**Minutes of meeting with gilt investors in Scotland on 13 January 2012**

Officials from the DMO and HM Treasury met representatives of Scottish-based gilt investors in Edinburgh on 13 January 2012. The meeting complemented those held at HM Treasury, in London, on 12 January 2012 and was held primarily to allow investors based in Scotland to give their views on the structure of the DMO's financing remit for 2012-13. The gross financing requirement for 2012-13 is currently forecast to be around £189 billion (compared to £181.4 billion forecast for 2011-12). The DMO's financing remit for 2012-13 will be published alongside the Budget on 21 March 2012.

The main points discussed at the meeting are summarised below.

There was a general sense that the structure of the remit in 2011-12 had worked well and that an approach along the same lines looked to be appropriate for 2012-13, given the similar expected quantum of financing.

The investors felt that there was ongoing strong demand for index-linked gilts and suggested that the proportion sold next year could be increased marginally, but they did not think a major increase was either required or expected (given that net supply would be higher next year due to the lack of any index-linked gilt redemptions). Investors also reported that the focus of demand on the real curve was currently more in the 20-30 year area than in the ultra-long maturities. A preference for larger index-linked auctions (as opposed to an increased number of operations) was expressed; such a change would, they suggested, help make the process around auctions more orderly.

Equally no radical changes were anticipated within the maturity structure of conventional issuance. Investors suggested that decisions on next year's issuance split might need to reflect the impact of the Bank of England's asset purchase programme on general market liquidity. Investors also expressed the view that there was no current need for any new issues at the long-end of the curve.

A suggestion was also made that, given the current degree of market volatility, it might be worth considering a shortening of the consultation and issuance calendar setting process in order to build in a greater element of flexibility, thereby better capturing prevailing market preferences for particular stocks. In that context, it was felt that an ongoing (relatively small) tender programme also represented a valuable element of flexibility in delivering the remit.

Some investors raised the future of CPI linked gilts, where there was some expectation that such gilts would be issued at some point in the future. One investor also raised the subject of the possible redemption of 3½% War Loan.