

OPERATIONAL NOTICE FOR THE UNITED KINGDOM DEBT MANAGEMENT OFFICE'S ("DMO") EXCHEQUER CASH MANAGEMENT OPERATIONS: Issued on 21 September 2001

This Operational Notice sets out the arrangements for the DMO's Exchequer cash management operations. It outlines the typical cash management operations the DMO undertakes although these may vary over time. This Operational Notice replaces the version issued on 6 January 2000 and includes the additions to the range of instruments in which the DMO transacts for cash management as announced on 12 September 2000 and 9 November 2000.

It also includes, at Appendix 1, the text of the Treasury bill Information Memorandum published on 21 September 2001 covering the conduct of weekly Treasury bill tenders.

This Operational Notice will be revised as needs arise. Any questions on this notice should be made to either Nick Fisher (020 7862 6518) or Jason Phillips (020 7862 6527).

List of contents

Page number

Introduction	2
Weekly Treasury bill tenders	2
Ad hoc tenders	2
Bilateral dealing	6
DMO announcement pages	9
Cash Management counterparty selection	9

Appendices

Treasury bill Information Memorandum	11
Telephone dealing arrangements	21
Dealing Room Voice Systems	22

INTRODUCTION

The DMO's main objective in carrying out its daily cash management operations is to offset, through its market operations, the expected net cash flow into or out of the National Loans Fund on every business day. It is to do this in a cost-effective way, balancing cost and risk in its strategies and without unduly influencing the level of short-term interest rates. The DMO also has to take account of the operational requirements of the Bank of England for implementing its monetary policy objectives.

The DMO conducts its cash management operations in accordance with the provisions contained in this Operational Notice, and it will act at all times in accordance with its published objectives and operates as required in order to achieve these objectives.

WEEKLY TREASURY BILL TENDERS

1 The conduct of weekly Treasury bill tenders is described in the Treasury bill Information Memorandum of 21 September 2001, which is reproduced in full in Appendix 1 of this Operational Notice.

AD HOC TENDERS

2 In addition to issuing Treasury bills by way of weekly tenders, the DMO may issue Treasury bills with maturities of up to approximately 28 days on an ad hoc basis. Treasury bills issued as a result of ad hoc tenders will be identical in every respect with those issued via weekly tenders. There will, however, be some important distinctions in the bidding, settlement and administrative arrangements.

3 The DMO may also conduct ad hoc repo or reverse repo tenders as part of its cash management operations. The collateral given and taken in

any such operations is likely to be gilts or Treasury bills. In addition, there may also be ad hoc tenders for outright buying of gilts (including strips) with a residual maturity of less than 6 months. Broadly, the same structure in terms of announcement, bidding and settlement would be used in such operations as for ad hoc Treasury bill tenders.

Timetable

4 The DMO will usually announce the intention to hold (an) ad hoc tender(s) in the wire services announcement of the weekly Treasury bill tender results of the preceding week. That announcement would provide details of the type of tender(s), the day(s) in the following week on which the tender(s) will be held and a guide to the expected maturity and amount. The precise details of the maturity and amount will be announced on the morning of the tender(s). Up to two ad hoc tenders could be held per day, although it is not envisaged that this would be a regular occurrence. Ad hoc tenders will be for same day settlement in sterling, and tenders might be held on successive business days if necessary. The DMO envisages that the following timetables would be used for ad hoc tenders:

	<u>Slot 1</u>	<u>Slot 2</u>
Announcement & opening of tender	8.30am	10.00am
Close of tender	8.45am	10.15am
Aim to announce results shortly after	9.00am	10.30am
CHAPS payments in by	1.30pm	1.30pm
CREST/CMO movements by	close	close

The DMO does not intend to conduct ad hoc tenders in the second slot on gilt auction days or Monetary Policy Committee decision days.

Bidding

5 Bidding at ad hoc tenders will be by telephone only. Arrangements for telephone bidding are set out in Appendix 2.

Bidding at all ad hoc tenders will be on a competitive bid yield basis. Bids must be for a minimum of £5 million at each yield and in £1 million multiples thereafter. Counterparties may submit no more than five bids per maturity on offer in each tender. The DMO reserves the right not to allot the total amount on offer, although it would consider this only in exceptional circumstances, and to reject and scale bids. The DMO aims to publish the tender results on its wire services pages within 15 minutes of the close of the tender.

