United Kingdom
Debt Management Office




UK Government Securities: *a Guide to 'Gilts'*

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United Kingdom
Debt Management Office

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St Paul's Cathedral from the Millennium Bridge.

Introduction UK Government Securities: gilts

A gilt is a UK Government security issued by HM Treasury.

The term gilt (or gilt-edged) is a reference to the primary characteristic of gilts as an investment: their security. The UK Government has never failed to make interest or principal payments on gilts as they fall due.

The UK Government has the highest, AAA credit rating from all major credit rating agencies.

This brochure is intended to help those who have an interest in investing in gilts and would like to know more about the essential features of the instruments. It does not constitute an offer to buy or sell securities, nor does it offer investment advice.

The UK Debt Management Office (DMO) has tried to ensure that the legal and factual information is accurate, but this brochure cannot be a comprehensive statement of all the intricacies of law and practice relating to gilts, nor can it take account of the circumstances of every investor. Therefore, reliance should not be placed on the brochure: investors who want advice on which gilt or other investment may be best suited to them, or on trading strategies, should consult a professional advisor. Except where specifically indicated, the brochure describes the position as at 31 March 2010. The reader should not assume that anything described in it is still accurate at a later date.

As gilts are marketable securities, their market value may go down as well as up. The DMO issues gilts to the market on behalf of the Government of the United Kingdom, and holds gilts itself for market management purposes.

The DMO does not in any way guarantee the liabilities of the financial or commercial institutions referred to in this brochure.

Historic Billingsgate fish market.

Foreword by the DMO Chief Executive, Robert Stheeman

This brochure is intended to introduce the UK gilt market to those thinking of investing in UK Government bonds. In the past few years the gilt market (which can trace its ancestry back to the late seventeenth century) has continued to evolve into a modern dynamic market.

2009-10 was the twelfth year of operation for the DMO and one which posed unprecedented challenges, particularly in terms of the size of the financing remit we had to deliver. We raised unprecedented sums in gilt sales, almost £228 billion in a very testing financial market environment.

The quantum of gilt sales was over 50% higher than the previous record level in 2008-09 and almost four times that in 2007-2008. Pre-announced auctions continue to form the core of our financing programme (accounting for over 80% of total gilt sales) but to help deliver the overall quantum effectively, 2009-10 saw the implementation of a supplementary issuance programme of syndicated offerings and mini-tenders, which together raised over £40 billion.

In addition to supporting the auction programme, the supplementary issuance methods were also designed to maximise the scope for sales of long-dated and index-linked gilts, and to help target our core investor base more directly. The programme of six syndicated gilt offers along with monthly mini-tenders successfully helped deliver a doubling of long-dated and index-linked sales in 2009-10 (compared to two years previously) taking the total in 2009-10 to £81 billion.

Inevitably, given the size of the overall financing programme, the year also saw record volumes of short-dated and medium-dated conventional gilt sales. One innovation which helped deliver higher sales was the introduction (from June 2009) of the Post Auction Option Facility (PAOF). Under PAOF successful bidders at auctions have the option to acquire up to an additional 10% of the total of gilts they were allocated at the auction at the average accepted or strike price at the auction. The option is open from 12 noon to 2pm on the day of the auction and £9.8 billion was raised in this way in 2009-10.

In all we held 77 gilt sale operations in 2009-10 (including 58 auctions), 11 more than the previous year. These numbers exclude activations of PAOF, which was triggered 34 times. The average release time for gilt auction results has also continued to fall to 6 minutes from 7½ minutes in 2008-09.

The gilt market has absorbed this record amount of new gilts extremely smoothly and it has done so whilst also facilitating an unprecedented level of secondary market gilt purchases by the Bank of England. This is a testament to the depth and liquidity of the gilt market which helps support its efficient functioning.

Higher gilt issuance has, in part, contributed to steadily rising turnover in the gilt market. Average daily turnover in 2009-10 rose by 15% compared to 2008-09, to £18.46 billion per day. The market has also continued to be attractive to overseas investors, with the value of gilts held by such investors rising by 12% from £200 billion to £224 billion in 2009[1]. The gilt market currently comprises some 6-8% of international government bond indices[2].

Looking at 2010-11, following the Budget in June the DMO's gilt financing requirement has fallen by over £60 billion compared to 2009-10, but planned sales of £165 billion remain the second highest on record and will need to be delivered in a financial environment which may continue to be volatile and unpredictable. Nevertheless on the basis of the strength of achievement in 2009-10, I look forward to the challenges of 2010-2011 with confidence.

I hope that this brochure is seen as a valuable part of the range of publications available on UK government securities. Please contact the DMO either via the list of contacts in Annex F to this publication, or via our website www.dmo.gov.uk. If you would like further information.

Robert Stheeman, **Chief Executive**
June 2010

[1] Data according to ONS (by market value).
[2] Source JP Morgan and Barclays Capital.

Developments in the gilt market

The gilt market has modernised considerably since the DMO took over responsibility for the gilt market – the major developments have been:

- Since April 1998, gilts have been issued by the UK Debt Management Office (DMO), an Executive Agency of HM Treasury[3]. The reorganisation followed the transfer of operational responsibility for setting official UK interest rates from HM Treasury to the Bank of England in May 1997.
- Financing plans are published a year ahead in the DMO's remit from HM Treasury which is contained in the Debt and Reserves Management Report[4]. The financing remit includes a breakdown between conventional and index-linked gilt sales, the maturity split within conventional sales and the dates and types of auctions.
- 2009-10 saw a record volume of gilt issuance. Planned gilt sales increased from £220.0 billion at Budget 2009 to £225.1 billion at the Pre-Budget Report (PBR) in December 2009. The gilt sales outturn was £227.6 billion.
- Gilt sales at auctions (£187.0 billion) accounted for the bulk (82%) of the programme but these were supplemented by sales of gilts via supplementary distribution methods, syndicated gilt offerings and mini-tenders, which were introduced to maximise the scope for sales of long-dated conventional and index-linked gilts. Together these supplementary methods raised £40.6 billion (£30.5 billion via six syndicated offerings and £10.1 billion via monthly tenders).

[3] The Bank of England had previously been responsible for issuing gilts on behalf of HM Treasury.
[4] This is available on the DMO website, see Annex E.

