

decides that any bids should be accepted (the lowest accepted price), which will be not less than the minimum price. **APPLICANTS WHOSE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES AT WHICH THEY BID:** bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

20. The Bank of England may sell to applicants less than the full amount of the Stock.

21. The Stock will be initially issued at a price and on terms such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988 or a deep gain security for the purposes of Schedule 11 to the Finance Act 1989. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding ½% per annum) and in certain circumstances this could result in all of the Stock being treated thereafter as such a security. However, it is the intention of Her Majesty's Treasury that further issues of Stock will be conducted so as to prevent any of the Stock being treated as a deep discount security or a deep gain security for United Kingdom tax purposes. Provided the Stock is neither a deep discount security nor a deep gain security and is not treated as such, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

22. Letters of allotment in respect of the Stock sold, being the only form in which the Stock (other than amounts held in the CGO Service for the account of members) may be transferred prior to registration, will be despatched by post at the risk of the applicant, but the despatch of any letter of allotment, and the refund of any excess amount paid, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

23. No sale will be made of a less amount than £50,000 nominal of Stock. If an application is satisfied in part only, the excess amount paid will, when refunded, be remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise. Non-payment on presentation of a cheque in respect of any Stock sold will render such Stock liable to forfeiture. Interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1% per annum may, however, be charged on the amount payable in respect of any Stock for which payment is accepted after the due date. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate.

24. Letters of allotment may be split into denominations of multiples of £50,000 on written request to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW received not later than 6 April 1994. Such requests must be signed and must be accompanied by the letters of allotment. Letters of allotment, accompanied by a completed registration form, may be lodged for registration forthwith and in any case must be lodged for registration not later than 8 April 1994; in the case of Stock held for the account of members of the CGO Service registration of Stock will be effected under separate arrangements.

25. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section B of the application form, request that any Stock sold to him be credited direct to his account in the CGO on Thursday, 31 March 1994 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 31 March 1994 shall for the purposes of this prospectus constitute default in due payment of the amount payable in respect of the relevant Stock. A member of the CGO Service may also, subject to the provisions governing membership of that Service, surrender a letter of allotment to the CGO for cancellation and for the Stock comprised therein to be credited to the member's account. The member who is shown by the accounts of the CGO as being entitled to any Stock shall, to the exclusion of all persons previously entitled to such Stock and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of a letter of allotment and be liable for the payment of any amount due in respect of such Stock.

26. Application forms and copies of the prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of the London Stock Exchange in the United Kingdom.

Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29 May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

22 March 1994



BID PRICE AUCTION FOR £2,500,000,000

FLOATING RATE TREASURY STOCK 1999

AT A MINIMUM PRICE OF £99.50 PER £100 NOMINAL OF STOCK



FOR AUCTION ON 30 MARCH 1994

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW ISSUES, PO BOX 444, GLOUCESTER, GL1 1NP TO ARRIVE NOT LATER THAN 10.00 AM ON WEDNESDAY, 30 MARCH 1994; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10.00 AM ON WEDNESDAY, 30 MARCH 1994; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON TUESDAY, 29 MARCH 1994.

BID PRICE AUCTION FOR £2,500,000,000

FLOATING RATE TREASURY STOCK 1999

INTEREST PAYABLE QUARTERLY AT LIBID LESS $\frac{1}{8}\%$
AT A MINIMUM PRICE OF £99.50 PER £100 NOMINAL OF STOCK

PAYABLE IN FULL WITH APPLICATION

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 31 March 1994.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.
2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.
3. The Stock will be repaid at par on the interest payment date (as defined in paragraph 10 below) falling in March 1999.
4. Applications must be for not less than £50,000 nominal of Stock.
5. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gilts Office (CGO) Service will also be transferable by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

Interest

6. Interest will be payable quarterly in accordance with paragraph 10 below. Interest warrants will be transmitted by post.
7. Pursuant to a direction of Her Majesty's Treasury under Section 50 of the Income and Corporation Taxes Act 1988, interest on the Stock will be paid without deduction for or on account of United Kingdom income tax. However, the interest has a United Kingdom source and therefore may be chargeable to United Kingdom tax by direct assessment.
8. The Stock will be issued by Her Majesty's Treasury with the conditions that:
 - (a) so long as Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, the interest thereon shall be exempt from income tax; and
 - (b) so long as Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom, neither the capital thereof nor the interest thereon shall be liable to any taxation present or future.

For these purposes, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

These exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the availability of these exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

9. In addition, the Inland Revenue has confirmed that, on the basis of a long-standing published concession, interest on the Stock will not be charged to United Kingdom tax in the hands of a stockholder who is not at any time in the relevant tax year resident in the United Kingdom, except where such stockholder:
 - (a) is chargeable under Section 78 of the Taxes Management Act 1970 in the name of a trustee or other representative mentioned in Section 72 of that Act or in the name of an agent or branch in the United Kingdom having the management or control of the interest; or
 - (b) seeks to claim relief in respect of taxed income from United Kingdom sources; or
 - (c) is chargeable to corporation tax on the income of a United Kingdom branch or agency to which the interest is attributable; or
 - (d) is chargeable to income tax on the profits of a trade carried on in the United Kingdom to which the interest is attributable.

