

Independent Reference Prices Review

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PRESS NOTICE

CONSULTATION ON THE SUCCESSOR ARRANGEMENTS FOR GILT AND TREASURY BILL REFERENCE PRICES

The Independent Reference Prices Review ('the Review'), headed by Professor David Miles CBE, is today launching a consultation to inform a recommendation on the future provision of gilt and Treasury bill reference prices. The Review was commissioned by the government to facilitate the transition of the present administration of end of day Gilt-edged Market Makers Association ('GEMMA') and Treasury bill reference prices from the UK Debt Management Office ('the DMO') to suitable successor arrangements in a transparent and orderly fashion.

The Review seeks feedback from a wide range of interested stakeholders. This will be used to build up an evidence base to enable an informed decision on the necessary features of any successor arrangements. The consultation also requests views on how to manage the transition to any new arrangements for the provision of reference prices.

Following the consultation, the Review intends to publish an invitation to potential providers to submit business proposals for evaluation by the Review team over the summer. The criteria used to assess the proposals will be informed by the feedback from the consultation.

The consultation document is available on the [Price Provision](#) page on the DMO website: www.dmo.gov.uk. **The closing date for the submission of written views to the Review via the e-mail address above is 19 June 2016.**

NOTES TO EDITORS

1. The DMO announced on 21 January 2015 its strategic intention to withdraw in due course from the provision of daily end of day GEMMA and Treasury bill reference prices.

2. The DMO engaged with market participants to explore the requirements for gilt and Treasury bill prices, to build stakeholder consensus around the conditions for the DMO ceasing to provide reference prices, and to help stakeholders to identify potential alternative ways that requirements can be met.
3. On 31 July 2015 the DMO announced that an individual would be appointed to head an independent review of price provision by the DMO and to provide recommendations to Treasury Ministers on any successor arrangements. It was announced on 8 January 2016 that Professor David Miles CBE had been appointed to lead the Review.
4. Professor Miles was a member of the Bank of England's Monetary Policy Committee from June 2009 to August 2015. He is a Professor at Imperial College London, where he was formerly head of the Financial Economics department. He is Chair of the Trustees of the Institute for Fiscal Studies, and a trustee and research fellow of the Centre for Economic Policy Research. Professor Miles was Chief UK Economist at Morgan Stanley from October 2004 to May 2009 and has acted as a specialist economic advisor to the Treasury Select Committee. He is also a former editor of "Fiscal Studies".
5. The DMO currently formally publishes reference prices in all gilts on behalf of GEMMA. GEMMA reference prices were introduced in July 1996 and were published by the Bank of England until April 1998, when the responsibility transferred to the DMO. The DMO currently requires all GEMMs to contribute closing reference prices in all gilts (not including Strips) at the end of each business day. The DMO uses these contributions to produce end of day reference prices and associated redemption yields for each gilt. These prices are used by the DMO to derive reference prices for Strips.
6. The DMO has been publishing reference prices for Treasury bills since September 2003 and these are intended to provide indicative prices for the purpose of CREST valuation of collateral transfers. These prices are calculated by the DMO from prevailing General Collateral (GC) repo rates adjusted by a spread which reflects the results from recent Treasury bill tenders.
7. The gilt and Treasury bill reference prices, including those derived by the DMO, are published to the DMO's wire services pages, on the DMO's website, and transmitted directly to various stakeholders. The DMO will continue to publish reference prices until the successor arrangements are in place.
8. All announcements concerning the Review are available on the [Price Provision](#) section of the DMO website: www.dmo.gov.uk