Developments in the gilt market

- A further source of gilt sales proceeds was introduced in 2009-10 with the launch of the Post Auction Option Facility (PAOF) from June 2009. Under PAOF successful bidders at all auctions have the option to acquire up to an additional 10% of the total of gilts they were allocated at the auction at the average accepted/strike price of the auction. The option is open for 2 hours up to 2.00pm on the day of the auction. £9.8 billion was raised via PAOF in 2009-10.
- The use of supplementary distribution methods (and PAOF) is being maintained in 2010-11. Again, the planning assumption is that supplementary distribution methods will be used exclusively to sell long-dated conventional and index-linked gilts. Gilt sales of £165.0 billion are planned in 2010-11, of these £132.0 billion are planned by auction and £33.0 billion by supplementary methods (£ 26.0 billion via syndication and £7.0 billion via tender).
- The DMO introduced electronic bidding at gilt auctions in 2007. As a consequence, the average time taken to publish results fell to 10 minutes in 2007-08 to 7½ minutes in 2008-09 and to 6 minutes in 2009-10, compared to 20 minutes in 2006-07.
- In order to enhance market liquidity, the DMO has directed conventional gilt issuance to building up large benchmark issues. This has resulted in a smaller number of gilts but of larger size.
- The number of conventional gilts[5] in issue fell from 66 at end-March 1998 to 47 by end-March 2010 (of which 11 were small "rump" gilts for which market-making obligations are relaxed and for which the DMO is prepared to bid a price).
- The gilt portfolio has become more concentrated in larger individual issues. In 1998 the largest conventional gilt had £16.5 billion (nominal) in issue and the average size of non-rump conventional gilts was £49 billion (nominal). At end-March 2010 there were 28 conventional gilts with over £15.0 billion in issue and 9 with £25.0 billion or more in issue. The average size of the largest 20 conventional gilts was £24.7 billion.
- The proportion of index-linked gilts in the portfolio has risen steadily since their launch in 1981, with the nominal uplifted amount, standing at £190.6 billion (20.9% of the gilt portfolio) at end-March 2010 (the largest proportion of any major government bond issuer). 2009-10 also saw a further significant growth in the proportion of the index-linked portfolio accounted for by gilts with a three-month indexation lag design, considered to be international best practice. The proportion of these bonds in the index-linked portfolio grew from 32% to 45% over the year to end-March 2010.
- The value of gilts held by overseas investors continued to rise in 2009-10, by £27.7 billion to £243.6 billion[6], or 29% of the overall portfolio at end-March 2010. In absolute terms, overseas holdings have more than doubled in four years (see page 9).
- At end-March 2010 the uplifted nominal value of the gilt portfolio was £913.5 billion[7] with a market value of £986.9 billion. Excluding government holdings these values were £786.7 billion and £847.6 billion respectively. Gilts accounted for some 93.5% of the UK Government's marketable sterling debt at that time[8].
- The list of gilts in issue at end-March 2010 is in Annex A.

[5] Including double-dated and undated gilts.
[6] In market value terms.
[7] Including index-linked uplift.
[8] The remaining 6.5% (£63.3 billion) was accounted for by Treasury bills (1-, 3- and 6-month maturity instruments).

Objective of UK Government debt management

The primary objective of UK debt management is:

"to minimise over the long term, the cost of meeting the Government's financing needs, taking account of risk, whilst ensuring that debt management policy is consistent with the objectives of monetary policy."

In so far as gilts are concerned, this objective is to be realised by:

- pursuing an issuance policy that is open, predictable and transparent;
- issuing conventional gilts that achieve a benchmark premium;
- adjusting the maturity and nature of the Government's debt portfolio primarily by means of the maturity and composition of debt issuance and potentially by other market operations including switch auctions, conversion offers and buy-backs, and;
- developing a liquid and efficient gilt market.

Maturity and composition of debt issuance

In order to determine the maturity and composition of debt issuance the Government takes into account a number of factors including:

- investors' demand for gilts;
- the Government's own attitude to risk, both nominal and real;
- the shape of both the nominal and real yield curves and the expected effects of issuance policy, and;
- changes to the levels of Treasury bill stocks and other short-term debt instruments.

Why the UK Government issues gilts

The UK gilt issuance programme is designed to finance two major components of the national accounts:

HM Treasury

i) The Central Government Net Cash Requirement (CGNCR)

This is essentially the difference between Central Government's income and expenditure in cash terms. The Government publishes an annual forecast for the CGNCR in the Budget each Spring. The forecast is typically revised in the Pre-Budget Report (PBR) each Autumn. *Table 1* shows the history of the CGNCR, and of gilt sales, since 1998-99.

Table 1: CGNCR and gilt sales from 1998-99 to 2010-11

£ bn	CGNCR	Gilt Sales
1998-99	-4.6	8.2
1999-00	-9.1	14.4
2000-01	-35.6	10.0
2001-02	2.8	13.7
2002-03	21.8	26.3
2003-04	39.4	49.9
2004-05	38.5	50.1
2005-06	40.8	52.3
2006-07	37.1	62.5
2007-08	32.6	58.5
2008-09	162.4	146.5
2009-10	198.9	227.6
2010-11 forecast	146.1	165.0

ii) The redemption of maturing gilts

The amount needed to finance the annual repayment of maturing gilts (net of official holdings) is taken into account when setting the annual gilt financing requirement. For 2010-11, the redemption total is significantly higher (£38.6 billion) than the previous financial year (£16.6 billion).

Future financing projections

The Budget published on 22 June 2010, included forecasts for the CGNCR out to 2014-15; these, together with current forecasts of redemptions for these years are shown in *Table 2* along with the corresponding indicative gross financing requirements.

On the basis of the forecasts published in the June 2010 Budget *(see Table 2)*, a gross financing requirement of some £170 billion is forecast for 2011-12.

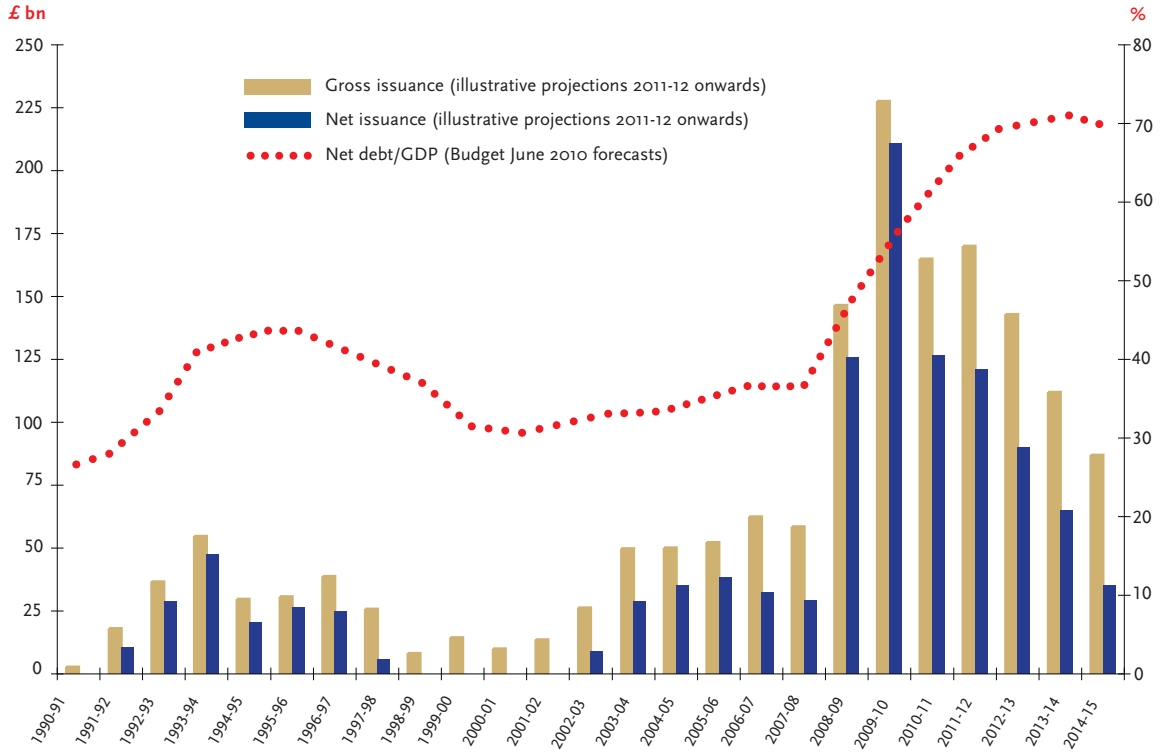
Chart 1 shows historical gross and net gilt issuance since 1990-91 and net debt/GDP data; it also shows projections for future gross and net issuance and the net debt/GDP ratio out to 2014-15 (based on the June 2010 Budget data).

