



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 €1,000 million nominal of Bank of England Euro Notes maturing in 2008. The auction, which will be on a bid-yield basis, will take place on Tuesday 18 January 2005. 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 Friday 28 January 2005, to mature on Monday 28 January 2008. 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 2008 will be sold in an auction to be held on 15 March 2005. 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. The Information Memorandum, which includes a list of current market makers, reflects one minor change to the auction arrangements. With effect from the January 2005 auction all bids for Bank of England Euro Notes must be submitted by telephone or via the Bloomberg Auction System (the latter facility is only available to market makers). Previously, bidding was possible via paper application forms lodged by hand at the Bank of England.

Notes for 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 28 January 2005 and 29 January 2007. 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.

All of the Bank of England's outstanding Euro Notes include collective action clauses. The clauses included in Bank of England Euro Notes maturing in 2007 and beyond have been updated to reflect the recommendations made in a G10 report on contractual clauses; this is in keeping with the UK's continuing support for international efforts to encourage the greater use of these clauses in international bond issues.

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).

Key Resources

Auction Notice

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2005/auctnt050111.pdf>

Information Memorandum dated 11 January 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2005/inmem0501.pdf>