
Contingent Non-Bank Financial Institution Repo Facility (CNRF)

Guide to Legal Documentation

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1. Overview

- 1.1. This note is a guide to the legal and other documentation for the Contingent Non-Bank Financial Institution Repo Facility (**CNRF**).
- 1.2. The CNRF is a contingent facility, which aims to address episodes of severe dysfunction in the UK sovereign debt (gilt) market. In particular, the CNRF will address gilt market dysfunction arising from system-wide shocks that temporarily increase non-bank financial institutions' (NBFIs) demand for liquidity, when that demand is outside the reach of the Bank's existing Sterling Monetary Framework (SMF) liquidity facilities. It is not intended to provide liquidity support to NBFIs facing idiosyncratic liquidity or balance sheet pressures or liquidity demands arising from other market events which do not result in gilt market dysfunction.
- 1.3. As a contingent facility, the CNRF will be activated at the Bank's discretion to lend cash, against gilt collateral, to participating insurance companies, pension schemes and liability-driven investment funds for a short lending term.
- 1.4. This guidance should be read together with the **Documentation** - comprising the CNRF Terms and Conditions (including any relevant Annexes), the Operating Procedures, the Admission Letter, the Commencement Letter, any Market Notice, any Representative Appointment Letter and any other documentation or procedures issued by the Bank in connection with the CNRF, each as supplemented and amended from time to time - which form part of the documentation by which all CNRF transactions are governed. For links to these documents, and further information on the CNRF, please see the [Bank's CNRF webpage](#).
- 1.5. All capitalised terms have the meaning defined in the CNRF Terms and Conditions.
- 1.6. The Bank may amend the Documentation or this guidance generally or in particular circumstances from time to time. Any amendment to the Documentation will take effect from such time as specified by the Bank and, unless otherwise specified by the Bank, will apply to any CNRF transaction outstanding at the relevant time.
- 1.7. Although the Documentation uses the term "repo" in the context of the CNRF, transactions under CNRF operations constitute, under English law, a loan from the Bank to the Participant and the Collateral provided by the Participant to the Bank is a title transfer collateral arrangement. This is similar to how lending facilities in the Bank's Sterling Monetary Framework operate.

2. Who can apply

Participant eligibility

- 2.1. To be eligible to participate in the CNRF, an applicant must comply with the Eligibility Criteria detailed in the CNRF Terms and Conditions and any Market Notices relating to the CNRF, published by the Bank from time to time.

Representative eligibility

- 2.2. If the applicant appoints a 'Representative' (as defined in "Appointing a Representative" below), the Representative must itself be eligible under and comply with the Eligibility Criteria applicable to Representatives detailed in the CNRF Terms and Conditions and any Market Notices relating to the CNRF, published by the Bank from time to time.

3. Legal terms for CNRF transactions and collateral

Terms and Conditions

- 3.1. The **CNRF Terms and Conditions** establish a legally binding framework that governs participation in the CNRF. The CNRF Terms and Conditions outline the terms that govern transactions under the CNRF, the provision of collateral and the terms on which transactions may be accelerated or terminated and closed-out if advances are not repaid on their scheduled maturity or certain events of default occur. The CNRF Terms and Conditions also set out various representations, warranties and undertakings which Participants and Representatives must give in order to be admitted to the CNRF. See "Representations, warranties and undertakings" below for further details.

Operating Procedures

- 3.2. The **Operating Procedures** outline the rules and processes for participation in the CNRF. These procedures cover the application process, operational details, collateral management, daily position management and settlement processes. They also address contingencies and communication protocols.

Market Notice

- 3.3. **Market Notices** are used by the Bank to make announcements in respect of its market operations, to confirm and update specific details about its market operations and to supplement and/or amend the information provided in the Documentation.

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- 3.4. The [Market Notice dated 28 January 2025](#) announced that the CNRF is open for applications. It provides details about the CNRF and should be read alongside the accompanying Documentation.
- 3.5. In the event that the Bank decides to activate the CNRF, it will publish a Market Notice confirming the applicable parameters of the facility, including the term and price of borrowing calibrated in accordance with prevailing market conditions. These Market Notices may be supplemented and/or superseded by subsequent Market Notices relating to the CNRF.

Annexes to the CNRF Terms and Conditions

- 3.6. Additional provisions or changes to the CNRF Terms and Conditions may be incorporated in country specific annexes for those applicants incorporated or established outside of the United Kingdom or constituted under a governing law other than the laws of England and Wales or which have a branch or office outside of the United Kingdom from which it is acting (the **Annexes**). These documents amend and supplement the CNRF Terms and Conditions to account for the specific legal frameworks and insolvency proceedings in jurisdictions outside of the United Kingdom. If a country specific annex is applicable, it will be included in a Participant's **Admission Letter**.