Table 2: Illustrative financing projections

£ bn	2011-12	2012-13	2013-14	2014-15
CGNCR projections	121	90	65	35
Gilt redemptions	49	53	47	52
Gross Financing Requirement*	170	143	112	87

**indicative gross financing requirements.*

Chart 1: Gross and net gilt issuance (including illustrative projections)



Gilt market turnover/overseas holdings

Annual turnover by value in the gilt market has risen markedly since 1999-00. Aggregate daily turnover reported by the GEMMs (see page 17) to the DMO was £18.46 billion in 2009-10, marginally up from £16.05 billion in 2008-09. The recent increase in turnover can be attributed in part to rising levels of gilt issuance. Trading intensity in 2009-10 (as measured by the turnover ratio[9]) fell from 7.75 to 7.28. This reflected the significantly larger portfolio against which the ratio is calculated.

Chart 3 below shows the trend in overseas holdings of gilts. Since the end of 2003 there has been a sustained rise in the amount of gilts reportedly held by overseas investors. Between Q1 2009 and Q1 2010 overseas holdings grew in absolute terms from £215.9 billion to £243.6 billion (a reduction in relative terms from 33.6% to 28.7% of the gilt portfolio). The increase in overseas holdings has been attributed to purchases of (mainly short-dated) gilts by overseas Central Banks, reserve managers and hedge funds.

Chart 2: Gilt market turnover

Source: GEMMs

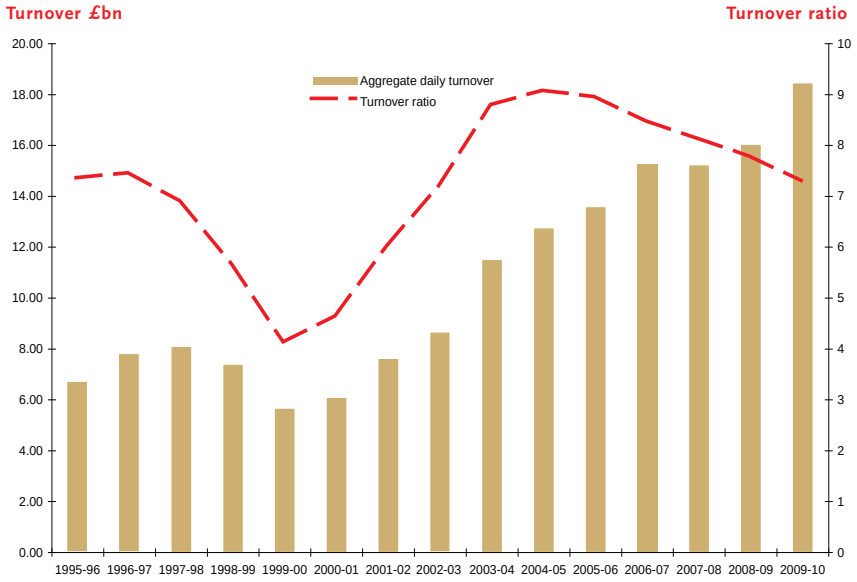
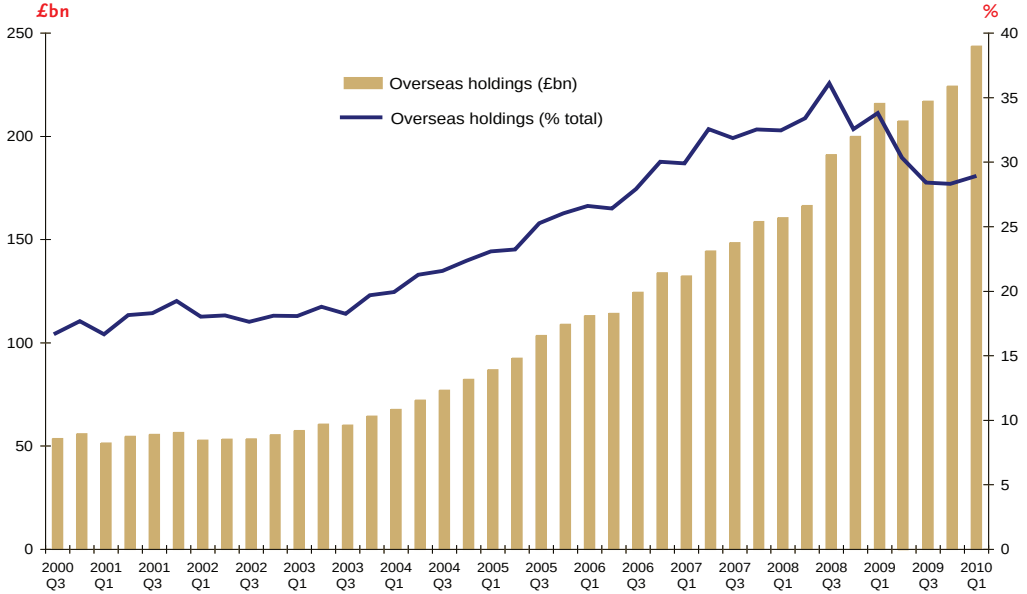


Chart 3: Overseas holdings of gilts

*Source: ONS**



* Office for National Statistics

[9] The turnover ratio for a given financial year is the aggregate turnover in that year relative to the market value of the portfolio at the start of that year.

Main types of gilts: Conventional gilts

The gilt market predominantly comprises two different types of securities with different features.

- Conventional gilts
- Index-linked gilts

Together these types of gilts accounted for over 99% of gilts in issue at end-March 2010.

Conventional gilts

Conventional gilts are the simplest form of UK Government bond and constitute the largest share of liabilities in the UK Government's portfolio. At end-March 2010, conventional gilts comprised 78.8% of the gilt portfolio (by nominal value, including index-linked uplift within the overall portfolio).

A conventional gilt is a liability of the UK Government which guarantees to pay the holder of the gilt a fixed cash payment (coupon) every six months until the maturity date, at which point the holder receives the final coupon payment and the return of the principal. The prices of conventional gilts are quoted in terms of £100 nominal.

A conventional gilt is denoted by its coupon rate and maturity (e.g. 4% Treasury Gilt 2016). The coupon rate usually reflects the market interest rate at the time of the first issue of the gilt. Consequently there is a wide range of coupon rates available in the market at any one time, reflecting how rates of borrowing have fluctuated in the past. The coupon indicates the cash payment per £100 nominal that the holder will receive per year. This payment is made in two equal semi-annual payments on fixed dates six months apart (these payments are rolled forward to the next business day if they fall on a non-business day).

Conventional gilts also have a specific maturity date. In the case of 4% Treasury Gilt 2016 the principal is due to be repaid to investors on 7 September 2016. In recent years the Government has concentrated issuance of conventional gilts around the 5-, 10-, 30-, 40- and 50- year maturity areas.

Until November 2009 conventional gilts were issued by the DMO with aligned coupon dates (7 March/7 September and 7 June/7 December). This is to permit fungibility between the individual coupon strips from different bonds *(see Annex D)*.

In November 2009 a third coupon series for conventional gilts (paying on 22 January/July), was introduced. The DMO has no immediate plans to make gilts on the new series strippable, but would make an announcement, giving sufficient implementation time, before gilts on the third series become strippable. Gilts continue to be issued as the first two coupon series

For some time new conventional gilts were referred to as "Treasury Stocks", but since 2005-06 all new gilts have been named "Treasury Gilts". Some older gilts are referred to as "Conversion Stock" or "Exchequer Stock". The names are of no significance as far as the underlying obligation to repay is concerned – all are unconditional obligations of HM Treasury.

The dragon is the heraldic symbol for the City of London.

Index-linked gilts

Index-linked gilts

Index-linked gilts accounted for 20.9% of the Government's gilt portfolio (including the inflation uplift) at end-March 2010.

