

**United Kingdom
Debt
Management
Office**

Eastcheap Court
11 Philpot Lane
London EC3M 8UD

Tel. 0845 357 6531
Fax. 0845 357 6531

16 June 2010

Ref: FOI20100518

Dear Mr Straughan,

Thank you for your email of 17 May 2010 where you requested information under the Freedom of Information Act 2000.

Formally I need to inform you that all information provided to you in response to your request is exempt under S21 (information reasonably accessible to the applicant by other means) of the Act or not held by the DMO. However, to be helpful we have reprinted information or supplied web addresses here for each of your four questions below.

Q1) I managed to ascertain that as of December 2009 the Total central government sterling debt was £883.4bn (excluding holdings) I am not clear if there are other types of debts outstanding.

Please find below a table listing the Composition of UK Central Government sterling debt as published in the Debt & Reserves Management Report 2010-11 (p.7).

Table 2.A: Composition of UK Central Government sterling debt

	End-March 2009	End-December 2009
(£ billion, nominal value, excluding official holdings)		
Conventional gilts ¹	426.1	567.2
Index-linked gilts ²	154.0	170.2
Treasury bills ³	44.0	47.6
Total gilts and Treasury bills	624.1	785.0
National Savings & Investments	97.2	98.4
Total central government sterling debt	721.3	883.4
¹ Includes undated and double-dated gilts.		
² Includes accrued inflation uplift.		
³ Treasury bill stock in market hands.		
Source: Debt Management Office/National Savings & Investments		

You may also wish to see Chapter 11 (p.55) which looks at the Central Government's financial asset and liability risk monitor which details other central government financial liabilities including those denominated in foreign currency and non-marketable debt. Please note that the nominal value of gilt and Treasury bill holdings in Table 2.A above excludes official holdings.

[http://www.dmo.gov.uk/documentview.aspx?docname=remit/dmr1011.pdf&page=Re
mit/full_details](http://www.dmo.gov.uk/documentview.aspx?docname=remit/dmr1011.pdf&page=Re%20mit/full_details)

Q2) From dmr1011.pdf I can see that The Bank of England bought £198.3 billion in gilts. What type of gilts are they? What term and what percentage?

For information regarding the Bank of England's Asset Purchase Facility and the relevant Market Notices please refer to the Bank of England link below:

<http://www.bankofengland.co.uk/markets/apf/index.htm>

Q3) dmr1011.pdf also states that Gilts will be auctioned, but my question is WHO bought these gilts auctioned by the government and what are the terms?

The UK Government bond market operates with a primary dealer system. We currently have 17 firms recognised as GEMMs (Gilt-edged Market Makers). Each GEMM must be a member of a Recognised Investment Exchange (in practice the London Stock Exchange) and undertakes a number of market-making obligations, in return for certain privileges. One of the privileges is exclusive rights to competitive bidding at gilt auctions and other operations, either for the GEMM's own accounts, or on behalf of clients. The GEMMs are also offered a non-competitive allowance at each auction. The DMO sets aside a total of 10% of the nominal amount on offer to provide the GEMM community with the assurance of a guaranteed minimum allocation, in order that they are more willing to carry a short position into the auction itself. The auction bidding and allocation data are commercially sensitive information. The link below shows a list of the GEMMs:

http://www.dmo.gov.uk/index.aspx?page=Gilts/Gemms_idb

Members of the public can also buy gilts at auction but first have to join the Approved Group of investors (AG). Further details on the AG and how retail investors can purchase gilts can be accessed via the link below:

<http://www.dmo.gov.uk/index.aspx?page=Gilts/Buysell>

Q4) In simple terms - WHO bought the gilts and other 'promises to pay'??? and what are the terms of those agreements?

The Office for National Statistics (ONS) publishes on a quarterly basis in the UK Economic Accounts gilt distribution holdings data and the DMO re-publishes the information. The latest distribution of gilt holdings as at 31 December 2009 is below:

**Distribution of gilt holdings at 31 December 2009
(based on market values)**

(£millions)	at end	Q3 2009	Q4 2009
Insurance companies and pension funds		250,053	253,824
Overseas		216,918	224,284
Bank of England		153,771	190,053
Other financial institutions and other		93,967	81,716
Banks		31,076	25,042
Building societies		12,899	13,527
Households		7,099	6,363
Local authorities and public corporations		1,462	1,497
TOTAL		767,245	796,326

Source: ONS & BoE. These figures can be revised retrospectively.

The general terms under which gilts are sold are set out in the Information Memorandum (IM) – see below:

http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem220509.pdf&page=operational_rules/Document

The specific terms for each individual gilt sale are set out in the relevant prospectus. A list of all the prospectuses is below:

http://www.dmo.gov.uk/rpt_parameters.aspx?rptCode=D8E&page=Prospectuses

Yours sincerely,

Julie Zielstra
Information Manager

Your Rights to Complain under the FOI Act

If you are not content with the service you have received in relation to your request and wish to make a complaint or request a review of our decision, you should write within two months of the date of this letter to UKDMO, Records and Information Department, 11 Philpot Lane, London EC3M 8UD. email - recordsmanagementservice@dmo.gsi.gov.uk

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the DMO. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.