



Treasury Committee

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Sir Jon Cunliffe
Deputy Governor for Financial Stability
Bank of England
Via email

11 October 2022

Dear Sir Jon,

Further intervention in financial market

Thank you for your letter of 5 October, regarding the Bank of England's interventions in the gilt market. Since that letter, the Bank of England has made two further announcements of expanded interventions.¹

I would be grateful if you would please answer the following questions about your continued financial stability interventions:

1. Please could you provide an update on the interventions currently being undertaken by the Bank?
2. To what extent does the Bank's market operations area have the necessary resources to undertake the interventions currently in operation, and to what extent have any constraints on these resources shaped these interventions and other operations?
3. You have said that liability driven investment funds have made substantial progress in addressing the risks to their resilience over the past week. How do you measure that progress, and how much more needs to be done to mitigate the risk to financial stability?
4. How did you judge it necessary to implement the Temporary Expanded Collateral Repo Facility? Has it so far had the intended effect of enabling banks to help ease liquidity pressures facing their client liability driven investment funds? Why was Thursday 10 November 2022 picked as the end date for this facility?
5. How did you judge it necessary to intervene by buying index-linked gilts? Why were they not included in the original intervention? Does the purchase of index-linked gilts bring with it novel risks?

I would be grateful for a prompt response. I will publish this letter shortly and your response in due course.

Kind regards,

Rt Hon Mel Stride MP
Chair of the Treasury Committee

¹ [Bank of England announces additional measures to support market functioning](#), 10 October 2022; [Bank of England widens gilt purchase operations to include index-linked gilts](#), 11 October 2022