Treasury bill ad hoc tenders

6 Ad hoc Treasury bill tenders are open to all DMO cash management counterparties and Treasury bill primary participants. Bids must be made by telephone only. Each bid submitted at Treasury bill ad hoc tenders must specify the maturity of bills being bid for, the nominal quantity being bid for together with the money market yield for each quantity expressed up to three decimal places.

Ad hoc repo or reverse repo tender

7 Ad hoc repo or reverse repo tenders are open to DMO cash management counterparties. Bids must be made by telephone only. The bidding procedure for ad hoc tenders will be identical to ad hoc Treasury bill tenders, except that bids or offers submitted at the former must be expressed to two decimal places and that the amount bid for or offered would be expressed on a sterling cash basis. As with bilateral transactions, variation and initial margining “haircut” arrangements will be applied to ad hoc repo and reverse repo tenders where necessary.

Ad hoc tender result

8 The DMO aims to release the result of an ad hoc tender around 15 minutes after the close of the offer. At the cut-off point (the highest accepted yield for a Treasury bill or repo tender and the lowest for a near maturity gilt

or reverse repo tender), a scaling ratio will be calculated in the same way as for weekly Treasury bill tenders¹ and applied to all bids (offers) at the highest (lowest) accepted yield.

9 The announcement of the result for each tender contains details of the amount allocated / accepted, the average accepted yield, and the yield and the scaling factor at the cut off point (this would be the average weighted scaling factor for ad hoc Treasury bill tenders).

Settlement of ad hoc tenders

10 For those counterparties who are successful at any ad hoc tender, the DMO, in addition to exchanging written or electronic confirmations, will confirm by telephone the settlement and custody details shortly after the tender result is published. In the case of ad hoc Treasury bill tenders, to aid the shortened settlement process, the DMO uses its discretion to select a range of suitable bill denominations for successful bidders. Settlement of allocations from ad hoc tenders are for same day value in sterling. CHAPS payments² in settlement must therefore be with the Bank of England, for credit of the DMO at Sort Code 10-18-00, by 1.30pm on the day of the tender. Allocations arising from Treasury bill and Treasury bill repo tenders are credited to successful bidders' nominated account at the CMO or its equivalent on the day of the tender providing that settlement has been effected. Near maturity gilt and reverse repo ad hoc tenders are settled through CREST or its equivalent.

Splitting of Treasury bills

11 The same arrangements for splitting Treasury bills subsequent to the publication of the weekly Treasury bill tender result apply to ad hoc Treasury bill tenders.

¹ Except that for repo and reverse repo tenders allocations will not have to be rounded to multiples of £25,000 nominal to reflect the lowest denomination of bill at issue.

² Which must be made from a European Economic Area regulated credit institution unless in any particular case the DMO agrees a different method of settlement.

BILATERAL DEALING

12 The DMO trades in a range of selected instruments on a bilateral basis with its cash management counterparties and scores, against its internal credit usage and counterparty limits, its exposures to any issuer³ or counterparty.

Range of instruments

13 The range and type of instruments in which the DMO transacts in for cash management purposes are set out below. The DMO reserves the right to revise the range of instruments and publishes the most recent list on its web site www.dmo.gov.uk

Repo and reverse repo

Instruments

Dealing basis

Gilts (delivery by value (DBV ⁴) and General Collateral (GC) including strips)	Tenders & bilateral
HMT bills	Tenders & bilateral
Non-Sterling HMT paper	Bilateral
Selected highest-rated Supranational £ and € paper	Bilateral
Selected highest-rated European Government € debt	Bilateral
Selected high quality short-term debt ⁵	Bilateral
Selected Bank bills	Bilateral

14 The DMO can transact in repo and reverse repo with counterparties for maturities of up to 1 year. The DMO refers to the amount of a repo/reverse transaction in sterling cash terms as opposed to nominal stock terms (i.e. £10

³ Including where relevant the accepting bank.

