

LAUNCH OF A BILATERAL TREASURY BILL ISSUANCE FACILITY

The DMO announces that, with effect from the start of business on Wednesday 28 November 2007, it will be prepared to issue Treasury bills bilaterally, on request from any of its existing cash management counterparties.

Bills issued in this way will only be created, however, in circumstances where the DMO is satisfied that such issuance is consistent with its cash management operational requirements.

The key features of this facility are:

- Only existing bills with a minimum maturity of one-day, and with a maturity which differs by at least five working days from the bills issued to the market at the regular tenders either preceding or succeeding any bilateral trade, will be eligible to be issued in this way;
- There will be no explicit limits on the size of any bilateral transaction or on the size of any Treasury bills whose size is increased as a result of the operation of this facility;
- Treasury bills issued as a result of a bilateral request may be settled on the same day provided they are transacted and notified to the DMO settlements team before 10.30 am - otherwise bilateral trades will be settled on the next business day.
- Bills issued in this way will add to, and be indistinguishable from, the stock of bills issued at regular tenders and will be included in the end-month totals of Treasury bill stocks reported on the DMO website.

The intention to launch this facility was set out in paragraph 4.8 of the Debt and Reserves Management Report 2007-08, published by HM Treasury alongside Budget 2007 on 21 March 2007; which said that:

“In 2007-08... the DMO may re-open on request existing issues of Treasury bills for sale on a bilateral basis, to raise funds for cash management. Consequently, the DMO will have operational flexibility to vary the end-financial year stock, subject to operational requirements... The final outturn for the Treasury bill stock will be reported alongside the CGNCR outturn for 2007-08 in April 2008.”

Further information concerning the DMO's Exchequer Cash Management operations can be found on the DMO website www.dmo.gov.uk Information on eligibility to become an Exchequer Cash Management counterparty can be obtained by contacting the DMO cash dealing desk 0845 357 6527.