RECORD OF THE DMO CONSULTATIONS WITH GILT MARKET PARTICIPANTS AHEAD OF THE ANNOUNCEMENT OF THE OCTOBER TO DECEMBER 2026 GILT OPERATIONS CALENDAR

The DMO held consultations with the Gilt-edged Market Makers (GEMMs) and with representatives of gilt investors on Monday 24 August 2026 in hybrid form, with some participants attending at the DMO's offices and others joining via conference/video call.

The consultations were primarily intended to inform the choice of gilts to be sold via auction and syndication in the third quarter of financial year 2026-27, as well as the dates and maturity sectors for programmatic gilt tenders in the period.

The DMO set out a schedule of 12 gilt auction dates in Q3 2026-27, together with a proposed maturity split for conventional gilt auctions. The DMO is currently planning to schedule one syndicated offering in Q3 2026-27 for the sale of a new or existing index-linked gilt in November 2026. The DMO also set out preliminary proposals for a schedule of programmatic gilt tenders in Q3 2026-27.

In discussion, the following main points emerged.

<u>GEMMs</u>

Index-linked gilt syndication

Amongst those attendees who provided an opinion the most frequent preliminary recommendation was for the launch of a new index-linked gilt maturing in 2043. However, other bonds mentioned included IL 2038, IL 2049, IL 2054 and IL 2056. A number of attendees suggested it would be prudent to wait until closer to the time of the transaction before confirming the choice of gilt for sale.

Conventional (10 auctions)

Short (five auctions)

There was unanimous support for two re-openings of the new 3-year gilt, due to be launched via auction on 10 September 2026 and maturing on 22 May 2030, with an isolated call for a third re-opening of the gilt in Q3 2026-27. All attendees also recommended two re-openings of 4⅝% 2032 with an isolated call for the gilt to be opened three times in the quarter. There was also strong support for one re-opening of 4⅛% 2033 in the October to December period.

Medium (four auctions)

All participants recommended one re-opening of 4⅞% 2036 during the quarter, with support from attendees for a second re-opening and an isolated call for a third re-opening in Q3 2026-27. GEMMs were also unanimously in favour of one re-opening of 5¼% 2041, with several calls for two re-openings. There was also strong support for a re-opening of 4⅝% Green Gilt 2037 and an isolated call for the launch of a new 7-year maturity gilt during the quarter.

Long (one auction)

Many attendees favoured a re-opening of 5⅜% 2056 by auction in Q3 2026-27, with some recommendations for a re-opening of a longer maturity gilt.

Index-linked (two auctions)

Recommendations were primarily focussed on re-openings of IL 2031, IL 2035, IL 2038 and IL 2049 during the quarter, with isolated calls to re-open IL 2032 and IL 2033.

Programmatic gilt tenders

GEMMs continue to value the flexibility provided by gilt tenders at the margins of the financing programme, with support expressed by the majority of participants for the preliminary schedule of programmatic gilt tenders proposed by the DMO in October to December 2026. Some support was expressed for long issuance including 4% 2063 via a programmatic gilt tender in Q3 2026-27, but many attendees recommended retaining flexibility over the precise maturities to be issued until closer to the planned date of each gilt tender, in order better to reflect demand and prevailing market conditions at the time.

<u>Gilt investors</u>

Index-linked gilt syndication

A number of investors who provided feedback supported the launch of a new index-linked gilt maturing in 2043, although there were also calls for a re-opening of IL 2038.

Conventional (10 auctions)

Short (five auctions)

Amongst those participants who offered an opinion there was strong support for two re-openings of each of 4⅝% 2032 and the new 3-year gilt, which is scheduled for launch via auction on 10 September 2026 and which will mature on 22 May 2030. Amongst the investors who commented, there was also support for one re-opening of 4⅛% 2033 in the October to December period.

Medium (four auctions)

The majority of investors who provided feedback were in favour of at least one re-opening each of 4⅞% 2036, 4⅝% Green Gilt 2037 and 5¼% 2041.

Long (one auction)

Attendees who commented recommended a range of gilts for sale at the long auction in Q3 2026-27 including 4¼% 2046, 4¼% 2049 and 5⅜% 2056.

Index-linked (two auctions)

Where investors provided recommendations, they were mainly in favour of re-openings of IL 2035, IL 2038 and IL 2049 in Q3 2026-27, although there were isolated calls for re-openings of IL 2045 and IL 2056.

Programmatic gilt tenders

Attendees who commented were supportive of the use of programmatic gilt tenders in Q3 2026-27, although with a preference to retain flexibility over issuance choices until closer to the time of each transaction.

Timetable

The DMO will announce the details of the gilt operations calendar for October to December 2026 at 7.30am on Friday 28 August 2026.

The next consultations to discuss gilt issuance in the period January to March 2027 are currently scheduled for 3.30pm (gilt market investors) and 5.00pm (GEMMs) on Monday 16 November 2026.