4. Admission to the CNRF

- 4.1. Any insurance company, LDI fund or pension scheme that would like to apply for admission to the CNRF, or any proposed Representative applying on its behalf, must complete and provide to the Bank a series of forms and documents as set out in the Application Form.
- 4.2. First, the applicant, or any proposed Representative on its behalf, must complete an **Application Form**. This document guides an applicant through the CNRF application process, detailing necessary information and documentation, including an **Authorised Signatory Evidence Form** for the applicant and (where applicable) its proposed Representative, a **Bank of England Know Your Customer Questionnaire**, a **Collateral Management and Custody Client Data Collection Document**, a **CNRF Financial Data Form** and **CNRF Financial Data Form Certificate**¹ as well as annual reports, audited and interim financial statements. The Application Form can be completed by an applicant or its proposed Representative, but it must be signed by the applicant in all cases. If the applicant intends to appoint a Representative, the proposed Representative must also sign the Application Form to, among other things,

¹ Please see the [Operating Procedures](#) for more detail on when the Bank requires Participants to submit the CNRF Financial Data Form and CNRF Financial Data Form Certificate.

confirm that it has the authority to act on behalf of the applicant in relation to the CNRF application process. The signatory(ies) for the applicant and (where applicable) for the proposed Representative must be authorised signatories. The signature(s) must be accompanied by authorised signatory evidence, in a form acceptable to the Bank. Please see the [Guidance for Signatory Evidence](#) on the Bank's CNRF webpage for more information.

- 4.3. To assist the assessment of an applicant's and (where applicable) a proposed Representative's eligibility for admission to the CNRF, the Bank may ask for information additional to that set out in the Application Form. This may include information relating to an applicant's eligibility from a relevant regulatory authority, supervisory body or similar. As part of the application process, applicants and (where applicable) proposed Representatives will also be required to participate in operational test trades.
- 4.4. Once the Bank has confirmed that the applicant and any proposed Representative fulfil the Eligibility Criteria, it will issue an Admission Letter. This document sets out the conditions that need to be satisfied and information that the applicant will need to provide to the Bank in order to participate in the CNRF (once activated by the Bank via a Market Notice). The Admission Letter must be signed by the applicant and (where applicable) its proposed Representative. If the applicant is appointing a Representative, the Bank will also send a **Representative Appointment Letter** for the applicant and Representative to complete and return, prior to issuing the Admission Letter. (For more information on the **Representative Appointment Letter**, see "Appointing a Representative" below).
- 4.5. Once the conditions set out in the Admission Letter have been satisfied and the Bank has confirmed receipt of the Access Fee, the Bank will issue a **Commencement Letter**. This document formally notifies an applicant and (where applicable) its Representative of the applicant's eligibility to become a 'Participant' in the CNRF and the commencement date for the CNRF Terms and Conditions.
- 4.6. A flowchart illustrating the steps to sign up to the CNRF is set out at Appendix 1.

5. Transacting with the Bank

- 5.1. Once a **Commencement Letter** is issued, and in the event that the CNRF is activated by the Bank, the Participant can participate in the CNRF operations. The Bank will announce the activation of the CNRF via a Market Notice, detailing the timetable, term, interest rate and other relevant information. Participants or (where applicable) their Representatives will then submit bids through the Bank's electronic tendering system, Btender.

- 5.2. Transactions will be entered into between the Bank and the relevant Participant. For an insurance company, the relevant Participant transacting with the Bank will be the insurance company in its own name. For a pension scheme, the relevant Participant transacting with the Bank will be its trustees, acting on behalf of the pension scheme. The trustee's liability is limited to the assets of the pension scheme. For an LDI fund, the relevant Participant transacting with the Bank will be dependent on the legal structure of the LDI fund. For example:
- An incorporated LDI fund will transact in its own name.
 - An authorised unit trust will transact through its trustee in respect of the relevant fund assets.
 - A common contractual fund will transact through its management company.
 - An investment limited partnership will transact through the general partner in respect of such investment limited partnership.

