



BANK OF ENGLAND

News release

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US Dollar Liquidity Operations

Co-ordinated central bank actions.

In order to provide broad access to liquidity and funding to financial institutions, the Bank of England, the European Central Bank (ECB), the Federal Reserve, the Bank of Japan, and the Swiss National Bank (SNB) are jointly announcing further measures to improve liquidity in short-term US dollar funding markets.

The Bank of England, ECB and SNB will conduct tenders of US dollar funding at 7-day, 28-day, and 84-day maturities at fixed interest rates for full allotment. Funds will be provided at a fixed interest rate, set in advance of each operation. Counterparties in these operations will be able to borrow any amount they wish against the appropriate collateral in each jurisdiction. Accordingly, sizes of the reciprocal currency arrangements (swap lines) between the Federal Reserve and the Bank of England, the ECB, and the SNB will be increased to accommodate whatever quantity of US dollar funding is demanded. The Bank of Japan will be considering the introduction of similar measures.

Central banks will continue to work together and are prepared to take whatever measures are necessary to provide sufficient liquidity in short-term funding markets.

Bank of England US dollar repo operations

In parallel with other central banks, the Bank of England is today announcing that its swap line with the Federal Reserve has been amended so that there is no fixed limit to the amount of dollar liquidity that can be supplied to the banking system. The Bank of England will hold tenders of US dollar funding at one week, one month and three month maturities, at fixed interest rates with counterparties able to borrow any amount against eligible collateral. The first tender will be held on Wednesday 15 October for settlement on Friday 17 October and maturity on Friday 24 October.

The new fixed-rate tender for one week dollars replaces the previously announced one-week variable rate dollar auctions. The same extended list of eligible collateral will apply as announced on 3 October.

In order to maintain the existing supply of US dollar liquidity from Bank of England dollar repo operations, there will be a variable rate auction on Tuesday 14 October for \$30bn, same day settlement, for maturity on

Friday 17 October. The existing overnight dollar auctions will continue as previously announced and be kept under review.

Information on related actions being taken by other central banks

Information on the actions to be taken by other central banks is available on the following websites:

Federal Reserve System (<http://www.federalreserve.gov>)

Bank of Japan (<http://www.boj.or.jp/en/index.htm>)

European Central Bank (<http://www.ecb.int>)

Swiss National Bank (<http://www.snb.ch>)

More information can be found on the Market Notice published by the Bank on 13 October 2008 (<http://www.bankofengland.co.uk/markets/marketnotice081013.pdf>).