

## SPECIFIED AND NON SPECIFIED INVESTMENTS

### **Specified Investments identified for use by the Council**

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment:

- is sterling denominated,
- has a maximum maturity of 1 year,
- meets the “high credit quality” as determined by the Council or is made with the UK government or is made with a local authority in England, Wales Scotland or Northern Ireland or a parish or community council and
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- \*Certificates of deposit with banks and building societies
- \*Gilts : (bonds issued by the UK government)
- \*Bonds issued by multilateral development banks
- Treasury-Bills (T-Bills)
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
- AAA-rated Money Market Funds with a Variable Net Asset Value (VNAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

*\* Investments in these instruments will be on advice from the Council’s treasury advisor.*

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody’s and Standard & Poor’s, (where assigned).

- Long-term minimum: A1 (Moody’s); A+ (S&P); A+(Fitch)
- Short-term minimum: P-1 (Moody’s); A-1 (S&P) or F1 (Fitch).

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

<b>Instrument</b>	<b>Country / Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limits %/£M</b>
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK*	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent)	15% of Total Investments (currently £5M)
Term Deposits/Call Accounts	Non-UK*	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in select countries with a Sovereign Rating of at least AA+	£1M
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	25% in aggregate
AAA-rated Money Market Funds	UK/Ireland/Luxembourg domiciled	CNAV MMFs VNAV MMFs (where there is greater than 12 month history of a consistent £1 Net Asset Value)	15% of Total Investments and 5% of Fund Balance (currently £3.5M per fund)
Other MMFs and CIS	UK/Ireland/Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	£1M

*Note that any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.*

**NB**

**Non-UK Banks** - These should be restricted to a maximum exposure of 25-30% per country. This means that effectively all your authority's investments can be made with non-UK institutions should you wish, but it limits the risk of over-exposure to any one country.

**Group Limits** - For institutions within a banking group, a limit of 1.5 times the individual limit of a single bank within that group.

Individual banks and there associated limits are detailed below:

<b>Instrument</b>	<b>Country/ Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limit %/£M</b>	<b>Maximum Group Limit (if applicable) %/£M</b>
Term Deposits/Call Accounts	UK	Santander UK Plc (Banco Santander Group)	£5M	
Term Deposits/Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	£5M	£7.5M
Term Deposits/Call Accounts	UK	Lloyds TSB (Lloyds Banking Group)	£5M	£7.5M
Term Deposits/Call Accounts	UK	Barclays Bank Plc	£5M	
Term Deposits/Call Accounts	UK	Clydesdale Bank (National Australia Bank Group)	£5M	
Term Deposits/Call Accounts	UK	HSBC Bank Plc	£5M	
Term Deposits/Call Accounts	UK	Nationwide Building Society	£5M	
Term Deposits/Call Accounts	UK	NatWest (RBS Group)	£5M	£7.5M
Term Deposits/Call Accounts	UK	Royal Bank of Scotland (RBS Group)	£5M	£7.5M
Term Deposits/Call Accounts	UK	Standard Chartered Bank	£5M	
Term Deposits/Call Accounts	Australia	Australia and NZ Banking Group	£1M	
Term Deposits/Call Accounts	Australia	Commonwealth Bank of Australia	£1M	
Term Deposits/Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	£1M	
Term Deposits/Call Accounts	Australia	Westpac Banking Corp	£1M	
Term Deposits/Call Accounts	Canada	Bank of Montreal	£1M	
Term Deposits/Call Accounts	Canada	Bank of Nova Scotia	£1M	
Term Deposits/Call Accounts	Canada	Canadian Imperial Bank of Commerce	£1M	
Term Deposits/Call Accounts	Canada	Royal Bank of Canada	£1M	
Term Deposits/Call Accounts	Canada	Toronto-Dominion Bank	£1M	
Term Deposits/Call Accounts	Finland	Nordea Bank Finland	£1M	
Term Deposits/Call Accounts	France	BNP Paribas	£1M	

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit %/£M	Maximum Group Limit (if applicable) %/£M
Term Deposits/Call Accounts	France	Credit Agricole CIB (Credit Agricole Group)	£1M	
Term Deposits/Call Accounts	France	Credit Agricole SA (Credit Agricole Group)	£1M	
Term Deposits/Call Accounts	France	Société Générale	£1M	
Term Deposits/Call Accounts	Germany	Deutsche Bank AG	£1M	
Term Deposits/Call Accounts	Netherlands	ING Bank NV	£1M	
Term Deposits/Call Accounts	Netherlands	Rabobank	£1M	
Term Deposits/Call Accounts	Sweden	Svenska Handelsbanken	£1M	
Term Deposits/Call Accounts	Switzerland	Credit Suisse	£1M	
Term Deposits/Call Accounts	US	JP Morgan	£1M	

*Note that this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively if a counterparty is downgraded, this list may be shortened.*

### **Non-Specified Investments determined for use by the Council**

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use

	In-House Use	Maximum Maturity	Max % of Portfolio	Capital Expenditure ?
<ul style="list-style-type: none"> <li>▪ Deposits with banks and building societies</li> <li>▪ CDs with banks and building societies</li> </ul>	✓	2 Years	60% in aggregate	No
<ul style="list-style-type: none"> <li>▪ Gilts</li> <li>▪ Bonds issued by multilateral development banks</li> <li>▪ Bonds issued by financial institutions guaranteed by the UK government</li> <li>▪ Sterling denominated bonds by non-UK sovereign governments</li> </ul>	✓ (on advice from treasury advisor)	25 Years	25% in aggregate	No
Money Market Funds and Collective Investment Schemes, which are not credit rated	✓ (on advice from treasury advisor)	These funds do not have a defined maturity date	10%	No
Government guaranteed bonds and debt instruments issued by corporate bodies	✓	10 Years	£5M	Yes

	<b>In-House Use</b>	<b>Maximum Maturity</b>	<b>Max % of Portfolio</b>	<b>Capital Expenditure ?</b>
Non-guaranteed bonds and debt instruments issued by corporate bodies	✓	10 Years	£5M	Yes
Pooled funds which are not capital expenditure investments as defined by regulations.	✓ (on advice from treasury advisor)		£5M	Yes

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.