⁴ The DMO intends to use and will only accept stripped and unstripped British Government Stock for DBV transactions.

⁵ Debt instruments issued by high quality issuers, including supranationals and foreign governments.

million at the start leg of a repo will signify £10 million of cash not nominal of stock).

15 A right of substitution is not normally expected or given by the DMO. If substitution rights are given or taken, this will be confirmed at the point of trade. For all reverse repo transactions other than DBV, the DMO requires counterparties to identify the collateral being pledged in a timely manner.

16 The DMO marks to market its exposures to its repo counterparties and will call margin, if required, on a daily basis. Where initial margin (“a haircut”) is to be calculated on a repo or a reverse repo transaction, the DMO follows the calculation methodology set out in the Gilt Repo Code of Best Practice produced by the Stock Lending & Repo Committee.

17 The DMO does not deliberately seek collateral that may be “special”⁶ or individual stocks with a view to their becoming “special”. However, the DMO may decide to deal in specific stocks along with GC or DBV as part of its cash management operations.

Outright purchases and sales

Instruments

Dealing basis

Gilt purchases (< 6 months to maturity)	Tenders & bilateral
Gilt strip purchases (< 6 months to maturity)	Tenders & bilateral
HMT bill purchases	Bilateral
Selected Certificates of Deposit (CDs) (< 12 months to maturity)	Bilateral
Selected Commercial Paper £, \$, € and ¥ (< 12 months to maturity)	Bilateral
Selected eligible bank bills (< 6 months to maturity)	Bilateral
Selected bank bills (< 6 months to maturity)	Bilateral
Selected high quality short-term debt ⁷ (< 12 months to maturity)	Bilateral

⁶ Defined in the Gilt Repo Code of Best Practice produced by the Stock Lending & Repo Committee as “Securities which, for any reason, are sought after in the repo market, thereby enabling holders to earn incremental income (in excess of General Collateral) through lending them via a repo transaction.”

⁷ Debt instruments issued by high quality issuers, including supranationals and foreign governments.

18 All purchases are subject to the DMO's internal credit limits. In the case of eligible bank bills the DMO have regard to the accepting bank name in its internal credit limits. Before the deal is committed, therefore, the DMO would expect to confirm that the accepting bank name(s) did not breach internal limits. If the DMO sells eligible bills, it shall not be deemed to have endorsed the bills.

Other Dealing

19 The DMO may deal bilaterally on an unsecured cash basis. Contracts will be entered into by telephone. The "general terms and conditions for telephone dealing" set out in Appendix 2 shall apply in the case of contracts entered into by telephone.

20 The DMO may use short-term currency swaps, Forward Rate Agreements (FRAs) and interest rate futures to manage foreign currency and interest rate exposures. All foreign currency exposures will be hedged back into sterling.

Settlement

21 Unless specified otherwise, all bilateral transactions with the DMO are settled on the trade date and in sterling. The DMO is prepared to transact in the instruments listed above provided settlement can take place in CREST (including CMO) or its equivalent, Clearstream or Euroclear, and according to the DMO's settlement requirements and timetable. For any enquiries regarding settlement please contact either David Cuthbert (020 7862 6542) or Neil Corkill (020 7862 6565) or the DMO's settlement fax (020 7862 6504).

Standard Settlement Instructions for cash management transactions

Bankers: Bank of England. Sort Code 10-18-00. a/c 01206 / 22573410
CREST: 00XBJ – Governor and Company of the Bank of England –
DMA account

CMO: Bank of England 5319
 CHAPS: 10-18-00
 SWIFT: DMOAGB2L
 Euroclear: Bank of England B-M a/c 22224
 Clearstream: Bank of England B-M a/c 87142

DMO ANNOUNCEMENT PAGES

Information	Reuters/Bridge/ADP	Telerate	Topic	Bloomberg
Money market announcements	DMO/CASH 01	15700 to 15709	44660 to 44669	DMO9<GO>
Treasury bill tenders	DMO/CASH 11	15710 to 15711	44670 to 44671	DMO9<GO>
Ad hoc tenders	DMO/CASH 16	15715 to 15716	44675 to 44676	DMO9<GO>

CASH MANAGEMENT COUNTERPARTY SELECTION

21 The DMO deals with a wide range of counterparties with whom it has an all round dealing relationship. The DMO values counterparties with whom it can transact on a fairly regular basis; for example, by their participating in weekly tenders for Treasury bills, ad hoc tenders and in bilateral dealings in a range of money market instruments.

