

UK DEBT FINANCING REMIT: AN OPPORTUNITY FOR GILT MARKET INVESTORS TO PROVIDE VIEWS ON THE FINANCING PROGRAMME FOR 2011-12

Ahead of the formulation of the UK debt financing remit for 2011-12 and the provision of its advice to HM Treasury, the DMO is inviting views from existing and potential investors on the structure of the UK's financing programme in 2011-12. This is to allow all investors, including those based overseas or who are not easily able to attend the annual consultation meetings*, to present their views on the new financing programme directly via the DMO to the UK authorities. Feedback received by the DMO in advance of 10th January will also be shared with the Commercial Secretary to the Treasury and will supplement the views presented at the consultation meetings.

The latest projections, published in the Office for Budget Responsibility's (OBR's) Economic and Fiscal Outlook on 29 November 2010, show an illustrative gross financing requirement in 2011-12 of £169 billion, broadly similar to that of the current financial year.

As well as the main themes relating to demand for gilts in the next financial year, the DMO would be particularly interested in receiving views from investors on the split of issuance between gilts and Treasury bills, and within gilts the preferred maturity split of issuance between short-dated (up to 7-years maturity), medium-dated (up to 15-years maturity and long-dated (over 15 years and currently extending to around 50-year maturity) gilts.

In relation to issuance methods, the DMO is also keen to hear views on the continued use of syndicated offerings and gilt mini-tenders to supplement the scheduled auction programme and on whether the current proportion of overall gilt issuance via these methods relative to the auction programme (approximately 20%) continues to be appropriate.

Any other views on the nature and delivery of the financing programme for 2011-12 would also be welcome.

It would be greatly appreciated if any such views could be communicated to the DMO by close of business on 14 January 2011, either by email to policy@dmo.gsi.gov.uk or by telephone on +44 20 7862 6517 or +44 20 7862 6532.

**Each year (usually in January) consultation meetings are held to seek the views of market participants on the overall shape of the forthcoming financing programme. Views solicited at these meetings feed into the preparation of advice from the DMO to HM Treasury on the financing remit for the next financial year. Meetings are currently held in HM Treasury (and chaired by the Treasury Minister responsible for debt management) with i) representatives from the Gilt-edged Market Makers (GEMMs - the UK's primary dealers) and ii) with representatives of the gilt investor community. A subsequent meeting is held in Edinburgh. In 2011 the London and Edinburgh meetings are being held on 11 and 14 January respectively.*