

RECORD OF THE DMO CONSULTATIONS WITH GILT MARKET PARTICIPANTS AHEAD OF THE ANNOUNCEMENT OF THE OCTOBER TO DECEMBER 2025 GILT OPERATIONS CALENDAR

The DMO held consultations with the Gilt-edged Market Makers (GEMMs) and with representatives of gilt investors on Tuesday 26 August 2025 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 2025-26, as well as the dates and maturity sectors for programmatic gilt tenders in the period.

The DMO set out a schedule of 16 gilt auction dates in the October to December 2025 period, together with a proposed maturity split for conventional gilt auctions. The DMO is also planning to schedule two syndicated offerings during the period for the sale of a new conventional gilt in the 15-year maturity area in October 2025 and for either a new or existing index-linked gilt in November 2025. The DMO set out preliminary proposals for a schedule of programmatic gilt tenders in Q3 2025-26.

In discussion, the following main points emerged.

GEMMs

Overall approach to gilt issuance in Q3 2025-26

Some attendees noted a general preference for relatively low issuance at long maturities in Q3 2025-26 with a focus instead on shorter maturities including around the 10-year maturity area.

Conventional gilt syndication

Attendees were supportive of the launch of a new conventional gilt in the 15-year maturity area in October 2025. The majority of those who offered an opinion preferred the new gilt to mature in either January or March 2041 with an isolated call for an October 2041 maturity. There were also isolated calls for the new gilt to mature in either March, July or October 2040 or in March 2042.

Index-linked gilt syndication

Whilst a number of attendees stated a preference to leave open the decision about the maturity of an index-linked gilt syndication in November 2025 until closer to the planned transaction, those who provided views were supportive of re-opening IL 2038, with some suggestions for a re-opening of IL 2049 and also for the launch of a new index-linked gilt in either the 5-year or the 25- to 30-year area.

Conventional (12 auctions)

Short (six auctions)

Very strong support was expressed for the launch and one re-opening of a new 3-year gilt in Q3 2025-26, with the majority of attendees favouring a second re-opening. Participants unanimously favoured the launch of a new 5-year gilt in the quarter with most GEMMs calling for one re-opening and many supporting a second re-opening in Q3 2025-26. There were also some suggestions for a re-opening of 4% 2031 in the quarter with isolated calls for re-

openings of other short gilts including 4½% 2027 and 4½% 2029 as well as some low coupon short-dated gilts.

Medium (four auctions)

Nearly all attendees recommended at least two re-openings of the new gilt maturing on 22 October 2035 which is scheduled for launch via syndication in the week commencing 1 September 2025, subject to demand and market conditions. The majority of GEMMs supported three re-openings of this gilt in the October to December period with some also favouring four re-openings. A number of participants also supported the launch via auction of a new 7-year gilt in Q3 2025-26 with those providing a view generally preferring a March 2033 maturity, with isolated suggestions for the gilt to mature in either December 2032 or October 2033.

Long (two auctions)

Strong support was expressed for one re-opening each of 1½% Green Gilt 2053 and 5¾% 2056 in Q3 2025-26, with isolated calls for two re-openings of 5¾% 2056 and re-openings of 0½% 2061 and 4% 2063.

Index-linked (four auctions)

The most frequently recommended index-linked gilt for issuance in Q3 2025-26 was IL 2035, with many attendees calling for two re-openings together with an isolated call for three re-openings of the bond in the October to December period. Other index-linked gilts most often proposed for re-opening in Q3 2025-26 were IL 2031, IL 2045 and IL 2049, although the latter gilt was proposed for benchmark building purposes rather than due to strength of demand. There were also some recommendations for issuance of IL 2038 and IL 2054 with isolated calls for re-openings of IL 2027, IL 2032, IL 2056 and IL 2058 and the launch of a new index-linked gilt in the 5-year maturity area.

