

**28 JUNE 2002**

## **PRESS NOTICE**

### **STERLING TREASURY BILL TENDERS: JULY TO SEPTEMBER 2002 AND SETTLEMENT ARRANGEMENTS FOR MATURING TREASURY BILLS**

In the second quarter of the 2002-03 financial year, the DMO will hold a weekly tender, at which the Treasury bills on offer are likely to comprise a combination of one-month (approximately 28 days) and three-month (approximately 91 days) bills, with six-month bills (approximately 182 days) being issued on a monthly basis.

The precise quantities and maturities of sterling Treasury bills on offer, including any six-month bills, will be announced with the results of the tender in the week prior to the relevant tender but, as with three-month bills, the DMO expects the nominal amounts of six-month bills on offer at each tender to be relatively stable.

The tender and settlement dates for the tenders to be held in the July to September 2002 period are set out below.

<u>Tender date</u>	<u>Settlement date</u>
5 July	8 July
12 July	15 July
19 July	22 July
26 July	29 July
2 August	5 August
9 August	12 August

<u>Tender date</u>	<u>Settlement date</u>
16 August	19 August
23 August	27 August
30 August	2 September
6 September	9 September
13 September	16 September
20 September	23 September
27 September	30 September

The next quarterly notice outlining the likely nominal amounts on offer and maturities of sterling Treasury bills to be made available at tenders in the October to December 2002 period will be issued with the results of the tender to be held on 27 September 2002.

#### Settlement arrangements for maturing Treasury bills

The DMO is aware that the operational arrangements for the settlement of purchased and maturing Treasury bills may potentially present liquidity constraints in the Real Time Gross Settlement System ("RTGS") for some counterparties. Successful Treasury bill tenders will require payment for settlement through CHAPS on the same day that repayment is to be effected in respect of maturing Treasury bills through CMO at the end of the day.

In order to help alleviate any potential constraints generated by these arrangements, the DMO continues to be prepared to consider effecting the repayment in respect of maturing Treasury bills earlier on the maturity date via the CHAPS system. This arrangement would be available to DMO counterparties and telephone bidders and only on application to the DMO on the business day prior to the maturity date of the relevant Treasury bills, this should be confirmed in writing by 4pm on the same day. Applications should be made in the first instance by telephone to David Cuthbert or Neil Corkill on 020 7862 6542 or 020 7862 6565 respectively.

## NOTE TO EDITORS

The DMO publishes each quarter a timetable for Treasury bill tenders for the quarter ahead, and an indication of likely maturities. The DMO remit for 2002-03 published as part of the Debt & Reserves Management Report 2002-03, on 14 March 2002, stated that the DMO expected to begin issuing six-month Treasury bills in 2002-03. The first such issue was made on 3rd May 2002.

The settlement arrangements outlined above do not represent any change in policy. They were first outlined in the DMO's Cash Management Operational Notice January 2000. The potential difficulty arises because successful Treasury bill tenders will require payment for settlement through CHAPS on the same day that repayment is to be effected in respect of maturing Treasury bills through CMO at the end of the day.

Further information on Treasury bill issuance may be found in the UK Treasury Bills Information Memorandum which was published by the DMO in September 2001. This and the press release are available on the DMO's web site at [www.dmo.gov.uk](http://www.dmo.gov.uk).