

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

This Market Notice sets out the haircuts that will apply in the Bank's long-term repo Open Market Operations (OMOs) and US dollar one-week repos against extended-collateral, and in the Special Liquidity Scheme (SLS), to bank and building society debt instruments guaranteed under the Government's Guarantee Scheme for bank and building society debt issuance. The haircuts are shown in the annex to this Market Notice.

In addition, the haircuts applied in the SLS to tranches of asset-backed securities (ABS) backed by credit cards have been amended to be in line with those applied in the Bank's extended collateral sterling long-term repo OMOs as announced on 3 October. The amended haircuts are shown in the annex to this Market Notice.

Other than as amended by this Market Notice, the terms of all previous Market Notices as relevant continue to apply to the SLS, extended-collateral long-term repo OMOs and US dollar repo operations.

Bank of England  
13 October 2008

## Annex

### Special Liquidity Scheme: Haircuts

	Bank and building society debt securities guaranteed under HM Government's guarantee scheme	Credit card ABS Not own-name
<i>Credit rating (on Moody's scale)</i>	AAA	AAA
Floating rate/Fixed interest rate under 3 years to maturity	3	15
Fixed interest rate 3-5 years to maturity	n/a	17
Fixed interest rate, 5-10 year maturity	n/a	20
Fixed interest rate, 10-30 year maturity	n/a	25
Fixed interest rate, over 30 year maturity	n/a	Available on request

#### Additional notes

*An additional 3pp will be added to haircuts to allow for currency risk when securities are non-sterling.*

*An additional 5pp will be applied to own-name credit-card ABS; but not to own-name debt securities guaranteed under the government's guarantee scheme.*

*An additional 5pp will be added to securities for which no market price is available.*

*Credit ratings must have been provided by two or more of Fitch, Moody's, and Standard and Poors.*

*Note on calculation: adjusted collateral value (post-haircut) = collateral value x (100 – haircut) %*

Long-term repo OMOs and US dollar repos against extended collateral: Margin ratios

	Bank and building society debt securities guaranteed under HM Government's guarantee scheme
<i>Credit rating (on Moody's scale)</i>	AAA
Floating rate/Fixed interest rate under 3 years to maturity	1.03

*Additional notes*

*Add-ons are made to margin ratios to allow for currency risk where the denomination of the securities differs from the denomination of the lending; and for securities for which no market price is observable.*

*Credit ratings must have been provided by two or more of Fitch, Moody's, and Standard and Poors.*

*Note on calculation: adjusted collateral value (post-haircut) = collateral value / margin ratio.*