All new index-linked gilts are issued with a three-month indexation lag (as opposed to the eight-month lag used for earlier issues). The three-month indexation lag design is in line with international best practice. (see page 12). The first index-linked gilts with a three-month indexation lag were issued in 2005-06: Since then the number of three-month indexation lag bonds in issue has increased to ten, accounting for some 45% of the index-linked gilt portfolio at end-March 2010.

The UK was one of the earliest developed economies to issue index-linked bonds for institutional investors, with the first issue being in 1981. Since then it has issued 29 different index-linked gilts of which 12 have since matured*. As with conventional gilts, the coupon on an index-linked gilt reflects borrowing rates available at the time of first issue. However, as index-linked coupons reflect the *real* borrowing rate for the Government there is a much smaller variation in index-linked coupons, reflecting the smaller change in real yields over time.

Index-linked gilts differ from conventional gilts, in that the semi-annual coupon payments and the principal are adjusted in line with the General Index of Retail Prices in the UK (also known as the RPI). Both the coupons and the principal on redemption paid on these gilts are adjusted to take account of accrued inflation since the gilt was first issued.

The UK has no current plans to issue index-linked gilts linked to the Consumer Price Index (CPI, formerly called HICP) despite this measure of inflation being substituted for RPIX for inflation targeting purposes by the UK monetary policy authorities. The RPI will continue to be published by the ONS and payments for index-linked gilts will remain linked to the RPI.

If, in the future, the DMO were to consider issuing new index-linked gilts linked to CPI it would consult market participants in a transparent way before making such a decision.

More details on the mechanics of index-linked gilts are included in the DMO's publication "Private Investor's Guide to Gilts". Also available on the DMO website is an index-linked gilt cash flow calculation document. The URL is available in Annex E.

Plantation Lane

*following the redemption of 2½% Index-linked Treasury Stock 2009 on 20 May 2009.

Index-linked gilts

Three-month lag index-linked gilts

Since September 2005 all new index-linked gilts employ the three-month indexation lag structure first used in the Canadian Real Return Bond market and not the eight-month lag methodology used for index-linked gilts issued before that date. In addition to the lag being shorter, with this design the indexation is applied in a significantly different way (see below). Index-linked gilts with a 3-month lag also trade on a real clean price basis. As a result, the effect of inflation is stripped out of the price of the new gilts for trading purposes, although it is included when such trades are settled.

Indexation methodology

An index ratio is applied to calculate the coupon payments, the redemption payment and the accrued interest. The index ratio for a gilt measures the growth in the RPI since it was first issued. For a given date it is defined as the ratio of the reference RPI applicable to that date divided by the reference RPI applicable to the original issue date of the gilt and is rounded to the nearest 5th decimal place.

The reference RPI for the first calendar day of any month is the RPI for the month three months previous (e.g. the reference RPI for 1 June is the RPI for March). The reference RPI for any other day in a month is calculated by linear interpolation between the reference RPI applicable to the first calendar day of the month in which the day falls and the reference RPI applicable to the first calendar day of the month immediately following. Interpolated values should be rounded to the nearest 5th decimal place.

Daily index ratios and reference RPIs are published on the DMO website **www.dmo.gov.uk** following both the publication each month of the RPI and when a new index-linked gilt is issued. The URL is in Annex E.

For more details about these calculations see Annex B of the third edition of the DMO publication *"Formulae for Calculating Gilt Prices from Yields"* on the DMO website. This publication also includes all relevant technical details for both types of index-linked gilts. The URL is in Annex E.

Trading Convention

Index-linked gilts with a three-month lag trade, and are issued, on the basis of the real clean price per £100 nominal.

The inflation-adjusted clean price per £100 nominal on a given day is calculated by multiplying the real clean price by the index ratio for the day in question[11].

The inflation-adjusted dirty price per £100 nominal on a given day is calculated by adding the inflation-adjusted accrued interest[12] to the inflation-adjusted clean price.

The ruined church of St Dunstan's in the East, now a City garden.

[11] This amount is left unrounded.

[12] Calculated by multiplying the real accrued interest amount by the index ratio for the day in question.

Index-linked gilts

Eight-month lag index-linked gilts

To calculate the inflation adjustment, two RPI figures are required - that applicable to the gilt when it was originally issued and that relating to the current interest payment. In each case the RPI figures used are those applicable eight months before the relevant dates (e.g. for a November coupon date the previous March RPI figure is used). This "indexation lag" is required so that the size of each forthcoming interest payment is known at the start of the coupon period, thereby allowing the accrued interest to be calculated.

For index-linked gilts whose first issue date is before July 2002, the Bank of England performs the function of calculating and publishing the uplifted coupons on each index-linked gilt following the release of the RPI figure which is relevant to it. For later index-linked gilts, the DMO performs this function; the only one of which is 2% Index-linked Treasury Stock 2035, first issued on 11 July 2002. The uplifted redemption payment is calculated and published similarly, following the release of the RPI figure relating to eight months before the month of redemption.

30 St Mary Axe, popularly known as "The Gherkin".

Other types of gilts

Double-dated gilts (and 'rump' gilts)

In the past, the UK Government issued double-dated gilts with a band of maturity dates. At end-March 2010 there were only two remaining in issue (comprising less than 0.1% of gilts outstanding). The Government can choose to redeem these gilts in whole, or in part, on any day between the first and final maturity dates, subject to giving not less than three months' notice.

The two remaining double-dated gilts are designated as "rumps". Rump gilts are small, generally older, illiquid bonds in which GEMMs (see page 17) are not required to make markets.

Rump gilts are not available for purchase from the DMO. See page 21 for a list of rump gilts.

Undated gilts

There are currently eight undated gilts in issue (comprising 0.3% of the gilt portfolio). These are the oldest remaining gilts in issue, some dating back to the nineteenth century. The redemption of these bonds is at the discretion of the Government, but, because of their age, they all have low coupons and so there is little current incentive for the Government to redeem them. Most undated gilts pay interest twice a year, however, some[13] pay interest four times a year. With the exception of 3½% War Loan (which has £1.9 billion in issue), all undated gilts are designated as "rumps".

The London Guildhall

[13] 2½% Annuities, 2¾% Annuities and 2½% Consolidated Stock.

Gilt market operations

Gilt issuance

Until the exceptional remit revision in October 2008 to finance the recapitalisation of UK banks, all scheduled issuance of conventional gilts has been by auction since April 1996 and, with one exception[14], of index-linked gilts since November 1998.

In October 2008 the exceptional remit revision included the introduction of a series of mini-tenders of gilts (see below) in Q3 of 2008-09. Their continued use was formalised in both the 2009-10 and 2010-11 financing remits.

Syndicated offerings (see below) – were introduced as an integral component of the planned financing programme for 2009-10 at Budget 2009, following positive market feedback at a consultation exercise launched in December 2008. Syndicated offerings are being used again in 2010-11.

Gilt auctions

The ongoing commitment to a pre-announced auction schedule reflects the UK Government's commitment to transparency and predictability in gilt issuance. Transparency and predictability should reduce the amount the Government is charged for market uncertainty (the "supply uncertainty premium"). Predictability should also allow investors to plan and invest more efficiently, in the knowledge of when and in which maturity band supply will occur.

The UK Government uses two different auction formats to issue gilts:

- Conventional gilts are issued through a multiple price auction;
- Index-linked gilts are auctioned on a uniform price basis.

The two different formats are employed because of the different nature of the risks involved to the bidder for the different securities.

