

BANK OF ENGLAND MARKET NOTICE: STERLING LONG-TERM REPO OPERATIONS; US DOLLAR REPO OPERATIONS; THE SPECIAL LIQUIDITY SCHEME

The Bank is today announcing that it will accept as collateral in all its extended-collateral operations bank debt that is guaranteed under the HM Government bank debt guarantee scheme that was announced by the Government today. The Bank has also decided to apply a single collateral pool in its extended collateral sterling long-term repo OMOs and in its one-week US dollar repo operations.

This Market Notice therefore covers three Bank of England liquidity facilities: extended collateral sterling long-term repo open market operations (OMOs); US dollar repo operations; and the Special Liquidity Scheme.

EXTENDED COLLATERAL STERLING LONG-TERM REPO OPEN MARKET OPERATIONS

In addition to the wider pool of eligible collateral securities set out in the Bank's Market Notice of 3 October 2008, the Bank will accept as collateral in these operations bank debt guaranteed under HM Government's bank debt guarantee scheme announced by the Government earlier today. Further details of how the debt will be treated as eligible collateral will be announced in due course.

Other than as amended by this Market Notice, the terms of the Bank's Market Notice of 3 October 2008 continue to apply to the Bank's extended collateral long-term repo OMOs.

US DOLLAR REPO OPERATIONS

In addition to the wider pool of eligible collateral securities for the one-week US dollar repos set out in the Bank's Market Notice of 1 October 2008, the Bank will also accept as collateral in these operations the securities listed as eligible collateral for the Bank's extended collateral sterling long-term repo OMOs in the Bank's Market Notice of 3 October 2008, on the terms (including margin ratios) set out in that Notice. As above, the Bank will also accept as collateral in these operations bank debt that is guaranteed under HM Government's bank debt guarantee scheme. Further details will be announced in due course.

Other than as amended by this Market Notice, the terms of the Bank's Market Notice of 1 October 2008 and the Supplementary Terms for US Dollar Repo Operations of 26 September 2008 continue to apply to the US dollar repo operations. In particular, eligible collateral in the Bank's overnight US dollar repo operations will consist of those securities that are routinely eligible in the Bank's short-term repo OMOs, together with conventional US Treasury securities.

SPECIAL LIQUIDITY SCHEME

In addition to the eligible securities listed in the Bank's Market Notice of 21 April 2008, the Bank will also accept as collateral in the Special Liquidity Scheme (SLS) bank debt that is guaranteed under HM Government's bank debt guarantee scheme. Further details will be announced in due course.

Other than as amended by this Market Notice, the terms of the Bank's Market Notices of 21 April 2008 continue to apply to the Special Liquidity Scheme.

Bank of England

8 October 2008