

**MARKET NOTICE: THE UK GOVERNMENT'S 2008 CREDIT GUARANTEE SCHEME**

***Introduction of the CGS Buyback Facility ('the Buyback Facility')***

1. From 8th June 2011 the UK Government's 2008 Credit Guarantee Scheme ('the Scheme') for UK incorporated banks and building societies will be amended to allow institutions that have issued guaranteed debt under the Scheme to buyback and cancel the debt before the scheduled maturity date subject to certain conditions and payment of a cancellation fee. This notice sets out how the Buyback Facility will operate. The updated rules of the Scheme are available at [www.dmo.gov.uk](http://www.dmo.gov.uk).

***Application for authorisation to use the Buyback Facility***

2. Existing participants in the Scheme should initially contact HM Treasury to indicate their interest in using the Buyback Facility, to outline the expected extent of utilisation and how it would fit into overall plans for funding and balance sheet improvement.

***Debt cancellation process***

3. Eligible Institutions who have gained HM Treasury authorisation will be encouraged to keep the DMO informed of any plans to utilise the Buyback Facility in a timely manner.
4. Before cancellation, Eligible Institutions should apply to the DMO detailing the instrument(s) for which approval for cancellation is sought using the form attached as Annex 1.
5. Following approval, the DMO will issue an Interim Cancellation Certificate to the Eligible Institution in the form set out in Annex 2.
6. On receipt of the Interim Cancellation Certificate, the Eligible Institution may make arrangements to buyback its guaranteed issues within the terms of the approval either partially or in their entirety, and to partially or wholly cancel these instruments.
7. The DMO should be notified on the day cancellation transactions are completed. Independent confirmation from a third-party agent (eg. trustee or paying agent) of the cancellation will also be required before the DMO can complete the processing and issue of a Cancellation Certificate in the form set out in Annex 3 for the full cancellation of a guaranteed issue or Annex 4 for a partial cancellation.

8. If a cancellation is for part of a guaranteed issue, the DMO will also issue a Revised Fee Letter in respect of the non-cancelled portion of such guarantee.

### **Fees**

9. Once a cancellation has been processed by the DMO, the Eligible Institution will continue to pay fees in respect of any non-cancelled portion of any guaranteed issuance but no longer be liable for future fees on the portion of the guaranteed issuance that has been cancelled. However cancellation fees will be payable in pounds sterling as follows:-
  - A break fee of 15% of the total future fees that would have been payable on the cancelled guarantee.
  - For currency issues only, an unwind fee to cover any foreign exchange loss incurred by HM Treasury.

### **Contacts**

10. Enquiries from institutions regarding eligibility for the Buyback Facility should be made to Team Leader, Intervention Strategy and Markets, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.
11. Enquiries on the cancellation process may be made to the DMO's CGS Operations team on 0845 357 6663 or to [cgsoperations@dmo.gsi.gov.uk](mailto:cgsoperations@dmo.gsi.gov.uk) .
12. Media enquiries should be addressed to HM Treasury Press Office on 020 7270 5238 and the DMO on 0845 357 6501 or to [Pressofficer@dmo.gsi.gov.uk](mailto:Pressofficer@dmo.gsi.gov.uk) .

**UK Debt Management Office  
HM Treasury  
8th June 2011**

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|---------|---|
| Annex 1 | Form of Cancellation Application                        |
| Annex 2 | Form of Interim Cancellation Certificate                |
| Annex 3 | Form of Cancellation Certificate – Full Cancellation    |
| Annex 4 | Form of Cancellation Certificate – Partial Cancellation |

**ANNEX 1**

**Form of Cancellation Application**

**THE COMMISSIONERS OF HER MAJESTY'S TREASURY**

**2008 CREDIT GUARANTEE SCHEME**

**Cancellation Application No [ ]**

1. Date of Application
2. Name of Eligible Institution
3. Contact details
4. This is a Cancellation Application.
5. We request approval to cancel the following Guaranteed Debt Instrument (s) up to the Maximum Cancellation Amount referred to in the cancellation schedule below .
6. We warrant and represent to you that the information contained in and attached to this application is accurate, complete and not misleading (including by omission) in any respect.

Name:

Name:

Title:

Title:

Signed by:

Signed by:

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**ANNEX 2**

**To [ Institution ]**

**THE COMMISSIONERS OF HER MAJESTY'S TREASURY  
2008 CREDIT GUARANTEE SCHEME  
INTERIM CANCELLATION CERTIFICATE**

**Interim Cancellation Certificate No. [    ]**

[Date]

CANCELLATION APPLICATION No.[    ] DATED [    ]

The Commissioners of Her Majesty's Treasury hereby notify that you will be issued with a Cancellation Certificate for the debt instrument listed in the schedule to this Interim Cancellation certificate below, which is also listed in the above Cancellation Application, on receipt by us of acceptable evidence that the debt instrument has been cancelled.

Words and expressions defined in the Rules for the Scheme and any relevant Market Notices shall have the same meanings where used in this certificate.

This interim Cancellation Certificate expires on [ expiry date ].

**Schedule to Interim Cancellation Application No [    ]**

<b>Description</b>	<b>ISIN code</b>	<b>Currency</b>	<b>Requested Maximum cancellation amount</b>

Signed

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**The Commissioners of Her Majesty's Treasury  
acting through  
the United Kingdom Debt Management Office**

**ANNEX 3**

To [ Institution ]

**THE COMMISSIONERS OF HER MAJESTY'S TREASURY  
2008 CREDIT GUARANTEE SCHEME  
CANCELLATION CERTIFICATE**

Cancellation Certificate No. [    ]

[Date]

The Commissioners of Her Majesty's Treasury hereby certify that the debt instrument, the details of which are specified in the schedule to this Certificate, will not be deemed as Guaranteed Liabilities for the purposes of the Deed of Guarantee dated 13<sup>th</sup> October 2008, as amended and executed on behalf of The Commissioners of Her Majesty's Treasury.

Words and expressions defined in the Rules of the Scheme and any relevant Market Notices shall have the same meanings where used in this Certificate.

**Schedule**

Description	ISIN code	Currency	Cancelled amount	Cancelled Date

Signed

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**The Commissioners of Her Majesty's Treasury  
acting through  
the United Kingdom Debt Management Office**

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**ANNEX 4**

To [ Institution ]

**THE COMMISSIONERS OF HER MAJESTY'S TREASURY  
2008 CREDIT GUARANTEE SCHEME  
CANCELLATION CERTIFICATE**

Cancellation Certificate No. [    ]

[Date]

The Commissioners of Her Majesty's Treasury hereby certify that the debt instrument, the details of which are specified in the schedule to this Certificate, will only be deemed as Guaranteed Liabilities up to a maximum amount of **[currency] [amount]** for the purposes of the Deed of Guarantee dated 13<sup>th</sup> October 2008, as amended and executed on behalf of The Commissioners of Her Majesty's Treasury.

Pursuant to Clause 2.2 of the Deed of Guarantee, the Commissioners of Her Majesty's Treasury hereby consent to the variation, amendment or waiver of the terms and conditions of the Guaranteed Liabilities specified in the schedule to this Certificate to the extent such variation, amendment or waiver relate to the prepayment and cancellation of the same.

Words and expressions defined in the Rules of the Scheme and any relevant Market Notices shall have the same meanings where used in this Certificate.

**Schedule**

<b>Description</b>	<b>ISIN code</b>	<b>Currency</b>	<b>Cancelled amount</b>	<b>Cancelled Date</b>

Signed

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**The Commissioners of Her Majesty's Treasury  
acting through  
the United Kingdom Debt Management Office**

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