
PRESS RELEASE

April 9, 2020

Bank of Korea Broadens Securities Eligible for Open Market Operations

The Bank of Korea has decided to **broaden the range of securities eligible for open market operation transactions to expand liquidity supply channels** (effective April 14).

○ In addition to the existing government bonds and government-guaranteed bonds, **debentures issued by three specialized banks** (the Korea Development Bank, the Industrial Bank of Korea, and the Export-Import Bank of Korea) and **MBSs** issued by the Korea Housing Finance Corporation will be included as securities eligible for **outright transactions**.

○ Securities eligible for **RP transactions** and **eligible collateral** will be **broadened to include bonds issued by the Korea Deposit Insurance Corporation** (non-government guaranteed deposit insurance fund special account bonds).

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<Attachment>

1. Expanding Securities Eligible for Open Market Operations

(Securities eligible for outright transactions) In addition to government bonds and government-guaranteed bonds, debentures issued by the Korea Development Bank, the Industrial Bank of Korea, and the Export-Import Bank of Korea and MBSs issued by the Korea Housing Finance Corporation will be newly included as securities eligible for outright transactions of open market operations.

- This measure aims to induce smooth provision of credit to the real sector if financial unrest deepens, by supporting the institutions stated above in their purchases of corporate and other credit bonds through outright purchases of bank debentures issued by three specialized banks.

- It is also designed to encourage the smooth flow of funds in the bond market, and thereby promote financial market stability by improving the liquidity of bank debentures issued by three specialized banks, and reinforcing the basis for demand.

- The inclusion of MBSs issued by the Korea Housing Finance Corporation in the list of eligible securities is expected to ease banks' burden of holding MBSs related to relief loans while boosting MBS liquidity.

(Securities eligible for RP transactions) Bonds issued by the Korea Deposit Insurance Corporation will be made additionally eligible for RP transactions.

- In order to improve the collateral availability of financial institutions and expand liquidity supply channels for financial markets, bonds issued by the Korea Deposit Insurance Corporation (non-government guaranteed deposit insurance fund special account bonds) will be included as securities eligible for RP transactions.

- Eligible collateral will also be broadened to include bonds issued by the Korea Deposit Insurance Corporation.

(Effective date): April 14, 2020

- The new range of securities eligible for open market operations will be valid from April 14, 2020 to March 31, 2021.*

* To match the expiry date of the current range of eligible collateral for RP transactions.