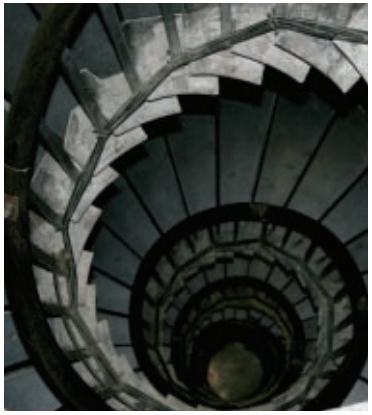
Conventional gilts are viewed as having less primary issuance risk. There are often similar gilts already in the market to allow ease of pricing (or, if more of an existing gilt is being issued, there is price information for the existing parent gilt); and auction positions can be hedged using gilt futures, swaps and other tools. The secondary market is also liquid. This suggests that bidders are not significantly deterred from participation by not knowing what the rest of the market's valuation of the gilts on offer is. A multiple price auction format also reduces the risk to the Government of implicit collusion by strategic bidding at auctions.

In contrast, positions in index-linked gilts cannot be hedged as easily as those on conventional gilts. The secondary market for index-linked gilts is also not as liquid as for conventional gilts. Both of these factors increase the uncertainty of pricing at index-linked auctions and increase the "winner's curse" for successful bidders – that is the cost of bidding high when the rest of the market bids low. In addition, there are fewer index-linked gilts than conventionals in issue and the index-linked derivatives market is less liquid, so pricing a new bond may be harder than for a new conventional. Uniform price auctions are therefore seen as reducing levels of uncertainty for auction participants and encouraging participation.

Competitive bids at auctions must be directed via the UK's primary dealers – the Gilt-edged Market Makers (GEMMs)[15], who have direct electronic bidding links to the DMO.

On 2 June 2009, the DMO introduced a facility giving an option to successful bidders at auctions (both GEMMs and investors) to purchase additional stock of up to 10 per cent of the amount allocated to them at the auction. This option window opens at 12.00 noon on the day of the auction and closes at 2.00pm on the day of the auction. The additional stock will be available to successful bidders at the average accepted price at conventional auctions and the single clearing (or strike) price at index-linked auctions.

For details on auction procedures see the publication "Official operations in the gilt-edged market – an Operational Notice", on the DMO website **www.dmo.gov.uk.** The URL is in Annex E.



Stairwell at the Monument

[14] The exception for index-linked gilts occurred in September 2005 when the 2055 index-linked gilt was issued initially by means of a syndicated offer.

[15] The current list of GEMMs is in Annex B.

Gilt market operations

Syndicated offers

Syndication is a process whereby an issuer appoints a group of banks to manage the sale of a bond on its behalf. It involves the appointment of specific bank(s) as Lead Manager(s) and Co-lead Managers (the syndicate) who have responsibilities to act as advisor to the issuer and to market the bond to investors.

Over the period of the offer the Lead Manager(s) build a book of demand through ongoing dialogue with investors. The book closes and the deal is priced when the Lead Manager(s) and issuer agree that the size and quality of the book meets the issuer's sale objectives. Thereafter the Lead Manager(s) and issuer agree the allocation of bonds to investors.

Until June 2009 syndication had only been used to issue a gilt once; the launch of the 50-year index-linked gilt in September 2005. A programme of up to eight syndicated offers was announced as part of the 2009-10 financing remit; six were held raising £30.5 billion (cash). For 2010-11 a programme of up to 8 offers is planned, aiming to raise £26.0 billion.

Mini-tenders

Mini-tenders were introduced in the October 2008 remit revision to supplement issuance at auctions with smaller issues, with less pre-announcement and designed to access emergency pockets of demand in specific gilts. They were re-affirmed as part of the remit in both the PBR 2008 remit revision and in the remit for 2009-10 and 2010-11.

Conversion offers

In the past the DMO has offered holders of gilts the opportunity to convert their holding of one gilt into another gilt at a fixed rate of conversion related to the market prices of each gilt. For the investor, conversions offer the prospect of transferring out of a gilt that may trade infrequently into a more liquid benchmark gilt. The most recent conversion offer was held in August 2002.

Switch auctions

The DMO introduced conventional gilt switch auctions in October 1999. They were designed as a further tool to build up benchmark gilts, in addition to conversion offers at a time of low outright issuance, by switching a proportion of a source gilt into a new current coupon gilt. New gilts are not launched by switch auctions – they will have been auctioned outright at least once prior to any switch auction into them. The most recent switch auction, held in July 2001, was also the first between index-linked gilts.

Reverse auctions

Reverse auctions were originally held in the late 1980s and were re-introduced by the DMO in 2000 as part of the strategy for dealing with the large financial surplus in 2000-01. The buy-back programme added to the financing requirement in 2000-01 and allowed the DMO to add to gross issuance to help maintain liquidity in the market at a time of strong demand. Reverse auctions have not been held since 2000-01.

Tap issues (Taps)

Taps have not been used as a routine means of financing since April 1996 for conventional gilts, and not since November 1998 for index-linked gilts. They are intended now to be used only as a market management mechanism in conditions of temporary excess demand in a particular gilt or sector. Taps can be used either to supply incremental amounts of a gilt to the market, or, via reverse taps, to buy gilts back from the market. The last tap issue took place in August 1999.

Full details of the DMO's operations in the gilt market can be found in its gilt market Operational Notice, available from the DMO and on its website **www.dmo.gov.uk**. The URL is IN Annex E.

Leadenhall Market

Gilt-edged Market Makers (GEMMs)

The Jamaica Inn. The site of the first London Coffee House in the eighteenth century. This is where city deals were carried out.

The UK Government bond market operates with a primary dealer system. At end-March 2010 there were 16 firms recognised as GEMMs by the DMO, *(see list in Annex B)*. Each GEMM must be a member of a Recognised Investment Exchange (in practice the London Stock Exchange) and undertakes a number of market-making obligations, in return for certain privileges.

At end-March 2010, all GEMMs were recognised as Market Makers in both conventional and index-linked gilts.

The DMO has published a guidebook outlining the relationship between the DMO and the GEMMs, entitled "A guide to the roles of the DMO and Primary Dealers in the UK Government Bond Market" this is available on the DMO website, **www.dmo.gov.uk**. The URL is in Annex E.

The obligations of a GEMM include:

- to make effective two-way prices to customers on demand in all non-rump gilts in all market conditions, thereby providing market liquidity for customers wishing to trade;
- to participate actively in the DMO's gilt issuance programme, broadly speaking by bidding competitively in all auctions and achieving allocations commensurate with their secondary market share;
- to provide information to the DMO on market conditions, the GEMMs' positions and turnover; and
- to provide closing prices of gilts to the DMO which collates the information and publishes reference prices on the wire services and on its website on behalf of the GEMMs.

The privileges of GEMM status include:

- exclusive rights to competitive bidding at gilt auctions and other operations, either for the GEMM's own account, or on behalf of clients;
- the right to an exclusive non-competitive auction allocation (up to 10% aggregate total for both conventional and index-linked auctions)
- the exclusive facility to trade as a counterparty of the DMO in any of its secondary market operations, including any transactions undertaken by the DMO for market management purposes;
- exclusive ability to strip gilts *(see Annex D)*;
- an invitation to a quarterly consultation meeting with the DMO, allowing the GEMMs to advise on the gilts to be scheduled for auction in the following quarter, and to discuss other market-related issues.
- exclusive access to gilt Inter-Dealer Broker (IDB) screens.

Gilt market conventions and registration

Most gilts are quoted on a "clean price"[15] basis, with the price typically being quoted per £100 nominal and to two decimal places[16]. Settlement is usually on the next business day (T+1), although trades can occur for forward settlement.

While coupon payments on individual gilts are usually made only twice a year, gilts can be traded on any business day. Whenever a gilt trades for settlement on a day that is not a coupon payment date, the valuation of the gilt will reflect the proximity of the next coupon payment. Accrued interest is paid to compensate the seller for the period since the last coupon payment date during which the seller has held the gilt but for which he/she receives no interest. Having only held the gilt for part of the coupon period the seller only receives a pro-rata share of the next coupon.

