Bank of England launches Contingent Term Repo Facility

Bank of England/Central Bank of the United Kingdom

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In response to financial market conditions the Bank of England is today activating the Contingent Term Repo Facility (CTRF) – a temporary enhancement to its sterling liquidity insurance facilities.

Notes to editors

1. The Bank can activate the CTRF in response to any actual or prospective market-wide event, allowing the Bank to respond to a market stress in a flexible way. Prevailing market conditions are taken into account when setting the terms of the CTRF. As such, market participants will be able to borrow central bank reserves for a term of three months.

2. The CTRF was established in 2014, when it replaced the Extended Collateral Term Repo (ECTR) facility. This change was part of a broader set of changes to the Bank's liquidity insurance facilities. More detail is available on the Indexed Long-Term Repo operations and Contingent Term Repo Facility Notice.

3. The ILTR is the Bank's standing, regular market-wide sterling operation and forms part of the Bank's broader liquidity insurance framework. ILTRs allow market participants to borrow central bank reserves (cash) for a six-month period in exchange for other, less liquid assets (collateral).

4. The Bank will only accept collateral of sufficient quality and quantity to protect itself fully from counterparty credit risk.

5. See further information about the Bank's liquidity insurance facilities.
