

Changes in tender procedure and in the standing facilities corridor

8 October 2008

The Governing Council of the European Central Bank (ECB) today decided, by means of a teleconference, on the following two measures:

- > As from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operation, i.e. currently 3.75%.
- > As of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. Therefore, as of 9 October, the rate of the marginal lending facility will be reduced from 100 to 50 basis points above the interest rate on the main refinancing operation, i.e. currently to 4.25%, and the rate of the deposit facility will be increased from 100 to 50 basis points below the interest rate on the main refinancing operation, i.e. currently to 3.25%.

The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

The ECB will continue to steer liquidity towards balanced conditions in a way which is consistent with the objective to keep short term rates close to the interest rate on the main refinancing operation.

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