DRAFT STATUTORY INSTRUMENTS

2018 No.

The Cash Ratio Deposits (Value Bands and Ratios) Order 2018

Ratios

5.—(1) For the purposes of paragraph 4 of Schedule 2 to the Act, the ratio applicable to each value band shall be as follows.

(2) For the value band referred to in article 4(a), the ratio, expressed as a percentage, shall be 0%.

(3) For the value band referred to in article 4(b), the ratio, expressed as a percentage, for each call notice period is calculated by applying the following formula—

$$\frac{i}{el \times py}$$

(4) For the purposes of the formula in paragraph (3)—

(a) "i" equals £169,000,000;

(b) "el" equals £2,837,817,500,000; and

(c) "py" represents the portfolio yield on the investments made by the Bank under the cash ratio deposit scheme and is calculated by applying the following formula—

$$(0.55 \times a) + (0.42 \times b) + (0.03 \times c)$$

where—

(i) "a" is the arithmetic mean of the yield on 8-year gilts over the period of 13 years ending with the relevant date;

(ii) "b" equals—

(aa) for the first call notice period following the coming into force of this Order, the arithmetic mean of the yield on 8-year gilts over the period of six months ending with the thirteenth working day of the month prior to the commencement of that period; and

(bb) for each subsequent call notice period, the arithmetic mean of the yield on 8-year gilts over the period of six months ending with the thirteenth working day of the month prior to the commencement of the second call notice period following the coming into force of this Order; and

(iii) "c" is the arithmetic mean of the yield on 8-year gilts over the period of six months ending with the relevant date.

(5) The ratio referred to in paragraph (3) shall be rounded to three decimal places.