



United Kingdom
Debt Management
Office

The Debt Management Account Deposit Facility

Operational Notice

April 2019

(Version 9.0)

Introduction

Operational Notice – April 2019

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 August 2018.

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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 confirming the deposit details via telephone, 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. The DMO reserves the right to charge interest for late or non-receipt of deposits.

6. The DMO will, on request, quote market-related rates to existing 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 are no maximum deal sizes.

Minimum deal size	Minimum maturity period
£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 Business Operations team will be available from 8:00 am to 3:00 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 for Business Operations is provided to participants.
 - Telephone deals transacted with the DMO will be irrevocable.
 - All telephone conversations with the Business Operations team are recorded.

- The DMO's record of a deal will prevail in the event of any dispute or misunderstanding.
- Deals may not be arranged by email or other messaging media.
- Deposits are accepted in sterling currency only.
- Each participant is responsible for complying fully with all applicable laws, regulations and codes of conduct, 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. The DMO will pay interest on delayed payments of principal and interest.

11. Business Operations will require the following information from existing participants in order to accept a deposit request:

- Local Authority full name
- Name and telephone number of the authorised dealer
- Deal size and maturity date

12. Business Operations staff will verbally confirm the terms of the deal (including the applicable interest rate).

13. Once a transaction has been agreed, the participant should send email verification to dmadf@dmo.gov.uk or on exception, the DMO Settlements team may telephone one of the participant's authorised settlements staff to confirm the details of the transaction

(telephone conversations with the DMO's Settlement team are also recorded). The template required for email verification can be requested at any time by sending an email to dmadf@dmo.gov.uk.

14. Once verified, a confirmation letter is generated for each trade and emailed to the participant on the transaction date. The participant is expected to review the confirmation letter and advise the DMO if they believe that any details are incorrect.

Authorised persons

15. A list of persons authorised to take deposits on behalf of the DMO will be provided to applicants upon acceptance as a participant in the DMADF. Any changes will be communicated to existing participants.

16. For each participant, the DMO requires the names and contact details of all authorised dealing and settlement staff before any deposits can be accepted, and to be informed of any subsequent changes in authorised personnel. Standard settlement instructions must also be in place before any deposits can be accepted. On maturity, funds can only be returned to the standard settlement instructions that the DMO has on record. The DMO expects standard settlement instructions to be refreshed regularly by participants.

Settlement arrangements

17. The key features of the settlement arrangements are as follows:

- The DMO must receive deposits from participants by way of CHAPS payments to the DMADF account at the Bank of England by 3:30pm on the settlement date. The DMADF account details will be confirmed to existing participants as part of the dealing arrangements.
- 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).

Data protection

18. Personal data that is collected by the DMO in processing and the management of deposits is subject to Data Protection laws including the General Data Protection Regulation (GDPR). Further information regarding the rights of individuals under GDPR can be found on the DMO website at <https://www.dmo.gov.uk/terms-of-use/privacy-notice/>

Other terms and conditions

19. This Operational Notice and each DMADF transaction undertaken shall be governed by and construed in accordance with the laws of England.

20. 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, may consult participants and others on significant proposed changes.

21. All transactions entered into in relation to this facility will be treated as confidential by both parties to the fullest extent permitted by law, but the DMO reserves the right to share information with regulators and other market authorities in appropriate circumstances. The DMO, as an executive agency of Her Majesty's Treasury, also shares certain information with Her Majesty's Treasury. Since 1 January 2005, the DMO is, as a 'public authority', subject to the provisions of the Freedom of Information Act 2000, which establishes a general right to access information held by the DMO. Further details are available from the DMO website or on request. Where the DMO provides information to a third party under the terms of the Act, it may as a courtesy notify the relevant participant of the information provided, but in keeping with its obligations under Data Protection legislation will not identify the person making the request. The DMO must balance the legitimate interests of all parties involved against public expectations of accountability, openness and transparency.

22. 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.

23. The DMO may, at its absolute discretion, accept instructions received outside of these parameters.

Annex A: DMO contacts

Business Operations team

Telephone 020 7862 6698
Email dmadf@dmo.gov.uk