



BANK OF ENGLAND

News release

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Further information and correspondence in relation to the BBA Libor Review in 2008

At the hearing on Tuesday 17 July, the Treasury Committee requested papers relevant to the Bank of England's interaction with the US Federal Reserve and with the British Bankers' Association (BBA) Libor Review in 2008. To allow the Treasury Committee to see the full context, this submission contains all papers relevant to the BBA Review. It provides a brief commentary and timeline of the events around the BBA Review in 2008, together with the supporting documents.

In 2008, the Bank of England worked closely with the Federal Reserve Bank of New York (FRBNY) and the Financial Services Authority to input into the BBA Review of the Libor system. The Bank of England and other central banks were concerned to influence the outcome of the BBA Review. Because the Libor system was, and is, a private sector arrangement and was not subject to financial regulation, it was not appropriate for the public authorities to endorse or determine the outcome of the BBA Review. When the amended proposals were adopted in December 2008, the Bank was not aware of any dissenting views expressed by the official or private sectors.

In reading these documents, it is important to distinguish between three issues. First, allegations of wrongful behaviour by Libor panel banks. Second, concerns about the operation of the Libor process in times of market stress. Third, the need for any system based on self-reporting to be alert to the possibility of "accidental or deliberate misreporting", as referred to in the Geithner memorandum.

The Geithner memorandum contains no allegation of wrongful behaviour and relates to the second and third of these issues. At no point did the FRBNY draw the attention of the Bank to evidence of wrongdoing in the setting of BBA Libor. Indeed, with the exception of the memorandum sent by Mr Geithner to the Bank in early June 2008, none of the other documents published on 13 June 2012 by the FRBNY had been shared with the Bank.

The attached timeline gives a detailed account of the interaction between the Bank and the Federal Reserve and the BBA. The broad outline of events is as follows:

- From May 2008, the Bank of England encourages the BBA to conduct a global review of Libor and banks to engage with the review at a sufficiently senior level. It also begins to discuss these issues with the FRBNY.
- The Bank considers the points in the Geithner memorandum and ensures that those points are taken on by the BBA.
- The Bank and the Federal Reserve work closely together behind the scenes to influence the consultation paper issued by the BBA on 10 June 2008.
- The Bank also continues to work on influencing the outcomes after the consultation paper is published until the BBA publishes its final report on 18 December 2008.

Notes to Editors

Names of senior officials are included in the released information and correspondence. Names of more junior members of staff have been redacted in line with normal practice.

Key Resources

<http://www.bankofengland.co.uk/publications/Documents/other/treasurycommittee/financialstability/emailchain.pdf>

<http://www.bankofengland.co.uk/publications/Documents/other/treasurycommittee/financialstability/timeline.pdf>