22 Counterparties are regular participants in the markets in which they propose to deal with the DMO. Therefore they are expected to be regulated financial intermediaries. The DMO's list of counterparties is not published.

The key features of a Cash Management counterparty relationship with the DMO are:

- Access to the DMO's ad hoc tenders

- The ability to deal with the DMO on a bilateral basis in a range of money market instruments
- Consultations with the DMO on the state of the money markets and the direction of the DMO's policies.

23 Counterparties are expected to bid regularly at Treasury bill and any ad hoc tenders that may take place. The DMO's dealers seek to develop meaningful direct dealing relationship with each counterparty.

24 Once Cash Management counterparty status has been agreed, the DMO and the respective counterparty need to have performed the following actions before a trading relationship can begin:

- (i) Completion of any relevant legal and other documentation⁸
- (ii) Acceptance of the terms contained within this Operational Notice and the Treasury bill Information Memorandum
- (iii) Confirmation of the counterparty's regulatory status and details of its legal entity
- (iv) Agreement of margining arrangements
- (v) Provision of Standard Settlement Instructions and lists of authorised signatories and contacts
- (vi) Set up of a direct, dedicated telephone link to the DMO's dealing desk (see Appendix 3 for the specification)
- (vii) Completion of DMO's due diligence checks

Expressions of interest in becoming a counterparty should be made in the first instance to Nick Fisher (020 7862 6518) or Jason Phillips (020 7862 6527).

⁸ The DMO's repo agreement (where the counterparty intends to enter into repo or reverse repo transactions with the DMO) and or ISDA documentation and also a letter confirming the counterparties' agreement to adhere to this and subsequent versions of the Operational Notice.

Appendix 1

UK TREASURY BILLS INFORMATION MEMORANDUM

September 2001

Introduction

1. Description of the instrument

- Pricing

2. Treasury bill tenders

- Participation
- Bidding
- Processing of bids
- Maturity of bills issued
- Announcements of future tenders

3. Settlement and depository arrangements

4. Withholding tax

5. Treasury bill primary participants

Annex A: Treasury bill primary participants

Annex B: Contacts/information

Introduction

The UK Debt Management Office (“DMO”) expects Treasury bills to play a growing role in its Exchequer cash management operations in the future and to represent an increasingly important component in the UK Government’s stock of marketable debt instruments, alongside gilts. HM Treasury’s remit to the DMO for 2001-02 includes plans for a £5.0 billion increase in the stock of Treasury bills over the financial year (to £8.3 billion).

This information memorandum sets out the main features of Treasury bills as a financial instrument, how they can be bought, settled and traded and through whom. The arrangements set out in this memorandum come into force with effect from the Treasury bill tender to be held on **Friday 5 October 2001**.

This memorandum is to be read alongside the DMO’s revised cash management Operational Notice dated 21 September 2001. This memorandum is repeated as Appendix 1 of the Operational Notice which is available on the DMO web site www.dmo.gov.uk (and is available from the DMO).

The Government’s Treasury bill programme is continuously kept under review. If interested parties have any comments or suggestions on the programme, or wish to express an interest in becoming a Treasury bill primary participant (see Annex A) or would like more information on Treasury bills generally, see Annex B for DMO contact/information details.

1. Description of the instrument

1.1. Treasury bills are sterling denominated unconditional obligations of the UK Government with recourse to the National Loans Fund and the Consolidated Fund. They are issued from, and are liabilities of, the Debt Management Account. Treasury bills are negotiable, bearer, zero-coupon instruments.

1.2. In credit risk terms Treasury bills have the same standing as gilt-edged securities (“gilts”)⁹. They qualify as zero risk-weighted instruments for the purposes of determining capital adequacy under the 1988 Basel Capital Accord.

