

SUMMARY OF FEEDBACK RECEIVED

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| Consultation title | Proposed guidance on ‘collateral upgrade transactions (includes liquidity swaps)’ |
| Date of consultation | July 2011 |
| Summary of feedback received | <p>Responses received: 21</p> <ul style="list-style-type: none"> - Greater clarity asked for on which transactions are covered by the guidance. - Many of the risks and concerns highlighted in the paper are common to other types of transactions. - Respondents recognised the potential conflict of interest with intra-group transactions, but argued that it is possible to mitigate these risks rather than having to ban these transactions. |
| Response to feedback received | <ul style="list-style-type: none"> - We have clarified the scope of application and recognise that liquidity swaps are part of a subset of collateralised borrowing now referred to as ‘collateral upgrade transactions’, hence the change to the title of the guidance. - There will be a further phase of work that will look more broadly at collateralised borrowing, the possibility of data collection and facilitating market transparency. |
| Changes made to the guidance as a result of feedback received | The covering letter provides a short summary of the consultation responses and the changes we have made to the guidance. |
| <p><u>Full text of the guidance consulted upon can be accessed here</u></p> | |