

D E Allan

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19 August 2020

Dear D E Allan

Ref: FOI2020/29386

Freedom of Information Act 2000

Thank you for your enquiry of 26 July 2020, which we have considered under the terms of the Freedom of Information Act 2000 (the FOI Act).

You asked for the following information:

"The treasury claim to wholly own the Bank of England ..." the day to day issuing and circulation of banknotes are the responsibilities of the Bank of England. " If the bank of England is wholly owned by the treasury then why in Gods name do you charge yourself interest on the money you create and the sovereign public which have to pay this interest. This cash could easily be created interest-free.

In legal talk, the word "of "means without. It is the bank without England."

Following a search of our records, we can confirm that HM Treasury does hold information within the scope of your request.

The information you have requested is already in the public domain. Under section 21 of the FOI Act, public authorities are not obliged to re-issue information where it is already publicly accessible. To be helpful, links to the information are provided below along with a brief explanation.

Here is a link to the Bank of England's 2018-19 annual report on official market operations:

<https://www.bankofengland.co.uk/-/media/boe/files/sterling-monetary-framework/annual-report-2018-19>

It explains why interest rates are paid. The Bank of England implements the Monetary Policy Committee's interest rate decisions by paying Bank Rate on reserves. This keeps short-term market interest rates in line with Bank Rate. The Bank of England currently pays Bank Rate on all reserves balances.

Here is a link to the Bank of England Asset Purchase Facility Fund Limited Annual Report and Accounts,

<https://www.bankofengland.co.uk/asset-purchase-facility/2020/2019-20>

It explains how the interest paid on money created through quantitative easing is paid for.

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

Yours sincerely

Information Rights Unit

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Email: foirequests@hmtreasury.gov.uk

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

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