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PRESS NOTICE

SYNDICATED RE-OPENING OF 1⁵/₈% TREASURY GILT 2071 IN THE WEEK COMMENCING 8 OCTOBER 2018: APPOINTMENT OF SYNDICATE

The United Kingdom Debt Management Office (DMO) announces the appointment of a syndicate to sell by subscription the forthcoming re-opening of 1⁵/₈% Treasury Gilt 2071.

Joint Bookrunners: BNP Paribas, J.P. Morgan, Lloyds Bank Corporate Markets and Nomura.

Co-Lead Managers: All other panel member Gilt-edged Market Makers (GEMMs) have been invited to be Co-Lead Managers.

The DMO has appointed a panel comprising exclusively wholesale GEMM firms from which it will choose syndicate members for the conduct of the programme of syndications in 2018-19. The programme is currently planned to raise a minimum of £19.6 billion via four transactions (two each of long conventional and index-linked gilts). Sales to-date are £10.7 billion.

This third transaction in the 2018-19 programme is planned to take place in the week commencing 8 October 2018, subject to market and demand conditions. Further details of the sale will be announced in due course.

Notes for editors

The DMO's financing remit for 2018-19, published alongside the Spring Statement on 13 March 2018, included the provision for a programme of syndicated offerings to be held in 2018-19 aiming to raise a minimum of £17.0 billion¹ (split £9.0 billion of long conventional gilts and £8.0 billion of index-linked gilts). The DMO also announced that it envisaged holding four syndicated offerings (two each of long conventional gilts and index-linked gilts) in 2018-19.

¹ Figures in this Press Notice are in cash terms unless stated otherwise.

At the remit revision announced alongside the publication of the 2017-18 CGNCR (ex NRAM, B&B and NR)² outturn on 24 April 2018, the minimum size of the syndication programme in 2018-19 was increased by £1.0 billion to £18.0 billion with the increase split equally between the long conventional and index-linked gilt programmes, taking the minimum sizes of those programmes to £9.5 billion and £8.5 billion respectively.

The remit for 2018-19 also included an initially unallocated portion of gilt issuance of £6.6 billion, which was increased to £6.7 billion at the remit revision on 24 April 2018. The remit provides that this portion can be used to issue any type or maturity of gilt via any issuance method. It is expected, however, that the unallocated portion will primarily be used to increase the size of syndicated offerings (where warranted by the size and quality of demand), and/or to increase average sizes of gilt auctions (for example, if they are reduced by the take-up of the Post Auction Option Facility (PAOF)). The unallocated portion can also be used to schedule gilt tenders.

£1.0 billion of the unallocated portion of issuance was transferred to the long conventional syndication programme on 15 May 2018 and £600 million was transferred to the index-linked syndication programme on 11 July 2018, as a consequence of the sizing decisions at the first two syndications in the current programme. The results of syndications held to-date in 2018-19 are summarised in the table below:

Date	Gilt	Size (£mn nom)	Issue Price (£)	Issue Yield (%)	Proceeds (£mn cash)
15 May 2018	1½% Treasury Gilt 2071	6,000	97.615	1.693	5,843
11 Jul 2018	0% Index-linked Treasury Gilt 2041	3,250	148.973	-1.617	4,835
<i>Figures may not sum due to rounding.</i>					10,679

As a result of these transfers, the minimum size of the long conventional syndication programme was increased to £10.5 billion and that of the index-linked syndication programme was increased to £9.1 billion.

£4.7 billion remains to be raised to meet the minimum planned size the size of the long conventional syndication programme. The current size of the remaining unallocated portion of gilt issuance is £3.6 billion³.

On 31 August 2018 the DMO announced plans to re-open 1½% Treasury Gilt 2071 by syndication in the first half of October 2018.

On 21 September 2018 the DMO announced that it plans to re-open 1½% Treasury Gilt 2071 by syndication in the week commencing 8 October 2018.

This Press Notice will be appearing on the DMO's website at: www.dmo.gov.uk

² Central Government Net Cash Requirement (excluding Northern Rock (Asset Management) (NRAM), Bradford and Bingley (B&B) and Network Rail (NR)).

³ £1.5 billion of the unallocated pot was also transferred to the gilt auction programme on 31 August 2018.