6. Appointing a Representative

- 6.1. A Participant can appoint a legal person (which may be the Participant's agent, delegate or manager (or sub-agent, sub-delegate or sub-manager)) as its representative (a **Representative**) to act on its behalf in the CNRF. For an LDI Fund Participant that is not self-managed (i.e. it has appointed an external, third party as the fund manager) the duly appointed manager of the fund (the **Fund Manager**) can be appointed as the Representative.
- 6.2. Where a Participant intends to appoint a Representative, it must confirm in the Application Form that the proposed Representative has authority to liaise with the Bank on its behalf in relation to the application process, provide supporting documentation to the Bank and carry out operational checks including overnight test trades with the Bank.
- 6.3. As mentioned above at paragraph 4.4, the Representative's appointment for CNRF purposes must be formalised through a **Representative Appointment Letter**.² This letter must be executed and delivered to the Bank by (i) the Participant, (ii) the Representative and (iii) in the case of LDI Funds that are not self-managed, the Fund Manager (in its capacity as Fund Manager even where it has been appointed as a Representative). The Representative Appointment Letter must be provided before the Participant is eligible to participate in the CNRF. This is intended to give the Bank

² There are four Pro Forma Representative Appointment Letters on the [Bank's CNRF webpage](#). The Pro Formas are for where a Participant is (i) an Insurance Company Participant or Pension Fund Participant (Pro Forma A) (ii) an LDI Fund Participant with a Fund Manager appointing a third party Representative (Pro Forma B) (iii) an LDI Fund Participant appointing its Fund Manager as Representative (Pro Forma C) or (iv) a Self-Managed LDI Fund (Pro Forma D).

comfort that the Representative has clear and express authority to transact with the Bank on behalf of the Participant in relation to the CNRF.

- 6.4. Once the Representative Appointment Letter is executed by all parties and dated by the Bank, we will then assume that any Representative has and continues to have the authority to contract and act on behalf of the Participant unless notified otherwise in writing by the Participant. A Representative may delegate certain of its duties under the Documentation with prior notification to the Bank together with any other information the Bank may require. A Representative may not delegate submitting bids through Btender to drawdown under the facility.
- 6.5. Under the CNRF Terms and Conditions, a Participant must notify the Bank if it intends to terminate the appointment of a Representative. The Participant must not terminate the appointment without first (i) appointing a replacement Representative which meets the Representative Eligibility Criteria and taking such steps as the Bank may require or (ii) providing such information required by the Bank to satisfy it that the Participant itself has the operational capability to settle transactions and perform its obligations under the Documentation without a Representative in place.
- 6.6. If a Representative Replacement Event has occurred and a Transaction with a Participant is outstanding or pending, a Participant must also within two business days from the date of such event (or such later date as the Bank may agree) terminate the appointment of the Representative and either (i) appoint a replacement which satisfies the Representative Eligibility Criteria or (ii) provide such information required by the Bank to satisfy it that the Participant can perform its obligations without a Representative in place.

7. Representations, warranties, undertakings and events of default

- 7.1. The Bank requires various representations, warranties and undertakings to be made or given by Participants. These vary depending on the type of Participant – whether an Insurance Company Participant, a Pension Fund Participant or an LDI Fund Participant - and will be in respect of both the Participant itself and certain related parties: for example, an LDI Fund Participant is required to give certain representations and warranties in respect of its Fund Manager as well. These representations, warranties, undertakings and events of default are specified in the CNRF Terms and Conditions. The table below provides a guide to the relevant provisions in the CNRF Terms and Conditions but please consult the CNRF Terms and Conditions for the full details of each representation, warranty, undertaking and event of default applicable.

Type of Entity	Relevant Clause
Representations and Warranties	
Insurance company	Clause 1 (Representations and Warranties made by an Insurance Company Participant) of Part B.
Pension scheme	Clause 2 (Representations and Warranties made by a Pension Fund Participant) of Part B.
LDI fund	Clause 3 (Representations and Warranties made by an LDI Fund Participant) of Part B.
Representative	Clause 4 (Representations and Warranties made by a Representative) of Part B.
Insurance company, pension scheme and LDI fund	Clause 5 (Representations and Warranties made by all participants in respect of any Collateral and any CNRF Advance) of Part B.
Undertakings	
Insurance company, pension scheme and LDI fund	Clause 6 (General Undertakings – all Participants) of Part B.
Representative	Clause 7 (General Undertakings – all Participants) of Part B.
Events of Default	
Insurance company	Clause 8 (Events of Default – Insurance Company Participants) of Part B.
Pension scheme	Clause 9 (Events of Default – Pension Fund Participants) of Part B.
LDI fund	Clause 10 (Events of Default – LDI Fund Participants) of Part B.

8. Guarantees

- 8.1. The Bank may require a Participant to provide a guarantee from a legal person (a **Guarantor**) specified by the Bank in a form and substance satisfactory to the Bank. If a guarantee is required, a Participant must supply legal opinions to confirm the Guarantor's authority and the enforceability of the guarantee. There are also specific events of default within the CNRF Terms and Conditions relating to the Guarantor. Additionally, Participants are required to keep the Bank informed of any changes that might affect the validity of the guarantee.

