

ANNOUNCEMENT OF SPECIAL REPO FACILITY: 3 OCTOBER 2008

In the light of market conditions, and to help promote the orderly functioning of the gilts market, the UK Debt Management Office (DMO) today announces the implementation of a Special Repo Facility in short-dated gilts, effective from Monday 6 October, whereby Gilt-Edged Market Makers (GEMMs) that have signed the relevant documentation with the DMO may request the creation of any non-rump, conventional gilt with a residual maturity of less than 5-years for repo purposes.

Gilts will be made available for terms of one-week at a time, at the rate of prevailing Bank Rate less 150 basis points, and operations will normally involve a back-to-back, cash-neutral reverse repo of GC collateral at the prevailing Bank Rate.

The minimum amount of such a request will be £5 million nominal. Normally there will be no maximum on the amount of an individual request, although the total call on the Facility in one or in a series of stocks by an individual GEMM may be limited at the DMO's discretion. All such operations will, at the DMO's discretion, be subject to 'haircut' and margining arrangements.

Other operational aspects of this Facility shall be similar to those for the DMO's existing standing repo facility, but more detailed terms and conditions are being published this afternoon on the DMO website at www.dmo.gov.uk.

This Special Repo Facility will be kept under review by the DMO and will be available from Monday 6 October until further notice.