

CHANGES TO TERMS OF DMO STANDING AND SPECIAL REPO FACILITIES 06 August 2009

The UK Debt Management Office (DMO) is today announcing changes to the Terms and Conditions of its overnight Standing and one-week Special Repo Facilities which will take effect from 7 August 2009.

Further to the Joint Statement on Gilt Lending released earlier today by the Bank of England and the DMO, the gilts made available to the market under the Facilities may now be created by the DMO, on a temporary basis, from the National Loans Fund (NLF), or borrowed by the DMO from the Bank of England's portfolio of holdings acquired under its Asset Purchase Facility (APF).

The use of both Facilities will be subject to the application of a 5% 'haircut'. The DMO retains discretion to reject applications where a counterparty has not taken adequate steps to cover its position in the market and counterparties will not be permitted to 'roll' either Facility in the event of a failure to return gilts borrowed.

All other terms remain unchanged.

The full, revised Terms and Conditions Notices are being published this afternoon on the DMO website at <www.dmo.gov.uk>.