



BANK OF ENGLAND

News release

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Asset Purchase Facility: Secured Commercial Paper

The Bank is today publishing a consultative paper setting out proposed extensions to its Asset Purchase Facility (APF). It intends to introduce in the near future a Secured Commercial Paper Facility to support the provision of working capital to a broad population of companies. The facility will be designed to contribute to the APF's objectives of improving liquidity in credit markets that are not functioning normally.

The proposals follow initial discussions with a wide range of interested parties. The Bank will offer to buy securities backed by assets such as trade receivables, consistent with the APF's aim to purchase high-quality assets of broadly investment grade. The consultative paper sets out the proposed features of the facility, including the types of underlying assets that would be eligible in securities programmes, and invites comments by 19 June 2009.

The Bank is also inviting consultation with interested parties on an outline proposal to offer a Supply Chain Finance Facility (SCF). This covers a potential means to provide working capital financing to the suppliers of investment-grade companies.

1. The Consultative Paper issued today is available on the Bank's website at:

<http://www.bankofengland.co.uk/markets/apf/consultation090608.pdf>

2. The Asset Purchase Facility was announced by HM Treasury on 19 January 2009 and was followed by an exchange of letters between the Chancellor and the Governor published on 29 January. On 5 March, a further exchange of letters between the Chancellor and the Governor was published and are available on the Bank's website at: <http://www.bankofengland.co.uk/monetarypolicy/Pages/framework/framework.aspx>.

These announced that the Bank planned to use the Asset Purchase Facility for monetary policy purposes as well as for improving the functioning of corporate credit markets. In addition, the letters confirmed that future purchases under the facility would be financed by central bank reserves.

3. The Asset Purchase Facility currently includes facilities to purchase high-quality commercial paper and corporate bonds. Further details on the Asset Purchase Facility are available on the Bank's website at:

<http://www.bankofengland.co.uk/markets/apf/index.htm>.