Since gilts are predominently registered investments[17], it is necessary to establish the identity of the recipients of each coupon payment ahead of the coupon date. Consequently, there is a period prior to each dividend date when a gilt is dealt without entitlement to that dividend (i.e. it is traded "ex-dividend"). For gilt trades settling on or before the gilt's ex-dividend date (which is seven business days before each coupon date for all gilts except 3½% War Loan, where it is ten business days), the buyer is entitled to the next coupon payment and the accrued interest is positive. Trades conducted in this period are said to be "cum-dividend". For trades settling after the ex-dividend date, the seller receives the next coupon payment and the accrued interest on the gilt is negative, reflecting the fact that the buyer of the gilt is entitled to a rebate from the seller. The full price of the gilt, which includes the accrued interest, is called the "dirty price".
The daycount convention used for the calculation of accrued interest is actual/actual.

Since December 2004, Computershare Investor Services plc (CIS) has maintained the Register of holdings of gilts under a contract from HM Treasury (and administered by the DMO).

The Lloyds Building - one of the City of London's most distinctive works of architecture.

[15] A "clean" price is the price of a gilt which excludes accrued interest or rebate interest.
[16] Before 1 November 1998 gilts were priced and traded in £1/32nds.
[17] Entry of the name of the holder in the Gilt Register confirms title.

Settlement and Treasury bills

Settlement of gilt trading: Euroclear

Euroclear is the multi-currency, electronic settlement system for UK and Irish securities, providing secure and resilient facilities for investors to hold securities in dematerialised form and to transfer securities electronically in real time. Transfers are processed on the principle of delivery versus payment (DVP), without the need for certificates. The official stock register is updated simultaneously with movements of stock within Euroclear.

The Royal Exchange – site of financial trading since 1560.

A gilt investor who holds gilts in Euroclear does not receive a physical certificate. Rather, direct Euroclear members may access information on their holdings from the Euroclear system. Approximately 99% of the total value of gilts is held in dematerialised form within Euroclear. Euroclear offers facilities for:

- settlement of securities and cash transfers;
- reconciliation of positions and transfers within Euroclear;
- overnight transfer of collateral – delivery by value (DBV) – to allow members to receive/issue gilts against a secured overnight loan;
- stripping and reconstitution of gilts for GEMMs, the DMO and the Bank of England;
- a flexible membership and portfolio management structure;
- automatic transaction reporting to the London Stock Exchange and the Financial Services Authority;
- settlement banks[18] to extend credit to Euroclear members and manage their exposure; and
- efficient processing of stock lending and repo transactions.

Euroclear members include GEMMs and specialist financial institutions, broking intermediaries and custodians acting on behalf of institutional investors (such as insurance companies and pension funds). Members also include nominee companies, that allow indirect participation in Euroclear for nominee account holders, and individuals.

Short-term debt instruments (Treasury bills)

Treasury bills are short-term, marketable instruments issued by the DMO. To date, the DMO has issued Treasury bills with maturities of one-, three- and six-months but can also issue bills of up to one year maturity. Treasury bills do not pay coupons. They are issued at a discount to their nominal or face value. In 2009-10 the stock of Treasury bills in market hands rose by £19.4 billion to £60.3 billion by end-March 2010. Stocks are planned to fall by £2.5 billion in 2010-11.

In November 2007 the DMO introduced a facility which allows it to re-open existing Treasury bills and issue them on a bilateral basis, on request from any of its cash management counterparts (provided that such issuance was consistent with its cash management operational requirements). At end-March 2010 there were £1.3 billion of such bills in issue – these formed part of the £60.3 billion total stock in market hands on that date.

In February 2010 electronic bid capture was introduced for Treasury bill tenders; significantly reducing result release times.

Since dematerialisation in September 2003, Treasury bills have cleared within Euroclear. Dematerialisation means that Treasury bills with the same maturity date are now fungible. Treasury bills are eligible for inclusion in the main traded category of gilt, Delivery-by-Value (DBV), so they can be used as collateral for bilateral gilt repo transactions. Treasury bills are also eligible as collateral for the Bank of England's Open Market Operations and in RTGS[19].

For more details see the money markets section of the DMO website **www.dmo.gov.uk**. The URL is in Annex E.

[18] Those banks which provide payment facilities to CRESTCo members through CREST.

[19] The Real-time Gross Settlement payment system operated by the Bank of England.

Annex A. Gilts in issue at 31 March 2010

Total amount in issue (inc IL uplift) £913.5bn nominal (£786.7bn nominal excluding Government holdings)

Conventional Gilts	Redemption Date	Dividend Dates	First Issue Date	Amount in Issue (£mn nom)	Central Government Holdings (DMO & CRND*) (£mn nom)
Shorts: (maturity up to 7 years)					
4¾% Treasury Stock 2010	7-Jun-2010	7 Jun/Dec	19-Nov-2004	21,285	5,668
6¼% Treasury Stock 2010	25-Nov-2010	25 May/Nov	27-Jan-1994	6,720	2,240
4¼% Treasury Gilt 2011	7-Mar-2011	7 Mar/Sep	9-Nov-2005	23,651	5,162
9% Conversion Loan 2011	12-Jul-2011	12 Jan/Jul	12-Jul-1987	7,312	2,122
3¼% Treasury Gilt 2011	7-Dec-2011	7 Jun/Dec	14-Nov-2008	15,747	754
5% Treasury Stock 2012	7-Mar-2012	7 Mar/Sep	25-May-2001	26,867	6,261
5¼% Treasury Gilt 2012	7-Jun-2012	7 Jun/Dec	16-Mar-2007	25,612	2,996
4½% Treasury Gilt 2013	7-Mar-2013	7 Mar/Sep	5-Mar-2008	29,287	3,658
8% Treasury Stock 2013	27-Sep-2013	27 Mar/Sep	1-Apr-1993	8,378	2,584
2¼% Treasury Gilt 2014	7-Mar-2014	7 Mar/Sep	20-Mar-2009	29,123	12
5% Treasury Stock 2014	7-Sep-2014	7 Mar/Sep	25-Jul-2002	28,057	4,701
2¾% Treasury Gilt 2015	22-Jan-2015	22 Jan/Jul	4-Nov-2009	19,381	12
4¾% Treasury Stock 2015	7-Sep-2015	7 Mar/Sep	26-Sep-2003	24,968	4,976
8% Treasury Stock 2015	7-Dec-2015	7 Jun/Dec	26-Jan-1995	9,998	2,793
4% Treasury Gilt 2016	7-Sep-2016	7 Mar/Sep	2-Mar-2006	25,827	4,338
Mediums: (maturity 7 to 15 years)					
8¾% Treasury Stock 2017	25-Aug-2017	25 Feb/Aug	30-Apr-1992	10,502	3,131
5% Treasury Gilt 2018	7-Mar-2018	7 Mar/Sep	25-May-2007	25,388	4,404
4½% Treasury Gilt 2019	7-Mar-2019	7 Mar/Sep	26-Sep-2008	26,303	1,212
3¾% Treasury Gilt 2019	7-Sep-2019	7 Mar/Sep	8-Jul-2009	27,087	13
4¾% Treasury Stock 2020	7-Mar-2020	7 Mar/Sep	29-Mar-2005	23,693	3,376
8% Treasury Stock 2021	7-Jun-2021	7 Jun/Dec	29-Feb-1996	22,686	6,291
4% Treasury Gilt 2022	7-Mar-2022	7 Mar/Sep	27-Feb-2009	21,184	3
5% Treasury Stock 2025	7-Mar-2025	7 Mar/Sep	27-Sep-2001	22,099	5,656
Longs: (maturity over 15 years)					
4¼% Treasury Gilt 2027	7-Dec-2027	7 Jun/Dec	6-Sep-2006	21,425	3,932
6% Treasury Stock 2028	7-Dec-2028	7 Jun/Dec	29-Jan-1998	17,932	4,486
4¾% Treasury Gilt 2030	7-Dec-2030	7 Jun/Dec	3-Oct-2007	21,265	3,393
4¼% Treasury Stock 2032	7-Jun-2032	7 Jun/Dec	25-May-2000	24,618	6,040
4½% Treasury Gilt 2034	7-Sep-2034	7 Mar/Sep	17-Jun-2009	11,159	1
4¼% Treasury Stock 2036	7-Mar-2036	7 Mar/Sep	27-Feb-2003	20,227	5,230
4¾% Treasury Stock 2038	7-Dec-2038	7 Jun/Dec	23-Apr-2004	22,759	5,266
4¼% Treasury Gilt 2039	7-Sep-2039	7 Mar/Sep	5-Mar-2009	13,943	3
4½% Treasury Gilt 2042	7-Dec-2042	7 Jun/Dec	6-Jun-2007	19,120	4,123
4¼% Treasury Gilt 2046	7-Dec-2046	7 Jun/Dec	12-May-2006	17,751	4,003
4¼% Treasury Gilt 2049	7-Dec-2049	7 Jun/Dec	3-Sep-2008	16,436	1,321
4¼% Treasury Gilt 2055	7-Dec-2055	7 Jun/Dec	27-May-2005	20,147	4,152
4% Treasury Gilt 2060	22-Jan-2060	22 Jan/Jul	22-Oct-2009	11,500	0
3½% War Loan	Undated	1 Jun/Dec	1-Dec-1932	1,939	31

