one to six months to maturity) 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 CHAPS Sterling and CHAPS Euro payment systems.

The proceeds of the issue of Bank of England Euro Notes will be added to the foreign currency holdings of the Bank of England.

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.

There are nineteen Bank of England Euro Note market makers, as listed in the Information Memorandum. Copies of the Information Memorandum are available from the Foreign Exchange Division, Bank of England, Threadneedle Street, London, EC2R 8AH (Tel: 020 7601 3232; fax 020 7601 5588) or from the Foreign Exchange Markets Publications page.

Key Resources

Auction Notice - 13 January 2004

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2004/auctnt040113.pdf>

Information Memorandum 6 January 2004

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2004/inmem0401.pdf>