



BANK OF ENGLAND

News release

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Re-activation of US Dollar Swap Facility

Co-ordinated Central Bank Actions

In response to the re-emergence of strains in U.S. dollar short-term funding markets in Europe, the Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, and the Swiss National Bank are announcing the re-establishment of temporary U.S. dollar liquidity swap facilities. These facilities are designed to help improve liquidity conditions in U.S. dollar funding markets and to prevent the spread of strains to other markets and financial centres. The Bank of Japan will be considering similar measures soon. Central banks will continue to work together closely as needed to address pressures in 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 reinstated and that it intends to resume conducting weekly tenders of US dollar funding at one-week maturity. As before, these operations will be at fixed interest rates with counterparties able to borrow any amount against eligible collateral. The first tender will be held on Tuesday 11 May. The Bank will keep the frequency and maturity of its US dollar operations under review, in light of market conditions.

US dollar repo operations are subject to the terms of the Sterling Monetary Framework Documentation as supplemented and amended by the Supplementary Terms, which can be found on the Bank of England website at <http://www.bankofengland.co.uk/markets/other/dollarrepo/index.htm>. The US dollar term repo operations use the Wider OMO Collateral pool, details of which can be found at http://www.bankofengland.co.uk/markets/money/wider_omo_collateral.pdf.

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 (www.federalreserve.gov)

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

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

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

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

Key Resources

Market Notice

<http://www.bankofengland.co.uk/markets/Documents/marketnotice100510.pdf>