*Commissioners for the Reduction of the National Debt.
*For an up to date list of gilts in issue visit http://www.dmo.gov.uk/index.aspx?page=gilts_In_Issue

View by the Thames

* Base RPI for all index-linked gilts Jan 1987=100.

It is assumed that double-dated gilts (which have not been called) currently trading above par will be redeemed at the first maturity date.

Index-linked Gilts	Redemption Date	Dividend Dates	First Issue Date	Base RPI*	Amount in Issue (£mn nom)	Nominal including Inflation Uplift (£mn)	Central Government Holdings (DMO & CRND) (£mn nom)
3-month lag							
1 1/4% I-L Treasury Gilt 2017	22-Nov-2017	22 May/Nov	08-Feb-2006	193.72500	10,834	12,186	338
1 7/8% I-L Treasury Gilt 2022	22-Nov-2022	22 May/Nov	11-Jul-2007	205.65806	10,004	10,600	157
1 1/4% I-L Treasury Gilt 2027	22-Nov-2027	22 May/Nov	26-Apr-2006	194.06667	11,228	12,607	249
1 1/4% I-L Treasury Gilt 2032	22-Nov-2032	22 May/Nov	29-Oct-2008	217.13226	9,728	9,763	2
1 1/8% I-L Treasury Gilt 2037	22-Nov-2037	22 May/Nov	21-Feb-2007	202.24286	10,927	11,773	204
0 5/8% I-L Treasury Gilt 2040	22-Mar-2040	22 Mar/Sep	28-Jan-2010	216.52258	3,500	3,522	0
0 5/8% I-L Treasury Gilt 2042	22-Nov-2042	22 May/Nov	24-Jul-2009	212.46452	5,818	5,967	0
0 3/4% I-L Treasury Gilt 2047	22-Nov-2047	22 May/Nov	21-Nov-2007	207.76667	6,573	6,894	50
0 1/2% I-L Treasury Gilt 2050	22-Mar-2050	22 Mar/Sep	25-Sep-2009	213.40000	5,000	5,105	0
1 1/4% I-L Treasury Gilt 2055	22-Nov-2055	22 May/Nov	23-Sep-2005	192.20000	6,434	7,294	235
8-month lag							
2 1/2% I-L Treasury Stock 2011	23-Aug-2011	23 Feb/Aug	28-Jan-1982	74.55006	4,803	13,749	532
2 1/2% I-L Treasury Stock 2013	16-Aug-2013	16 Feb/Aug	21-Feb-1985	89.20152	7,620	18,230	803
2 1/2% I-L Treasury Stock 2016	26-Jul-2016	26 Jan/Jul	19-Jan-1983	81.62231	7,982	20,870	922
2 1/2% I-L Treasury Stock 2020	16-Apr-2020	16 Apr/Oct	12-Oct-1983	82.96578	6,585	16,938	685
2 1/2% I-L Treasury Stock 2024	17-Jul-2024	17 Jan/Jul	30-Dec-1986	97.66793	6,827	14,917	737
4 1/8% I-L Treasury Stock 2030	22-Jul-2030	22 Jan/Jul	12-Jun-1992	135.10000	5,207	8,225	533
2% I-L Treasury Stock 2035	26-Jan-2035	26 Jan/Jul	11-Jul-2002	173.60000	9,738	11,971	815
"Rump" Gilts (Rump gilts are not available for purchase from the DMO)							
7 3/4% Treasury Loan 2012-2015	26-Jan-12	26 Jan/Jul	26-Jan-1972		388		1
9% Treasury Stock 2012	6-Aug-12	6 Feb/Aug	7-Feb-1992		197		0
12% Exchequer Stock 2013-2017	12-Dec-13	12 Jun/Dec	15-Jun-1978		16		0
2 1/2% Treasury Stock		1 Apr/Oct	28-Oct-1946		390		0
4% Consolidated Loan		1 Feb/Aug	16-Mar-1932		257		0
2 1/2% Consolidated Stock		5 Jan/Apr/Jul/Oct	5 Apr 1888		177		1
3% Treasury Stock		5 Apr/Oct	1-Mar-1946		39		2
3 1/2% Conversion Loan		1 Apr/Oct	1-Apr-1921		17		5
2 3/4% Annuities		5 Jan/Apr/Jul/Oct	17 Oct 1884		1		0
2 1/2% Annuities		5 Jan/Apr/Jul/Oct	13 Jun 1853		1		0

Annex B. Gilt-edged Market Makers at 31 March 2010

Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

BNP Paribas (London Branch)
10 Harewood Avenue
London, NW1 6AA

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London E14 5LB

Credit Suisse Securities
One Cabot Square
London E14 4QJ

Deutsche Bank AG (London Branch)
Winchester House
1 Great Winchester Street
London EC2N 2DB

Goldman Sachs International Limited
Peterborough Court
133 Fleet Street
London EC4A 2BB

HSBC Bank PLC
8 Canada Square
London E14 5HQ

Jeffries International Limited
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

JP Morgan Securities Limited
125 London Wall
London EC2Y 5AJ

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Morgan Stanley & Co. International plc
20 Cabot Square
Canary Wharf
London E14 4QW

Nomura International plc
Nomura House
1 St Martin's-le-Grand
London
EC1A 4NP

Royal Bank of Canada Europe Limited
Thames Court
One Queenhithe
London EC4V 4DE

Royal Bank of Scotland
135 Bishopsgate
London EC2M 3UR

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

Winterflood Securities Limited**
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA

*Toronto Dominian Bank became a (retail) GEMM on 12 April 2010
**Retail GEMM

ANNEX C. Taxation (for overseas investors)

A view from Canary Wharf underground station.

