

DMO SCREEN ANNOUNCEMENT: 15 August 2011

PUBLICATION OF UPDATED GEMM GUIDEBOOK

The DMO today announces the publication of an updated version of the GEMM Guidebook.

Whilst the majority of the criteria, obligations and privileges for Gilt-edged Market Makers (GEMMs) remain unchanged, two key changes in this update to the Guidebook are:

- primary and secondary market share expectations for wholesale market GEMMs have been adjusted to a minimum of 2.0% per GEMM for conventional and index-linked gilts, as measured over a period of six months; also GEMMs will be expected to participate in every financing operation for which they are a designated market maker; and
- GEMMs will no longer be obliged to make markets in strips, reflecting the low level of market activity since the inception of the facility in 1997. The general market making requirement will be replaced by a Strips Participant List. GEMMs can elect to be added to this list, which will indicate to end-investors that they are prepared to offer a dealing service in strips. The DMO will indicate on its website which GEMMs have elected to be members of the Strips Participant List.

Reflecting the relaxation in the obligation for GEMMs to make markets in strips, the DMO will no longer require GEMMs to provide closing prices in strips from 3 October 2011; from this date, the closing GEMMA reference prices in strips will be calculated with reference to the DMO's own yield curve. GEMMs will, however, still be required to report any positions and turnover data for strips to the DMO.

The DMO is also publishing today a summary paper of the criteria, obligations and privileges of GEMMs, as well as an updated version of its operational note on the conduct of syndications.

All of the above-mentioned documents will be available in the publications section of the DMO website at: <www.dmo.gov.uk>.