1.3. Treasury bills can be issued with maturities of 1 month (approximately 28 days), 3 months (approximately 91 days), 6 months (approximately 182 days) and 12 months (up to 364 days). However the DMO expects to give priority to establishing the shorter maturities more fully before introducing the longer maturity instruments.

1.4. Treasury bills issued on and after the tender on Friday 5 October 2001 will have a minimum denomination at issue of £25,000 nominal.

1.5. Treasury bills can be held in the following depository systems – CMO and Euroclear (see section 3 below).

1.6. Treasury bills can be used as collateral in the Bank of England’s open market operations and in RTGS¹⁰ and can be used by the DMO as part of its Exchequer cash management operations.

⁹ Gilts and Treasury bills are both unconditional liabilities of the UK Government, which is AAA rated by Standard & Poor’s and Fitch IBCA, and Aaa by Moody’s.

¹⁰ Real-Time Gross Settlement payment system.

Pricing

1.7. Treasury bills are issued at tenders (see below) on a money market yield basis, with the quotation of yield being up to three decimal places. They will be settled according to the following price/yield formula:

$$P = \frac{N}{\left(1 + \frac{y \times n}{36500}\right)}$$

where:

P	=	Settlement proceeds in pounds
N	=	Nominal value in pounds
y	=	Yield, quoted as a percentage and up to three decimal places
n	=	Number of calendar days from the settlement date to the maturity date

The settlement proceeds P will be rounded to the nearest penny for each transaction (0.5 pence is rounded up).

2. Treasury bill tenders

2.1 Treasury bills are issued at weekly tenders, held by the DMO on the last business day of each week (ie usually on Fridays). The DMO announces the size of the following week's tender and the maturity of bills on offer at the preceding week's tender. These announcements are made on the DMO's wire service pages¹¹.

2.2. The DMO may also issue Treasury bills to assist the Bank of England in its management of the sterling money markets. If requested by the Bank, the DMO would consider adding an additional amount of bills to a tender and in which case it would identify, in its usual announcements, any amount being issued for the Bank.

Participation

2.3. Direct bidding by telephone in Treasury bill tenders is open to the following eligible participants:

- DMO cash management counterparties – who may make bids on existing direct dealing telephone lines.
- Treasury bill primary participants – (see Annex A).
- A limited range of wholesale market participants who have established a dealing relationship¹² with the DMO.

2.4. Primary participants have indicated that, subject to their own due diligence controls, they are willing to bid at tenders on behalf of other parties.

2.5. Eligible participants may bid in tenders in their own name and/or on behalf of clients; it will be the responsibility of the client and the eligible participant to agree bilaterally the payment and custody arrangements for any Treasury bill holdings acquired in a tender.

Bidding at Treasury bill tenders

2.6. The key features of the Treasury bill tender process are:

- Tenders are held on a competitive bid yield basis.
- All bids must specify the maturity of bills being bid for, and must be made on a percentage money market yield basis¹³. Bids may be made up to three decimal places, and must include the nominal amount bid for at each yield.
- Bids must be for a minimum of £500,000 nominal of bills. Above this minimum, bids must be made in multiples of £50,000. There is

¹¹ Reuters/Bridge/ADP, DMO/CASH11, Telerate, 15710 to 15711, Topic 44670 to 44671, Bloomberg, DMO9<GO>.

¹² In accordance with the arrangements set out under "Cash management counterparty selection" in the Operational Notice. When arranging for a telephone bidding facility, allowance should be made for the timescale involved in setting up such arrangements.

¹³ See the section on pricing for the settlement convention the DMO uses for these purposes.

no limit to the number of bids that may be submitted by each tenderer.

- All bids must be received by 11.00 am (London time) on the day of the tender.

