



BANK OF ENGLAND

News release

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Changes to the Eligibility Criteria for Access to Reserves Accounts and Other Sterling Monetary Framework Facilities

The Bank has today announced in a Market Notice a widening in the population of institutions eligible to apply for Reserves Accounts under the Bank's Sterling Monetary Framework (SMF) Facilities. The Bank is widening eligibility in order to assist smaller institutions to manage their liquidity. The Financial Services Authority (FSA) has also today published a paper - 'Strengthening Liquidity Standards' - which sets out their liquidity proposals for authorised institutions.

Formerly, only institutions required to place cash-ratio deposits (CRDs) with the Bank - that is institutions with an average level of Eligible Liabilities of £500mn or more - were eligible to apply for Reserves Accounts. Henceforth, all institutions that are subject to the statutory CRD regime - that is all institutions reporting their Eligible Liabilities to the Bank - will be eligible to apply for a Reserves Account. Newly eligible institutions will also be able to apply to access the other SMF Facilities.

The Bank's Market Notice can be found on the Bank of England website at:

<http://www.bankofengland.co.uk/markets/marketnotice091005smf-apf.pdf>

Notes to Editors

The FSA paper: 'Strengthening Liquidity Standards' can be found at:

http://www.fsa.gov.uk/pages/Library/Policy/Policy/2009/09_16.shtml

Details of the Bank of England's Operations in the Sterling Money Markets can be found at:

<http://www.bankofengland.co.uk/markets/money/publications/redbookjan08.pdf>

Subsequent changes to the Sterling Market Framework when Bank Rate was reduced to near zero can be found at: <http://www.bankofengland.co.uk/markets/marketnotice090820smf-apf.pdf>