Interest Payment Dates

10. Interest will accrue from 31 March 1994 (the issue date) and such interest will be payable on 9 June 1994 and on each date thereafter which (except as stated below) falls three months after the preceding interest payment date (each such date being an "interest payment date"). If any interest payment date would otherwise fall on a day which is not a business day (as defined below) it shall be postponed to the next business day unless it would thereby fall in the next calendar month, in which event that interest payment date shall be the immediately preceding business day and each subsequent interest payment date shall be the last business day of the third month after the month in which the preceding interest payment date fell. In this prospectus the period from (and including) one interest payment date (or the issue date) to (but excluding) the next (or first) interest payment date is called an "interest period" and "business day" means a day (other than Saturday or Sunday) on which banks are open for business in London.

Rate of Interest

11. The rate of interest per annum payable in respect of the Stock for each interest period shall be $\frac{1}{8}\%$ below the rate per annum determined by the Bank of England to be the arithmetic mean (rounded if necessary to the nearest fifth decimal place) of the rates at which three month deposits in sterling are bid as at 11.00 am on each interest determination date (as described in paragraph 14 below) by the twenty reference banks referred to in paragraph 12 below, provided that (i) if sixteen or more such quotations are so available, the five highest (or, if there are more than five such highest rates, only five of such rates) and the five lowest (or, if there are more than five such lowest rates, only five of such rates) shall be disregarded by the Bank of England for the purposes of determining such arithmetic mean; (ii) if fewer than sixteen but more than eight such quotations are available, the two highest (or, if there are more than two such highest rates, only two of such rates) and the two lowest (or, if there are more than two such lowest rates, only two of such rates) shall be disregarded by the Bank of England for the purposes of determining such arithmetic mean; (iii) if fewer than nine such quotations are available, the Bank of England shall request quotations of the rates at which three month deposits in sterling are bid at 11.00 am on the interest determination date by such other banks as the Bank of England shall select, if practicable consulting Her Majesty's Treasury, so that (ii) above may be applied. If the rate of interest cannot be determined in accordance with the foregoing provisions the rate of interest shall be that established on the last preceding interest determination date.

12. For the purposes of paragraph 11 above the reference banks shall be the twenty authorised institutions, within the meaning of the Banking Act 1987, which, disregarding any excluded institutions referred to below, had outstanding as at the 31 December immediately preceding the relevant interest determination date the largest sterling eligible liabilities as determined by the Bank of England. For this purpose there shall be excluded any institution which is a wholly-owned subsidiary of another institution if that other institution itself is, or will by reason of such exclusion be, a reference bank.

Publication of Rate of Interest per annum and Coupon Amounts

13. The Bank of England will, as soon as practicable after 11.00 am on each interest determination date, determine the rate of interest per annum and calculate the amount of interest payable per £100 nominal of Stock (the "interest amount") for the relevant interest period, and will publish both figures. The interest amount shall be calculated by applying the rate of interest per annum per £100 nominal of Stock, multiplying such product by the actual number of days in the interest period concerned divided by 365 and rounding the resulting figure to the nearest fourth decimal place. The Bank of England's determination of the rate of interest and the interest amount shall be final and binding upon all parties.

14. The rate of interest for the first interest period will be set on Wednesday, 23 March 1994 as described in paragraph 11 above. Thereafter the interest determination date will be the first business day of each interest period.

Method of Application

15. Bids must be submitted on the application form published with the prospectus. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than **10.00 AM ON WEDNESDAY, 30 MARCH 1994**; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than **10.00 AM ON WEDNESDAY, 30 MARCH 1994**; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than **3.30 PM ON TUESDAY, 29 MARCH 1994**. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.00 am on Wednesday, 30 March 1994. Bids will not be revocable between 10.00 am on Wednesday, 30 March 1994 and 10.00 am on Tuesday, 5 April 1994.

16. Each bid must be for one amount and for a minimum of £50,000 nominal of Stock and for a multiple of Stock as follows:-

Amount of Stock applied for	Multiple
£50,000-£1,000,000	£50,000
£1,000,000 or greater	£1,000,000

17. The minimum price, below which bids will not be accepted, is £99.50 per £100 nominal of Stock. Bids must be made at the minimum price or at higher prices which are multiples of one penny. Bids lodged without a price being stated will be deemed to have been made at the minimum price.

18. Unless the applicant is a member of the CGO Service, a separate cheque representing **PAYMENT IN FULL AT THE PRICE BID** must accompany each bid. Cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited.

19. The Bank of England reserves the right to reject any bid or part of any bid. Bids will be ranked in descending order of price and Stock will be sold to applicants whose bids are at or above the lowest price at which the Bank of England