



BANK OF ENGLAND

News release

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Coordinated Central Bank Action to Improve US\$ Liquidity

Today, the Bank of Canada, the Bank of England, the European Central Bank (ECB), the Federal Reserve, the Bank of Japan and the Swiss National Bank are announcing coordinated measures designed to address the continued elevated pressures in US dollar short-term funding markets. These measures, together with other actions taken in the last few days by individual central banks, are designed to improve the liquidity conditions in global financial markets. The central banks will continue to work together closely and will take appropriate steps to address the ongoing pressures.

Bank of England action

The Bank of England will offer to lend each day US dollar funds overnight against eligible collateral. The first such operation will take place today. The amount offered in each repo operation will initially be \$40bn. This amount will be reviewed on a regular basis, in consultation with the other central banks.

The US dollar repo operations will take the form of an auction. Eligible collateral will consist of securities routinely eligible in the Bank's short-term repo Open Market Operations together with conventional US Treasuries.

The Bank of England has concluded a reciprocal swap agreement (swap line) with the Federal Reserve. Through this arrangement the Federal Reserve will provide the Bank of England with US dollar funding to facilitate these operations.

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

Information on related action to be taken by other central banks

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

Bank of Canada (<http://www.bankofcanada.ca/>)

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

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

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

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

Market Notice

<http://www.bankofengland.co.uk/markets/Documents/marketnotice080918.pdf>