9. Legal opinions

- 9.1. A Participant must provide one or more legal opinion(s), as requested by the Bank, to provide comfort with respect to legal matters relating to the entity(ies) transacting with the Bank. Opinions are required in relation to (i) the Participant, (ii) (where a Participant appoints a Representative) the Representative, and (iii) (where required by the Bank) a Guarantor.
- 9.2. The legal opinions should be given in line with the Pro Forma legal opinion documents provided by the Bank.³
- 9.3. The legal opinions will need to confirm, among other things, that: the relevant entity is duly incorporated or established, has the necessary authority and power to enter into, execute and perform its obligations under the Documentation; the Documentation is valid and enforceable; and (where applicable) a Representative is duly appointed on behalf of the Participant and has the necessary regulatory approvals. Please see the CNRF Terms and Conditions for further details of the requirements for legal opinions.

10. Ancillary documents checklist

- 10.1. Alongside the documentation detailed in "Admission to the CNRF" (above) and the "Guidance for Signatory Evidence" (please see the [Guidance for Signatory Evidence](#) on the Bank's CNRF webpage), access to the CNRF is contingent on the completion of the following ancillary documents:

Document	Description	Signatories
Authorised Signatory Evidence Form(s)	This document certifies the authority and authenticity of authorised signatories on all CNRF related documentation.	An applicant/Participant and (where applicable) its Representative. The applicant/Participant and (where applicable) its Representative must complete separate forms.
CNRF Financial Data Form (accompanied by a CNRF Financial	This form requires an applicant to submit financial information to the Bank, including information in relation to its holdings of gilts and supporting documentation such as	An authorised signatory of the applicant / Participant or (where applicable) its Representative.

³ There are four **Pro Forma Legal Opinions** on the [Bank's CNRF webpage](#). The Pro Forms are for: (i) a Participant governed by English law, (ii) Participant governed by non-English law, (iii) a Guarantor governed by English law and (iv) a Guarantor governed by non-English law.

Data Form Certificate)	annual reports and financial statements. Once admitted as a CNRF Participant, this form must be submitted to the Bank on an annual basis.	
Collateral Management and Custody Client Data Collection Document for CNRF (including standard settlement instructions)	This form is used to provide static data and standard settlement instructions to facilitate participation in the CNRF.	An authorised signatory for the applicant/ Participant or (where applicable) its Representative.
Bank of England Know Your Customer Questionnaire	This questionnaire seeks to obtain information from an applicant on, among other things, ownership structure, money laundering terrorist financing and sanctions best practice and risk assessment, how they diligence their customers, staff training and education and anti-bribery and corruption.	An authorised signatory of the applicant/Participant or (where applicable) its Representative.
Pro Forma Participant Legal Opinion	The opinion provides the Bank with comfort that a Participant and (where relevant) its Representative has the requisite legal standing, authority, and compliance to engage in the facility's operations (see section 9 on Legal Opinions).	External legal counsel for the applicant/Participant and (where applicable) its Representative.
Pro Forma Guarantor Legal Opinion (if relevant) ⁴	The opinion provides comfort that the guarantee it is valid, binding and enforceable against the guarantor.	External legal counsel for the Guarantor.
Pro Forma Guarantee (if relevant) ⁵	This document guarantees that the Guarantor will fulfil the obligations and payments of the Participant to the Bank under the Documentation.	A Guarantor (executed as a deed) and the Bank.

⁴ Guarantor Legal Opinions are only required where the Bank requires a guarantee.

⁵ Guarantees are not required in all cases: applicants must provide a guarantee in a form satisfactory to the Bank by such legal person as may be specified by the Bank if the Bank has so requested such guarantee.

Representative Appointment Letter (if relevant)	This letter formalises the appointment of a Representative to act on behalf of a Participant and (where applicable) the Fund Manager.	A Participant and its Representative and (where applicable for an LDI Fund Participant) its Fund Manager.
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11. Glossary: list of documentation

- Admission Letter
- Annexes to the CNRF Terms and Conditions
- Application Form (including Authorised Signatory Evidence Form)
- Bank of England Know Your Customer Questionnaire
- CNRF Financial Data Form
- CNRF Financial Data Form Certificate
- CNRF Terms and Conditions
- Collateral Management and Custody Client Data Collection Document
- Commencement Letter
- Guidance for Signatory Evidence
- Market Notice
- Operating Procedures
- Pro Forma Guarantee
- Pro Forma Guarantor Legal Opinion
- Pro Forma Participant Legal Opinion
- Representative Appointment Letter

Appendix 1: Flowchart

Counterparty actions

