



BANK OF ENGLAND

News release

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Extended Collateral Long-Term Repo Operations

The Bank of England is today announcing an extension of the collateral eligible in its current weekly sterling three-month repo operations.

The range of eligible collateral is being expanded to include AAA-rated asset-backed securities of some corporate and consumer loans; and approved highly-rated, asset-backed commercial paper programmes, where the underlying assets would be eligible if securitised.

This action is addressed to the ongoing strains in term funding markets, and adds highly-rated corporate securitisations to the residential mortgage securities that are already eligible.

Given the further broadening of collateral, there will be a minimum bid rate of 50 basis points above the relevant overnight index swap (OIS) rate.

The size of the operation on Tuesday 7 October will be £40 billion.

The weekly extended collateral repos will continue until at least Tuesday 18 November. The size of the operations from Tuesday 14 October will be decided in the light of the degree to which current market conditions persist.

Commenting on the announcement, Mervyn King - Governor of the Bank of England - said:

"In these extraordinary market conditions, the Bank of England will take all actions necessary to ensure that the banking system has access to sufficient liquidity".

For more information please see the Market Notice published by the Bank today

(<http://www.bankofengland.co.uk/markets/marketnotice081003.pdf>).

Market Notice

<http://www.bankofengland.co.uk/markets/Documents/marketnotice081003.pdf>