Processing of bids

2.7. On receipt of bids from eligible participants the DMO will:

- rank bids for each maturity on offer by yield. Bills will then be allotted to those bids that are at, or below, the yield deemed by the DMO to be the highest accepted yield. Bids at the highest accepted yield may only receive a proportion of the nominal amount of bills bid for;
- reserve the right not to allot the total amount of bills on offer, to cancel any tender and not allot any bills (although it would consider this only in exceptional circumstances), and to reject and scale bids. At the cut-off point a scaling ratio will be calculated and applied to bids at the highest accepted yield. These amounts will be rounded down to the nearest minimum denomination of £25,000. Any residual amount will then be split in tranches of the minimum denomination and allocated to tenderers firstly in order of size of bid (with larger bids taking precedence) and then time of bid (with earlier¹⁴ bids taking precedence);
- publish the results of the tender on its wire services pages and on its web site www.dmo.gov.uk as soon after 11.00 am (London time) as possible¹⁵. The results set out the amounts applied for and allotted respectively at each maturity, the lowest, average and highest accepted yields together with a weighted average percentage allotted at the highest accepted yield (ie, weighted by the amount bid)¹⁶; and
- announce, at the same time, the amounts on offer at each maturity at the next tender, together with an outline of any ad hoc tenders to be held in the following week.

Maturity of bills issued

2.8 Bills issued at tenders currently mature on the first business day of the week, four weeks, thirteen weeks, twenty six weeks or fifty two weeks respectively following the issue date, which will be the first business day of the week following the tender.

2.9. If Treasury bills are due to be issued or to settle in weeks including bank holidays, the exact maturity of the bills at issue will be adjusted to ensure repayment on the first business day of the relevant week.

¹⁴ Based on the time a bid is input to the DMO's tender processing system.

¹⁵ The results of the 52 tenders held in 2000-01 were made available on average within 13 minutes of the close of the tender.

¹⁶ For example, 2 bids are successful at the highest accepted yield and there is £100m left to allot. If bid X was for £200m and bid Y was for £1m, X would receive about 49.8% (£99.525m) of its amount bid and Y would receive 47.5% (£0.475m); the weighted average percentage at the highest accepted yield would be $((200 \times 49.7625) + (1 \times 47.5)) / 201 =$ about 50%.

Announcements of future tenders

2.10. Following the final tender at the end of each calendar quarter, the DMO will issue a notice outlining the maturities of Treasury bills available in each week of the following quarter.

3. Settlement and depository arrangements

3.1 The main features of the settlement and depository arrangements relating to Treasury bills are:

Settlement

- Successful tenderers will be contacted by the DMO following the publication of the results of the tender to which their allotments relate. The DMO will confirm the nominal amount of Treasury bills allotted, the purchase consideration bearing in mind the accepted bids and the purchasers' settlement instructions. The DMO will also ask the purchaser for their preferred bill denominations. As noted above the minimum denomination of Treasury bills at issue is £25,000 nominal.
- An exchange of confirmations will follow. Treasury bill allocations resulting from tenders will be settled on the first business day of the following week; this will also be the issue date of the Treasury bills purchased.
- A CHAPS payment for the full consideration must be received by the Bank of England, from a European Economic Area regulated credit institution, **for credit of the DMO's account at Sort Code 10-18-00, by 1.30pm (London time) on the settlement date**¹⁷. The purchased Treasury bills will only be released to, or made available for withdrawal from, the purchaser's account at the CMO¹⁸ (or its equivalent) once this payment has been received.
- Treasury bills may be split into smaller denominations or reconstituted into larger denominations on request to the Bank of England, Custodial Services Group, Treasury bills section (020 7601 3302). Currently, the minimum denomination for such splits is £5,000; to bring it into line with the minimum denomination at issue, the DMO intends to increase the minimum split denomination to £25,000 as from 2 January 2002.
- Transactions in Treasury bills can also be settled across Euroclear.

Depository

3.2 Treasury bills can be held in the CMO, which is operated by the Bank of England on behalf of CRESTCo. The CMO is the central depository for Treasury bills.

3.3 It is also possible to hold Treasury bills through Euroclear through the relevant specialised depository.

¹⁷ Unless in any particular case the DMO agrees a different method of settlement.

¹⁸ Central Moneymarkets Office.

3. Withholding tax

4.1 All payments to holders of Treasury bills will be made without withholding or deduction for or on account of any taxes of whatever nature imposed or levied by or on behalf of the United Kingdom or by any political sub-division of or taxing authority in the United Kingdom unless required by law.