Taxation

The main features that apply to overseas investors are:

- Overseas investors are in most cases exempt from any UK tax on gilts.
- Gilts held on FOTRA (Free of Tax to Residents Abroad) terms, and the interest on them, are generally exempt from tax if they are held by persons who are not ordinarily resident in the UK. The precise terms depend on the prospectus under which the gilts were issued; but under the most recent version (post-1996), income on FOTRA gilts is exempt from tax if the holder is non-resident, unless the income is received as part of a trade conducted in the UK. In April 1998, all existing non-FOTRA gilts were made FOTRA gilts on post-1996 terms.

Further information is available on the HM Revenue & Customs website www.hmrc.gov.uk

Annex D. Gilt strips

Gilt strips

Strips is the acronym for Separately Traded and Registered Interest and Principal Securities. "Stripping" a gilt refers to breaking it down into its individual cash flows which can be traded separately as zero-coupon gilts. A three-year gilt will have seven individual cash flows: six (semi-annual) coupon payments and a principal repayment. Gilts can also be reconstituted from all of the individual strips. Not all gilts are strippable *(see below)*. Official strip facilities have been available in the United States since 1985, and France since 1991. Official strip markets also now exist in many countries including Austria, Belgium, Canada, Germany, Italy, Japan, the Netherlands, South Africa and Spain. The strip market began in the UK on 8 December 1997. All strippable gilts are currently conventional fixed coupon instruments.

At end-March 2010 there were 30 strippable gilts in two series with a total amount outstanding of £655.6 billion (£543 billion in market hands). However, only £2.3 billion (nominal) were held in stripped form . The 7 June/7 December series became strippable in December 1997. The second series, 7 March/7 September, followed in April 2002.

Until November 2009 new conventional gilts were issued on two coupon series (paying on 7 June/December and 7 March/September). In November 2009 a third coupon series (paying on 22 January/July) was introduced. The DMO has no immediate plans to make gilts on the third series strippable, but would make an announcement, giving sufficient implementation time before such gilts become strippable. Gilts continue to be issued on the first two coupon series.

Although anyone can trade or hold strips, only a Gilt-edged Market Maker (GEMM), the DMO or the Bank of England can strip (or reconstitute) a strippable gilt. GEMMs are obliged to make a market in strips, as they are in the underlying gilts.

The market in gilt strips has grown slowly since its inception. Factors that have contributed to this slow development may have included the need for pension fund trustees to give the appropriate authority to fund managers to invest in strips and the inversion of the yield curve over much of the early period of the DMO's operations, which made strips *appear* more expensive relative to conventionals. Retail demand for strips has reportedly been affected by the necessary tax treatment, whereby the securities are taxed each year on their unrealised capital gain or loss even though no income payment has been made. However, the ability to hold gilt strips within Individual Savings Accounts (ISAs) may reduce the tax disincentives to personal investment in strips.

More details about the gilt strips market can be found in the Bank of England paper "*The Official Gilt Strips Facility*" of October 1997 which is available on the DMO website **www.dmo.gov.uk.** The URL is in Annex E.

Canary Wharf's towers.

Annex E. The DMO website **www.dmo.gov.uk**

The DMO website provides users with an interactive database and reporting service and allows access to all of the DMO's publications, including:

- the DMO Annual Review, which covers the main developments across the range of the DMO's activities each financial year;
- the Quarterly Review, which highlights more recent developments in the DMO's gilt and cash market activities;
- the DMO's annual Report and Accounts for its administrative expenditure and also for the operation of the Debt Management Account;
- Press releases, gilt and cash market announcements;
- Market consultation documents.

A wide range of current and historical data are also available including;

- gilt and Treasury bill prices and yields;
- details of gilt auction and Treasury bill tender results;
- details of the DMO's annual financing remits;
- characteristics of the gilt and Treasury bill portfolios;
- interest rates for loans from the Public Works Loan Board.

Many of the website reports give users the option for automatic downloads of data. The website also provides users with analytical tools and calculators, enabling them to estimate the redemption payment on an index-linked gilt or the repayment cost of a fixed interest loan from the PWLB.

Some useful links to the DMO website

Private Investor's Guide to Gilts (and addendum)	www.dmo.gov.uk/documentview.aspx?docname=publications/investorsguides/pig201204.pdf (www.dmo.gov.uk/documentview.aspx?docname=publications/investorsguides/pigadd201006.pdf)
Gilt prices page	www.dmo.gov.uk/index.aspx?page=Gilts/Daily_Prices
Gilts in Issue	www.dmo.gov.uk/ceLogon.aspx?page=D1A&rptCode=D1A
Money Markets section	www.dmo.gov.uk/index.aspx?page=About/TBills
Overseas holdings data	www.dmo.gov.uk/ceLogon.aspx?page=Gilts/Overseas_Holdings&rptCode=D5N
Published cash flows for index-linked gilts	www.dmo.gov.uk/ceLogon.aspx?page=Nominal_IL&rptCode=D5I
Daily index ratios	www.dmo.gov.uk/ceLogon.aspx?page=D10C&rptCode=D10C
RPI data	www.dmo.gov.uk/ceLogon.aspx?page=D4O&rptCode=D4O
Operational Notice – Gilt Market	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/opnot20091120.pdf
Operational Notice – Cash Management (and T-bill memorandum)	www.dmo.gov.uk/documentview.aspx?docname=publications/moneymarkets/cmopnot180210.pdf
Guidebook – GEMMs	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/guidebook20091120.pdf
Debt and Reserves Management Report 2010-11	www.dmo.gov.uk/documentview.aspx?docname=remit/drmr1011.pdf
The Official Gilt Strips Facility: A paper by the Bank of England	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/stripfalic.pdf

Annex F. Contacts

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Jim Juffs	Chief Operating Officer	0845 357 6520	jim.juffs@dmo.gsi.gov.uk
Joanne Perez	Joint Head of Policy, Markets and Research	0845 357 6539	joanne.perez@dmo.gsi.gov.uk
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Steve Whiting	Press Officer/Senior Policy Advisor	0845 357 6532	steve.whiting@dmo.gsi.gov.uk
Sarah Ellis	Deputy Press Officer/Policy Analyst	0845 357 6525	sarah.ellis@dmo.gsi.gov.uk
Mark Deacon	Senior Quantitative Analyst	0845 357 6516	mark.deacon@dmo.gsi.gov.uk
James Knight	Senior Policy Advisor	0845 357 6571	james.knight@dmo.gsi.gov.uk

*and Joint Head of Policy, Markets and Research.

Annex G. DMO Wire Service pages

	Reuters/Telerate	Thomson/Topic	Bloomberg
Information			
Index	DMO/INDEX	44799	DMO<GO>
Announcements	DMO/GILTS1 to 9	44700 to 44712	DMO1<GO>
Benchmark prices	0#GBTSY=DMO	44720 to 44721	DMO2<GO>
Shop window general information	DMO/GILTS10	44717	DMO3<GO>
Shop window 1	DMO/GILTS11	44718	DMO3<GO>
Standing and Special Repos	DMO/REPO01		DMO17<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 04	44800 to 44802	DMO4<GO>
GEMMA ref prices (3-month I-L)	GEMMA07	44809	DMO5<GO>
GEMMA ref prices (8-month I-L)	GEMMA08	44805	DMO6<GO>
GEMMA ref prices (Strips)	GEMMA13 to 25	44850 to 44869	DMO7<GO>
Cash Management announcements	DMO/CASH01 to 10	44660 to 44669	DMO9<GO>
T-bill tender information	DMO/CASH11 to 15	44670 to 44674	DMO10<GO>
Ad-hoc tender information	DMO/CASH16 to 17	44675 to 44676	DMO11<GO>
T-bill reference prices	DMO/TBILLS01 to 04	44900 to 44903	DMO12<GO>
Market Notices	DMO/NOTICE01		DMO16<GO>

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