

HMT response to Bank of England financial stability intervention

Government response

HM Treasury responds to the Bank of England's intervention to support financial stability



The Bank of England, in line with its financial stability objective, carefully monitors financial markets and any potential risk to the flow of credit to the real economy, and subsequent effects on UK households and businesses.

Global financial markets have seen significant volatility in recent days.

The Bank has identified a risk from recent dysfunction in gilt markets, so the Bank will temporarily carry out purchases of long-dated UK government bonds from today (28 September) in order to restore orderly market conditions. These purchases will be strictly time limited, and completed in the next two weeks. To enable the Bank to conduct this financial stability intervention, this operation has been fully indemnified by HM Treasury.

The Chancellor is committed to the Bank of England's independence. The Government will continue to work closely with the Bank in support of its financial stability and inflation objectives.

Further information

- There has been significant repricing of UK and global financial assets, which has become more significant in the past days such that it is now affecting the functioning of core financial markets.
- This is particularly true of long-dated UK government debt.
- This intervention has been undertaken by the Bank Executive, having carried out engagement with the Financial Policy Committee and Monetary Policy Committee, in line with their respective Concordats regarding the Sterling Monetary Framework.
- The Chancellor authorised the Governor's request for an indemnity for

the operation, which will in turn ensure that financial conditions remain accessible for households and businesses.

Published 28 September 2022