

20/01

PRESS NOTICE

29 June 2001

GILT-EDGED AUCTIONS: JULY-SEPTEMBER 2001

In the second quarter of the 2001-02 financial year the UK Debt Management Office (DMO) plans to hold two outright auctions of gilt-edged stock and one index-linked gilt switch auction as set out below.

The DMO is also holding a conversion offer from 9% Treasury Stock 2012 into 5% Treasury Stock 2012, with the offer opening today and closing on 19 July – see the separate press release (21/01) of today's date.

Outright auctions

- Wednesday 25 July 2001: 2½% Index-linked Treasury Stock 2024.
- Wednesday 26 September 2001: a new long maturity, current coupon conventional stock with coupon dates of 7 March and 7 September, maturing in 2025. It is intended that the new stock will become strippable in due course. The DMO will give at least three months' notice of the stock becoming strippable.

Index-linked switch auction

- Thursday 19 July 2001: from 2% Index-linked Treasury Stock 2006 into 2½% Index-linked Treasury Stock 2016.

Auction pre-announcements

The nominal amounts to be auctioned outright, the coupon and maturity date on the new 2025 maturity stock, the maximum amount of 2% Index-linked Treasury Stock

2006 to be switched, and other terms of each auction will be announced at 3.30pm on the following dates:

- Tuesday 10 July for the switch auction out of 2% Index-linked Treasury Stock 2006.
- Tuesday 17 July for the auction of 2½% Index-linked Treasury Stock 2024.
- Tuesday 18 September for the auction of the new 2025 maturity conventional stock.

NOTE TO EDITORS

HM Treasury's remit to the DMO for 2001-02 was published on 7 March 2001 in the Debt and Reserves Management Report. Gilt sales of £13.50 billion (cash) are planned, divided as follows:

- Medium maturity conventional gilts: £4.75 bn
- Long maturity conventional gilts: £5.00 bn
- Index-linked gilts (2009 maturity and longer): £3.75 bn

Gilt sales at the two auctions held to date are £3.4 billion (£2.7 billion medium conventional and £0.9 billion index-linked)

Eight outright gilt auctions are planned in the current financial year – four conventional and four index-linked. The calendar for gilt auctions is as follows.

Date	Type
Wednesday 25 April 2001	2½% IL 2011
Thursday 24 May 2001	5% 2012
Wednesday 25 July 2001	2½% IL 2024
Wednesday 26 September 2001	New 2025 maturity conventional
Wednesday 24 October 2001*	Index-linked
Wednesday 28 November 2001*	Conventional
Thursday 24 January 2002	Index-linked
Wednesday 27 March 2002*	Conventional

* Subject to confirmation following the Chancellor's decisions on the Budgetary timetable

Decisions on the auction stocks for October-December 2001 will be announced by the DMO at 3.30pm on Friday 28 September 2001.

Index-linked switch auctions

The switch auction to be held on 19 July is the first switch auction between index-linked stocks. This type of operation was introduced after consultation with the market in Spring 2001 and is intended to facilitate switching longer by index-tracking

funds as a particular stock is about to fall out of the relevant index. 2% Index-linked Treasury Stock 2006 falls out of the FTSE over 5-year index-linked gilt index after the close of business on 19 July.

Index-linked gilts: restrictions on DMO “shop window” trading

As stated in its gilts Operational Notice the DMO will not make available its usual secondary market sale and purchase facilities in certain periods around auctions. For the next quarter this “purdah” period will apply in respect of the following stocks for the following periods:

- Index-linked stocks maturing in 2001, 2003 and 2004 – not in purdah;
- 2% Index-linked Treasury Stock 2006 – in purdah until the second Monday after the switch auction (30 July);
- 2½% Index-linked Treasury Stock 2016 and 2½% Index-linked Treasury Stock 2024 - in purdah from today until the second Monday after the outright auction (6 August);
- All other index-linked stocks in the maturity range 2009-2030 will be in purdah from two Mondays before the switch (9 July) until the second Monday after the outright auction (6 August).

New coupon dates

The new 2025 maturity stock to be auctioned on 26 September will become the second gilt (after 5% Treasury Stock 2012) to be issued on the new set of coupon dates (March/September). It is intended that both stocks will become strippable in due course after a 3-month period of notice has been given.

Conversion offer announcement

It is the DMO’s usual policy to announce conversion offers three weeks before the close of the conversion offer. Today’s conversion announcement coincides with the release of the quarterly calendar and this press release refers to that announcement for ease of reference.

This press notice (and today’s separate press notice 21/01 giving details of the conversion offer being announced today) will be appearing on the DMO’s web site at: www.dmo.gov.uk. The Debt and Reserves Management Report 2001-02 and the DMO’s remit for 2001-02 are also available on the DMO’s web site.