



United Kingdom  
Debt Management  
Office

# **The Debt Management Account Deposit Facility**

## **Operational Notice**

June 2014

(version 7)

# Introduction

## Operational Notice – June 2014

The Debt Management Account Deposit Facility is a facility offered to pre-authorized UK Local Authority treasury managers wishing to deposit funds on a fixed term basis with central government, thus ensuring maximum safety, liquidity and flexibility for them, and, at the same time, offering a possible cost saving for the Government's own cash management operations.

This Operational Notice sets out the arrangements for the Debt Management Account Deposit Facility ("DMADF") and indicates how the UK Debt Management Office ("DMO") will interact with scheme participants.

It replaces all previous versions, the most recent of which was published in October 2009.

### **Any enquiries about this document should be addressed to:**

Cash Dealers

#### **UK Debt Management Office**

Eastcheap Court

11 Philpot Lane

London EC3M 8UD

[cash.dealers@dmo.gsi.gov.uk](mailto:cash.dealers@dmo.gsi.gov.uk)

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# Mechanics of the Facility

## Vires

1. By applying to participate in the DMADF, the Authority represents to the DMO that it has the necessary powers, and has gone through the appropriate internal procedures, to enable it to invest with the DMADF. Such representations will be deemed to be repeated by the participant on each date on which a deposit is placed into the DMADF.

## Objectives of the DMADF

2. The DMO provides the service as part of its cash management operations and as part of a wider series of measures designed to improve local and central government's investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options, while saving interest costs for central government.

## The Debt Management Account

3. All deposits taken will be placed in, and interest paid from, the Debt Management Account ("DMA"). The DMA, for which the DMO's Chief Executive is the Accounting Officer, is administered by the DMO and therefore represents a direct claim on HM Government.

## Products

4. The products on offer will be fixed-term deposits. Products may be revised from time to time, at the DMO's sole discretion, in which case participants will be given prior notice of any changes affecting them.
5. By making a deposit, a participant enters into a contractual obligation to deposit sums in the DMA for the amount and for the period agreed. Deposits shall not be returnable until this agreed period expires.
6. The DMO will, on request, quote market-related rates to participants for any fixed term deposit (ranging from overnight to six months) that matures on a UK business day. Rates quoted will be for same-day settlement and may fluctuate intra-day.

7. The minimum deal size will depend on the length of maturity of the deposit (see table below); there will be no maximum deal sizes.

Minimum deal size	Maturity
£1,000,000	Up to and including 7 days
£500,000	8 to 14 days
£250,000	15 days to 6 months

### Interest

8. Principal and interest for all deposits will be returned on the final maturity dates of the deposits. All interest will be calculated on a sterling money market basis (actual / 365 days).

### Dealing times

9. On each UK business day, the DMO will be available from 8:00 am to 2:00 pm to quote DMADF rates for overnight deposits, and from 8:00 am to 12 noon for all other term deposits.

### Dealing arrangements

10. The key features of the operation of the DMADF are as follows:

- A dedicated telephone number that calls directly to the DMO's dealing desk is given to participants.
- Telephone deals transacted with the DMO will be irrevocable.
- Telephone conversations with the DMO's dealing desk will be recorded.
- The DMO's record of a deal will prevail in the event of any dispute or misunderstanding.
- Deals may not be arranged by e-mail or other messaging media.
- Deposits are accepted in sterling currency only.

- Each participant will endeavour to comply fully with all applicable codes of conduct and legislation, including anti-money laundering legislation and regulations, in all transactions and in its business relationship with the DMO. Participants should take their own advice on this issue as necessary.
- The DMO reserves the right, in exceptional circumstances and without notice, to temporarily suspend the acceptance of all or any new deposits for any period, but such suspensions will not affect the terms on which any outstanding deposits have been accepted. The DMO also reserves the right, at any time, to terminate the operation of the DMADF, but will use its best endeavours to give reasonable prior notice in writing.
- If the DMO is unable to process deposits (including crediting of interest), withdrawals or repayments of principal and interest on maturity, because of circumstances beyond its control, principal and interest claims will not be met while those circumstances prevail, although the DMO will endeavour to complete such processing at the earliest opportunity. Interest will only accrue from the time monies are received into the DMA, regardless of the time or date on which they were dispatched. DMO will pay interest on delayed payments of principal and interest.

### **Authorised dealers**

11. A list of dealers authorised to take deposits on behalf of the DMO will be provided to applicants upon acceptance as a participant in the DMADF. An up-to-date list will be sent to each participant following any amendment. Further copies will be available upon request from the DMO.
12. For each participant, the DMO requires the names and contact details of all authorised dealing staff before any deposits can be accepted, and to be informed of any subsequent changes in authorised personnel.

### **Settlement arrangements**

13. The key features of the settlement arrangements are as follows:
  - Once a deal has been struck, the DMO settlements team will telephone the counterparty participant to confirm the details of the transaction. A written confirmation will be generated for each trade and faxed to the participant.

- The DMO must receive deposits from participants by way of CHAPS payments to the DMADF account at the Bank of England (sort code: 10-18-29, account number: 22573569) by 2:30pm on the settlement date.
  - Telephone conversations with the DMO's settlements team will be recorded.
  - Repayment of deposits will be made by CHAPS payment and the DMO will endeavour to ensure repayments of principal and interest are made by midday on the relevant maturity date(s).
  - The DMO will require, as part of the application process, the names and contact numbers of all key settlement staff and also standard settlement instructions in respect of each participant. Updates will be required as soon as changes are known.
14. For any enquiry regarding settlement issues, please contact DMO's Settlements Team (tel. no. 020 7862 6565, e-mail <settlements@dmo.gsi.gov.uk>).

## Other terms and conditions

15. This Operational Notice and each DMADF transaction undertaken shall be governed by and construed in accordance with the laws of England.
16. The DMO reserves the right to change the terms of its Operational Notice from time to time and the acceptance of this Notice will be deemed also to be acceptance of any future changes, unless advice to the contrary is received. The DMO will endeavour to give adequate notice of any material changes and, where considered appropriate, to consult participants and others on significant proposed changes.
17. All transactions entered into in relation to this facility will be treated as confidential by both parties.
18. Where a party notifies the DMO that it will cease to be a participant in the DMADF, records of that party's transactions will be retained by the DMO for a period of six years after final withdrawal from the facility, and then securely destroyed.

# Annex A: DMO contacts

## Cash dealing desk – participation/dealing issues

020 7862 6527 (cash.dealers@dmo.gsi.gov.uk)  
020 7452 0065 (DMADF)

## Settlements team – settlement and custody issues

020 7862 6542 (settlements@dmo.gsi.gov.uk)  
020 7862 6565 (settlements@dmo.gsi.gov.uk)

## Risk management unit – legal/compliance issues

020 7862 6523 (riskteam@dmo.gsi.gov.uk)  
020 7862 6625 (legaldocumentation@dmo.gsi.gov.uk)

## Press/media issues

020 7862 6532 (pressofficer@dmo.gsi.gov.uk)

## Telecommunications

020 7862 6573