

DMO END OF DAY ARRANGEMENTS

Following the launch by the Bank of England of its new framework for implementing monetary policy in the sterling money markets, the arrangement whereby banks and the DMO have to “square up” at the end of each business day will cease to exist from 18th May. In consequence the DMO’s end of day arrangements with the Bank of England, via the late repo facility and the special end of day transfer arrangement (SEDTA) with the settlement banks, will be discontinued. In their place the DMO will move to targeting a cumulative weekly balance on its account at the Bank of England. The target balance is intended to provide a cushion against unanticipated cash inflows or outflows and will vary from week to week depending on uncertainty about forecast cash flows across the account.