5. Treasury bill primary participants

5.1 Annex A contains a list of banks that have agreed, subject to their own due diligence, to bid at Treasury bill tenders on behalf of investors; they will also provide secondary dealing levels for Treasury bills.

5.2 All participants at Treasury bill tenders must be registered financial institutions, regulated by the FSA and subject to its rules and guidance in their activities.

Annex A:

Treasury bill primary participants (at 21 September 2001)¹⁹

The primary participants listed below are banks that have agreed, subject to their own due diligence, to bid at Treasury bill tenders on behalf of investors; they will also provide secondary dealing levels for Treasury bills .

Barclays Bank plc	020 7773 9650
Cater Allen International Ltd	020 7383 9520
Credit Lyonnais	020 7782 0106
Deutsche Bank	020 7547 0009
Halifax Group Treasury & Wholesale Banking	020 7374 0484
JP Morgan Securities Ltd	020 7779 3180
Salomon Brothers International Ltd	020 7256 5471
The Royal Bank of Scotland plc	020 7986 9535
UBS Warburg	020 7328 0203

¹⁹ The DMO will update this list as necessary – a current version will appear on its web site www.dmo.gov.uk.

Annex B: Contacts/information

Cash dealing unit - participation/dealing issues

020 7862 6522
020 7862 6518
020 7862 6527

Settlements team – settlement, custody and depository issues

020 7862 6542

Risk management unit - legal/compliance issues

020 7862 6523

Press/media issues

020 7862 6532

Further information on the Treasury bill programme can be accessed on the DMO web site www.dmo.gov.uk (in the money markets pages) and in the DMO's Quarterly Reviews published each January, April, July and October (and which are also available on the DMO web site in the publications pages). The DMO also publishes information on its Treasury bill and money markets activities on the following wire services:

Information	Reuters/Bridge/ADP	Telerate	Topic	Bloomberg
Money market announcements	DMO/CASH 01	15700 to 15709	44660 to 44669	DMO9<GO>
Treasury bill tenders	DMO/CASH 11	15710 to 15711	44670 to 44671	DMO9<GO>
Ad hoc tenders	DMO/CASH 16	15715 to 15716	44675 to 44676	DMO9<GO>

Appendix 2

General terms and conditions for telephone dealing

- Telephone deals with the DMO are irrevocable.
- Telephone calls to the DMO's dealing desk and settlements desk will be tape-recorded.
- The DMO's record of a deal will prevail in the event of any dispute or misunderstanding.
- The counterparty will be wholly responsible for ensuring that it has complied fully with all applicable anti-money laundering legislation and regulations in all transactions and its business relationship with the DMO.

Ad hoc tender terms and conditions for telephone bidding

- The terms and conditions of issue are set out in the DMO's cash management / Treasury bill tender announcement.
- Telephone applications must be for or of a minimum of £5 million nominal and must be made in multiples of £1 million nominal thereafter.
- A maximum of five bids (or offers) per maturity on offer (or advised) at each tender may be submitted by any one counterparty.
- Bids (or offers) must be received by the latest time specified as such in the DMO's cash management announcement.
- Each bid (or offer) must specify: the name of the tenderer; the maturity being bid for (or offered), the yield of each bid (or offer); and the quantity of each bid (or offer). Separate bids (or offers) must be made for each maturity.

Appendix 3

Dealing Room Voice Systems

The DMO's dealing room voice system is an IPC DK2000 digital voice switch. This system as currently configured supports Fig.1 (Ring In / Loop Out) and Fig. 2 (Ring In / Ring Out) analogue line interfaces. Other standard analogue line interfaces can be accommodated by arrangement if required.

Counterparties will need to order a private voice circuit between their own and the DMO's dealing rooms, with themselves as the "A" end and the DMO as the "B" end. Counterparties are free to select the carrier of their choice subject to suitable presentation at the DMO's site. The DMO currently has telecommunications presentation from COLT Telecommunications and BT.

The technical contact at the DMO for any enquiries relating to voice communications is Graham Fletcher (Tel. 020 7862 6574, e-mail graham.fletcher@dmo.gsi.gov.uk).