



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 €2 billion nominal of Bank of England Euro Notes maturing on Tuesday 27 January 2009.

The auction, which will be on a bid-yield basis, will take place on Tuesday 24 January 2006 with a settlement date of Friday 27 January 2006. An additional €1.3 billion nominal of Notes will be allotted directly to the Bank of England. The Bank of England intends to sell €1 billion nominal of these Notes in a further auction taking the total amount on offer across the two auctions to €3 billion nominal; the expected date for the second auction is Tuesday 28 March 2006. The remaining €300 million nominal will be retained by the Bank of England and may be made available for sale and repurchase operations with the market makers for the Bank of England Euro Note programme. A copy of the auction notice published by the Bank is attached (Appendix 1).

In addition, the Bank of England has today published a new Information Memorandum for the Bank of England Euro Note programme. The Information Memorandum includes a list of current market makers.

Notes for Editors

1. 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.

2. There are currently €6 billion of Bank of England Notes outstanding with the public, with maturity dates between 27 January 2006 and 28 January 2008. 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.

3. As detailed in the Information Memorandum, the Bank of England may issue Notes with an aggregate amount of €7.7 billion nominal under the Bank of England Euro Note programme. This limit includes the Notes offered for sale by auction and those retained by the Bank of England. Previously the programme limit was €6.6 billion nominal.

4. The proceeds of the issue of Notes will be added to the foreign currency holdings of the Bank of England, and will be held in accordance with the Bank of England's monetary policy objectives as detailed in section VII of the Information Memorandum.

5. 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 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.

6. 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.

7. There are twenty 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 Bank's website.

Key Resources

Auction Notice

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2006/auctnt060110.pdf>

Information Memorandum dated 10 January 2006

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2006/inmem0601.pdf>