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PRESS RELEASE

Standard characteristics of Banque de France securities lending scheme

1. General principles

In accordance with the Governing Council decision to set up a securities lending facility to support market liquidity in the context of the Public Sector Purchase program (PSPP), Banque de France will implement an operational scheme that aims at combining the following constraints:

- Not to curtail the regular functioning of the repo market ;
- Avoid negative side effects of Banque de France's purchases on liquidity of underlying securities.

2. Characteristics

Banque de France will implement an initial scheme with the following characteristics:

- **Type of operations:** repo/reverse repo transactions on a bilateral basis with matched cash settlements;
- **Eligible collateral:** eligible euro-denominated securities within Banque de France risk management framework.
- **Eligible counterparties:** primary dealers and active market participants on French sovereign debt securities fulfilling Banque de France risk management framework, including the signature of a repo agreement.
- **Maturities:** two standard maturities offered, 1 week and 1 month.
- **Maximum amount:** limit of 200 Mln nominal euros by counterparty on each ISIN.
- **Pricing:** Depending on market conditions, designed to prevent any potential squeeze, by applying a limited add-on on prevailing market prices at the time of the transaction. As a backstop, Banque de France stands ready to lend acquired securities under PSPP at a spread of 25 bps under prevailing French securities General Collateral rates. Spreads and add-ons can be reviewed if required by changing conditions and liquidity in the underlying market.

- **Fail prevention:** While Banque de France intends to conduct these transactions according to standard settlement dates, T+0 transactions could be conducted, provided requests are received before noon. Pricing will be determined on the basis of prevailing market conditions.

An equivalent scheme will be implemented for lending securities issued by supranational entities.

The list of securities available for lending will be published every Monday on BDF's page on Bloomberg and BDFPSPP1 on Reuters (quote).

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