Programmatic gilt tenders

There was broad support from GEMMs for the new programmatic gilt tender facility, and also for the preliminary schedule proposed by the DMO in October to December 2025. A range of views was expressed about maturity sectors for the transactions proposed on 7 October and 18 November. Many attendees suggested it would be appropriate to leave the choice of maturity sector until closer to the date of each transaction in order better to reflect demand and market conditions nearer the time. There were also some calls for conventional issuance via programmatic gilt tenders to be focussed at shorter rather than longer maturities.

Feedback on dual tranche syndications

Those attendees who offered an opinion were broadly supportive of adding dual tranche syndications to the DMO's range of gilt distribution methods for future deployment, although some highlighted both advantages and potential disadvantages to their use.

Gilt investors

Overall approach to gilt issuance in Q3 2025-26

A number of attendees were supportive of an overall approach to the gilt issuance schedule that would contribute to reducing the weighted average maturity of the debt portfolio.

Conventional gilt syndication

Amongst those investors who expressed an opinion, there was clear support for issuance of a new conventional gilt in the 15-year maturity area, with launch in October 2025 favoured by most who offered a view. Maturity months mentioned included January, March and May 2041.

Index-linked gilt syndication

Whilst attendees recognised that a November 2025 syndication was still some time away, a number who provided feedback expressed support for a re-opening of IL 2038, with a few suggestions to issue at shorter maturities, along with an isolated call for a re-opening of IL 2049.

Conventional (12 auctions)

Short (six auctions)

Most investors who provided a view supported the launch of new conventional gilts at the 3- and 5-year maturity points, with many suggesting one or two re-openings of these gilts during the quarter. There were also isolated calls for issuance of existing short gilts including 4½% 2029 and 4% 2031.

Medium (four auctions)

Attendees who expressed an opinion recommended re-opening the new gilt maturing on 22 October 2035, which is scheduled for launch via syndication in the week commencing 1 September 2025 (subject to demand and market conditions), with some calling for two or three re-openings of this new gilt in Q3 2025-26. Whilst the launch of a new 7-year gilt in the quarter was generally supported amongst those who provided feedback, there were also isolated calls for re-openings of 4¼% 2032 (albeit that this is a short gilt), 4¾% 2038, 4¼% 2039 and 4¾% 2040.

Long (two auctions)

Where opinions were provided, attendees generally stated a preference for re-openings of 1½% Green Gilt 2053 and 5¾% 2056 in the October to December period.

Index-linked (four auctions)

Where investors made suggestions, they were generally in favour of index-linked gilt issuance at shorter maturities with further re-openings of IL 2035 suggested by many who commented. There were also recommendations for issuance at a range of other maturities with calls for re-openings of IL 2031, IL 2032, IL 2033, IL 2034, IL 2038, IL 2039, IL 2041, IL 2045, IL 2054 and IL 2056.

Programmatic gilt tenders

Those investors who commented were supportive of the programmatic gilt tender facility and the proposed schedule, with some suggesting issuance should be focussed at shorter maturities, including proposals for re-openings of 4¼% 2032, 4¼% 2034 and IL 2031. There was also an isolated recommendation for issuance in small size via programmatic gilt tender of IL 2073.

Feedback on dual tranche syndications

A range of views were expressed about the possibility of dual tranche syndications being used by the DMO. Some investors viewed them as a positive addition that could potentially be useful in future to increase flexibility and diversify maturities of issuance via the syndication programme; others expressed the view that programmatic gilt tenders may be a more suitable means to achieve flexibility in issuance, particularly if conducted in larger sizes than hitherto and with the option of considering issuance of multiple gilts on the same day.

Timetable

The DMO will announce the details of the gilt operations calendar for October to December 2025 at 7.30am on Friday 29 August 2025.

The next consultations to discuss gilt issuance in the period January to March 2026 are currently scheduled for 3.30pm (gilt market investors) and 5.00pm (GEMMs) on Monday 24 November 2025.