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01/00

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## **PRESS NOTICE**

### **UK GOVERNMENT CASH MANAGEMENT**

The United Kingdom Debt Management Office's ("DMO") press release of 29 July 1999 (reference 23/99) provided an indicative timetable for the transfer of responsibility of Exchequer cash management to the DMO and announced the issue of the Exchequer Cash Management Operational Notice ("Operational Notice"). This press release provides a further update on the intended timing of transfer and also announces the publication of an updated version of the Operational Notice.

#### Timing of transfer

The DMO will assume responsibility from the Bank of England for the processing of structured (ie weekly) sterling Treasury bill tenders with effect from 14 January 2000, although the Bank will continue to determine the size of the tender and maturity of bills on offer until the final transfer of cash management has taken place. From 14 January 2000, all tenders for sterling Treasury bills will be made to the DMO using the conventions set out in the Exchequer Cash Management Operational Notice. From this date, Treasury bills issued to successful tenderers will be made from the Debt Management Account rather than from the National Loans Fund.

From 14 February 2000, the DMO expects to undertake a limited range of bilateral transactions (potentially including repo, reverse repo and outright purchases and sales) with some counterparties, initially in small size, with the intention of smoothing part of the Exchequer component of the Bank's money market forecast. The Bank will retain final responsibility for managing the balance of the Exchequer's cash flow

up until full responsibility for cash management is transferred to the DMO, which is expected to be around the end of the first quarter of 2000.

### Operational Notice

The Operational Notice, which sets out the broad framework of the DMO's intended Exchequer cash management operations, has been re-issued today, replacing the version issued on 29 July 1999. The key changes to the Notice relate to the requirements for the submission of paper bids at structured Treasury bill tenders and provide an optional change to the method of repayment of Treasury bills on maturity. The re-issued Operational Notice is being circulated today to the DMO's main contacts and counterparties, is available on request from the DMO and will also be appearing, together with this press notice, on the DMO's website at [www.dmo.gov.uk](http://www.dmo.gov.uk).

### NOTE TO EDITORS

This press notice provides details of the transfer of responsibility for Exchequer cash management to the DMO which was initially set out in the Chancellor of the Exchequer's letter to the Governor of the Bank of England of 6 May 1997. This letter set out details of the new monetary policy framework and the transfer of sterling government debt and cash management responsibilities from the Bank to the Treasury. The DMO, an Executive Agency of the Treasury, took over responsibility for debt management on 1 April 1998.