



Paris, 27 June 2017

## **Banque de France will test an auction system under its PSPP Securities lending facility**

**Banque de France, in close cooperation with the Eurosystem, will introduce, on a trial basis, a daily auction scheme to lend its PSPP holdings of French government bonds (Obligations Assimilables du Trésor, OATs) against cash collateral.** The objective of this trial is to gain experience with the use of auctions in carrying out, streamlining and enhancing the access to Banque de France's securities lending activities, thereby further supporting the French repo market functioning. Trial auctions will be conducted on a daily basis for at least one month and until sufficient experience is gained. They do not prejudge whether Banque de France would consider applying auctions more systematically in PSPP securities lending in the future.

The trial auction scheme will be open on a daily basis to all eligible counterparties having signed the relevant contracts. Securities loans will have a 1-week standard maturity. Bids in the auction will be collected and results allotted using the Bloomberg auction tool. The competitive bids are to be placed in borrowing rate terms, and can be placed for all nominal French OATs held by Banque de France under the PSPP.

The trial PSPP securities lending auctions do not reflect any change in the operational framework of the Eurosystem. In particular, the allotted amounts will be subject to an overall limit fully consistent with the current EUR 50 bn overall limit shared among Eurosystem central banks accepting cash as collateral in the context of PSPP securities lending. Bilateral operations will remain in place in particular for bonds and maturities that are not included in the Banque de France's auction framework.

Banque de France will conduct the first PSPP securities lending auctions on 4 July 2017 and will communicate in a dedicated technical annex available to market counterparties the operational modalities of the trial auctions in more detail.

For more information please contact Elie Lewi ([elie.lewi@banque-france.fr](mailto:elie.lewi@banque-france.fr) ; + 33 (0)1 42 97 78 69) or Franck Auberger ([franck.auberger@banque-france.fr](mailto:franck.auberger@banque-france.fr) ; + 33 (0)1 42 97 73 76).

### Useful links :

ECB: Securities lending of holdings under the APP :

<https://www.ecb.europa.eu/mopo/implement/omt/lending/html/index.en.html>

### **Press Contact :**

Press and Communication Directorate of the Banque de France/External and Digital Communication Division  
Tel.: + 33 (0)1 42 92 39 00

As an independent institution, **the Banque de France** has three main tasks: monetary strategy, financial stability, and services to the economy. It contributes to the definition of monetary policy in the euro area and its implementation in France; it supervises banks and insurance companies and ensures the sound management of risk; it provides many services to businesses and individuals.

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