

**AGENDA FOR THE CONSULTATION MEETINGS WITH GILT MARKET INVESTORS (3.30PM) AND GEMMS (5.00PM) TO DISCUSS GILT ISSUANCE IN OCTOBER-DECEMBER 2010, TO BE HELD ON MONDAY 23 AUGUST 2010 at:**

**EASTCHEAP COURT, 11 PHILPOT LANE, LONDON EC3M 8UD**

The DMO would like to invite up to 20 end investors to contribute to a discussion on gilt issuance in October-December 2010. Attendees may be nominated by their representative organisations (e.g. NAPF, ABI etc.) or they may contact the DMO directly. Spaces are allocated on a first come, first served basis, at the DMO's discretion. Places will be limited to one person per organisation. Please contact Sarah Ellis [sarah.ellis@dmo.gsi.gov.uk](mailto:sarah.ellis@dmo.gsi.gov.uk) (0845 357 6525) or Steve Whiting [steve.whiting@dmo.gsi.gov.uk](mailto:steve.whiting@dmo.gsi.gov.uk) (0845 357 6532) by close Friday 20 August 2010 if you would like to attend.

1. **Review of gilt market operations in July - September 2010.**
2. **Choice of conventional and index-linked gilts for auctions scheduled in October-December 2010.**
3. **Feedback is also requested on the implementation of the remainder of the programme of syndicated offerings in 2010-11. Given the proceeds raised to-date, the DMO now considers it likely that there will be only one remaining syndicated offering of each type of gilt in the remainder of the financial year. In this context views will be sought on the demand for a syndicated offering to be held in the second half of September (as currently planned) or whether it would be advisable to divide remaining offerings between the final two quarters of 2010-11. Views will also be sought on preferences for the scheduling of the remaining long-conventional and index-linked syndicated offerings, as well as preliminary views on the maturities of gilts to be sold.**
4. **Subject to views on the syndication programme, the DMO would also be interested in views on the scheduling of up to three mini-tenders in the remainder of the calendar year 2010.<sup>1</sup>**

Table 1 below lists the 11 scheduled auction dates for October-December 2010. For conventional gilts, a suggested schedule for the maturity of issuance is provided in Table 2 to facilitate the discussion.

**Table 1:  
October-December  
Issuance Calendar**

<b>05-Oct</b>	Index-linked
<b>14-Oct</b>	Conventional
<b>19-Oct</b>	Index-linked
<b>21-Oct</b>	Conventional
<b>02-Nov</b>	Conventional
<b>09-Nov</b>	Index-linked
<b>11-Nov</b>	Conventional
<b>18-Nov</b>	Conventional
<b>07-Dec</b>	Conventional
<b>15-Dec</b>	Conventional
<b>16-Dec</b>	Index-linked

**Table 2:  
Suggested Maturity Split  
(Conventional Auctions)**

<b>05-Oct</b>	IL
<b>14-Oct</b>	Short
<b>19-Oct</b>	IL
<b>21-Oct</b>	Medium
<b>02-Nov</b>	Short
<b>09-Nov</b>	IL
<b>11-Nov</b>	Long
<b>18-Nov</b>	Medium
<b>07-Dec</b>	Long
<b>15-Dec</b>	Short
<b>16-Dec</b>	IL

<sup>1</sup> i.e. in addition to the tender planned for the week commencing 31 August.

The DMO's ongoing policy is to build up gilts to benchmark size, subject to considering the impact of issuance on the redemption profile. The suggested maturity schedule of conventional issuance in Table 2 reflects the DMO's aim to provide regularity in issuance across each maturity sector.

### **Conventional gilt issuance**

The DMO is planning on the basis that there will be three short-dated, two medium-dated and two long-dated auctions in October-December 2010.

- Short-dated (three auctions): The DMO anticipates the need to launch a new gilt in Q3 to become the successor five-year benchmark, and would be interested in views on the preferred maturity date of such a bond (for example in Q1 2016), and how many times it should be auctioned in the quarter. The DMO would also welcome views on the identity and timing of any other short-dated candidates for (re-)opening, taking into account implications for the near-term redemption profile.
- Medium-dated (two auctions): The DMO expects to re-open 3¾% 2020 at least once within the quarter, and welcomes views on whether it should be re-opened twice. If 3¾% 2020 is not to be re-opened twice in Q3, the DMO would be interested in views on which other medium-maturity gilts might be auctioned.
- Long-dated (two auctions): The DMO anticipates that the focus of the auction programme in Q3 will be on re-opening existing issues and seeks views on which gilts are preferred candidates, taking into account the potential for long-dated conventional issuance by syndication in the remainder of the financial year.

### **Index-linked gilt issuance**

There are four index-linked auctions scheduled in October-December 2010. The DMO welcomes views on candidates for, and the sequencing of, index-linked gilt auctions in this quarter, taking into account the potential for index-linked gilt issuance by syndication in the remainder of the financial year.

## **5. Any other business**

### **• Auction allocation limits**

In keeping with its mandate to develop and improve its issuance techniques, the DMO would be interested in receiving views on optimal auction allocation limits (including whether auction allocation limits should be harmonised between the nominal and index-linked markets).

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The DMO will announce details of the gilt operation calendar for October-December 2010 at 3.30pm on Tuesday 31 August 2010.

The next consultation meetings to discuss gilt issuance in January-March 2011 will be held on Monday 22 November 2010<sup>2</sup>.

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<sup>2</sup> Subject to confirmation depending on the Chancellor's decision on the Budgetary timetable.