

ECB establishes standing swap arrangements with other central banks

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The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank announced on Thursday that their existing temporary bilateral liquidity swap arrangements are being converted to standing arrangements, that is, arrangements that will remain in place until further notice.

The standing arrangements will constitute a network of bilateral swap lines among the six central banks. These arrangements allow for the provision of liquidity in each jurisdiction in any of the five currencies foreign to that jurisdiction, should the two central banks in a particular bilateral swap arrangement judge that market conditions warrant such action in one of their currencies.

The existing temporary swap arrangements have helped to ease strains in financial markets and mitigate their effects on economic conditions. The standing arrangements will continue to serve as a prudent liquidity backstop.

European Central Bank decision

The Governing Council of the European Central Bank (ECB) decided on this conversion into standing arrangements in cooperation with the other five above-mentioned central banks. This will enable the Eurosystem to continue to provide euro to those central banks when required and to provide to its counterparties, when necessary, Japanese yen, pounds sterling, Swiss francs and Canadian dollars in addition to the existing liquidity-providing operations in US dollars.

The ECB will continue to conduct regular US dollar liquidity-providing operations with maturities of approximately seven days and three months until further notice. The indicative schedule for these operations is published on the ECB's website. The operations take the form of repurchase transactions against eligible collateral and are carried out as fixed rate tender procedures with full allotment.

The ECB may adjust the frequency and maturity of its US dollar liquidity-providing operations in view of changing market conditions.

Information on the actions to be taken by other central banks is available on the following websites:

Bank of Canada (<http://www.bankofcanada.ca>)

Bank of England (<http://www.bankofengland.co.uk>)

Bank of Japan (<http://www.boj.or.jp/en>)

Federal Reserve (<http://www.federalreserve.gov>)

Swiss National Bank (<http://www.snb.ch>)

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