

RECORD OF THE DMO CONSULTATIONS WITH GILT MARKET PARTICIPANTS AHEAD OF THE ANNOUNCEMENT OF THE JULY TO SEPTEMBER 2026 GILT OPERATIONS CALENDAR

The DMO held consultations with the Gilt-edged Market Makers (GEMMs) and with representatives of gilt investors on Monday 18 May 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 second 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 15 gilt auction dates in Q2 2026-27, together with a proposed maturity split for conventional gilt auctions. The DMO is also planning to schedule two syndicated offerings during the period. In July 2026, the DMO provisionally plans for the sale of a new or existing index-linked gilt in the 15- to 20-year area. In September 2026, the DMO has provisionally planned for the sale of one or more new/existing medium and/or long conventional gilts, although the format and the choice(s) of gilt(s) to be sold will be confirmed closer to the time of the transaction. The DMO also set out preliminary proposals for a schedule of programmatic gilt tenders in Q2 2026-27.

In discussion, the following main points emerged.

GEMMs

Index-linked gilt syndication

A number of attendees who provided an opinion suggested the launch of a new index-linked gilt maturing in 2043 to mature in August, September or November that year. However, a re-opening of IL 2038 in July 2026 was also proposed.

Syndication of one or more new/existing medium and/or long conventional gilt(s)

Some attendees provided preliminary views on potential candidates for syndication in September 2026 including the launch of a new 10-year or 20-year maturity conventional gilt, or a re-opening of 5¼% 2041, with isolated calls for re-openings of 4¼% 2046 and 5¾% 2056. However, the majority of participants expressed a preference to avoid making any commitment at this stage, given the length of time before a transaction is planned to take place. Mixed views were expressed about the possibility of a dual tranche transaction.

Conventional (12 auctions)

Short (six auctions)

Strong support was expressed for at least one re-opening of 4% 2029 with many participants suggesting a second re-opening in Q2 2026-27. There was also a preference expressed for two re-openings of 4¾% 2033. Many attendees supported one re-opening of 4½% 2031 with a minority recommending two re-openings and an isolated call for three re-openings in the second quarter. The launch of a new three-year maturity gilt was suggested with a maturity date in December 2029, January, May or July 2030. A number of attendees favoured the launch of a new five-year maturity gilt in Q2 2026-27 with some recommendations for a re-opening of the new gilt during the second quarter. Suggestions were made for the new five-year gilt to mature in December 2031 and March 2032, with an isolated call for an October 2032 maturity. A number of attendees also noted commented favourably about the reduced weighted average maturity of issuance, which was seen as helpful to gilt market functioning.

Medium (five auctions)

Most attendees advocated for at least two re-openings of 4⁷/₈% 2036 in Q2 2026-27. There was also very strong support for a re-opening of 4⁵/₈% Green Gilt 2037, along with many recommendations for 5¹/₄% 2041 to be re-opened with one suggestion that it should be re-opened twice.

Long (one auction)

A re-opening of 5³/₈% 2056 at the planned long auction in the second quarter was proposed by a number of participants, given the recent use of the DMO's Standing Repo Facility in connection with that gilt, as well as some suggestions for re-openings of other long gilts (4¹/₄% 2046 and 1¹/₈% 2073). However, some attendees also noted that their preferences particularly for long auctions were contingent on decisions about long issuance via other distribution methods.

Index-linked (three auctions)

The most frequently recommended index-linked gilts for issuance in Q2 2026-27 were IL 2031, IL 2035, IL 2038 and IL 2049. There were isolated calls for a second re-opening in the quarter of IL 2031, IL 2035 and IL 2038, along with suggestions for re-openings of IL 2056 and IL 2073.

Switch auctions

Amongst those participants who provided opinions there was support for the scheduling of a switch auction through which a long-dated gilt, for example, could be exchanged for another long gilt, with different long gilts in that sector mentioned.

Programmatic gilt tenders

Participants at the meeting continued to value programmatic gilt tenders in providing flexibility at the margins of the financing programme, with support expressed for the preliminary schedule of programmatic gilt tenders proposed by the DMO in July to September 2026. The majority of 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.

Gilt investors

Index-linked gilt syndication

Most investors who provided feedback supported the launch of a new index-linked gilt maturing in 2043, or a re-opening of IL 2041 or IL 2038. It was also suggested to leave open the choice of gilt until closer to the time of the transaction.

Syndication of one or more new/existing medium and/or long conventional gilt(s)

Participants who expressed an opinion recommended retaining flexibility about the choice of gilt or gilts to issue at the planned syndication in September 2026, taking into account that the transaction is not due to take place for more than three months and any decisions need to reflect how demand and market conditions may evolve in the period ahead. Some preliminary support was expressed for the launch of a new 10-year or 20-year gilt in September 2026.

Conventional (12 auctions)

Short (six auctions)

Amongst those attendees who provided feedback there was support for at least one re-opening of 4% 2029 in the second quarter. A preference was also expressed by most participants who commented for one or two re-openings of 4½% 2033 and one re-opening of 4½% 2031 in Q2 2026-27. Investors who offered opinions were also in favour of the launch of new three-year and five-year maturity gilts in the July to September 2026 period, with some support for a new five-year gilt to be re-opened in the quarter.

Medium (five auctions)

Participants who offered an opinion favoured at least two or three re-openings of 4⅞% 2036, along with one re-opening each of 4⅝% Green Gilt 2037 and 5¼% 2041.

Long (one auction)

Mixed views were expressed regarding the precise maturity choice for the long-dated auction in Q2 2026-27, reflecting the pending decision on the maturity of the upcoming conventional syndication, as well as decisions on use of other distribution methods. There were some suggestions for a re-opening of 5⅜% 2056, 4¾% 2043, 4¼% 2046, 4¼% 2049 and 3¾% 2052.

Index-linked (three auctions)

Where investors provided recommendations, they were mainly in favour of re-openings of IL 2031, IL 2035 and IL 2049 in Q2 2026-27, although there were also calls for re-openings of IL 2038 and IL 2039.

Switch auctions

Those investors who commented suggested that a switch auction could be used to issue one gilt in exchange for another, in particular in the long-dated sector.

Programmatic gilt tenders

Attendees who commented were supportive of the use of programmatic gilt tenders in Q2 2026-27 but 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 July to September 2026 at 7.30am on Friday 29 May 2026.

The next consultations to discuss gilt issuance in the period October to December 2026 are currently scheduled for 3.30pm (gilt market investors) and 5.00pm (GEMMs) on Monday 24 August 2026.