



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

05 March 2019

ECB and Bank of England activate currency swap arrangement for possible provision of euro to UK banks

- Bank of England will offer to lend euro to UK banks on a weekly basis
- Bank of England to obtain euro from the ECB in exchange for pound sterling
- Eurosystem would stand ready to lend pound sterling to euro area banks, if a need arises

The European Central Bank (ECB) and the **Bank of England** have decided to activate a standing swap line through which the Bank of England will offer to lend euro to UK banks on a weekly basis. The ECB will receive pound sterling from the Bank of England in exchange for euro. The activation marks a prudent and precautionary step by the [Bank of England](#) to provide additional flexibility in its provision of liquidity insurance, supporting the functioning of markets that serve households and businesses.

The swap line between the ECB and the Bank of England is part of a network of standing arrangements with four other central banks, including the Bank of Canada, the Bank of Japan, the Federal Reserve, and the Swiss National Bank. These standing swap lines were agreed in October 2013 and replaced a set of temporary arrangements. Liquidity providing arrangements contribute to global financial stability.

As part of the same agreement, the Eurosystem would stand ready to lend pound sterling to euro area banks, if the need arises.

The ECB will continue to work closely with the Bank of England to monitor market conditions carefully and keep its operations under review.

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Notes:

- *The related announcement by the Bank of England is available here*
[\[https://www.bankofengland.co.uk/news/2019/March/further-enhancements-to-the-boes-liquidity-insurance-facilities\]](https://www.bankofengland.co.uk/news/2019/March/further-enhancements-to-the-boes-liquidity-insurance-facilities)
- Press release on swap agreements in 2013
[\[http://www.ecb.europa.eu/press/pr/date/2013/html/pr131031.en.html\]](http://www.ecb.europa.eu/press/pr/date/2013/html/pr131031.en.html)
- Explainer: What are currency swap lines?
[\[http://www.ecb.europa.eu/explainers/tell-me-more/html/currency_swap_lines.en.html\]](http://www.ecb.europa.eu/explainers/tell-me-more/html/currency_swap_lines.en.html)

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