



BANK OF ENGLAND

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Bank of England correspondence with the Federal Reserve Bank of New York and British Bankers' Association in relation to Libor

In response to media reports of correspondence between Timothy Geithner, then President of the Federal Reserve Bank of New York, and Mervyn King, Governor of the Bank of England, in relation to Libor, the Bank of England issued the following statement:

Concerns about difficulties in setting Libor in the stressed market conditions of late 2007 and 2008 were widely expressed, including in the media, although no evidence of deliberate wrongdoing had been cited. In response, the British Bankers Association (BBA), which was responsible for the setting and governance of Libor, launched a review of the process in June 2008.

The Bank was aware of the forthcoming BBA consultation and, despite not having any regulatory responsibilities in this area, was concerned that it be as comprehensive as possible. To that end, the Governor discussed the issue with other central bank Governors at a meeting of central bank Governors in Basel, in May 2008.

Following that, the Bank received the attached email from Mr Geithner on 1 June 2008. The Governor's office responded and Paul Tucker wrote to the BBA enclosing the Federal Reserve paper on 3 June 2008.

Both the Bank and the Federal Reserve were assured by the BBA that it would take on board the recommendations, either through actions or through questions on which it would consult. The relevant emails are attached.

The BBA's consultation paper, incorporating the thoughts of, amongst others, the Federal Reserve, was published on 10 June 2008.

<http://www.bankofengland.co.uk/publications/Documents/news/2012/nr068.pdf>