

Specified and Non-Specified Investments Categories

SPECIFIED INVESTMENTS:

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable

	Minimum 'High' Credit Criteria	Use
Term Deposits with nationalised banks and banks and building societies operating with government guarantees		
Debt Management Agency Deposit Facility	Long term AAA	In-house
Term deposits – local authorities	Long term AAA	In-house
Term deposits – banks and building societies	Coded: Orange on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house
Collateralised deposit	UK Sovereign rating / Long term AAA	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	UK Sovereign rating / Long term AAA	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies covered by UK Government banking support package	UK Sovereign rating / Long term AAA	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies NOT covered by UK Government banking support package	Fitch's rating: UK sovereign rating or Short-term F1+, Long-term AA-, Individual B, Support 2 or equivalent rating from Standard & Poors and Moodys	In-house and Fund Mangers
UK Government Gilts	UK Sovereign rating / Long term AAA	In-house buy and hold and Fund Mangers
Bonds issued by multilateral development banks	Long term AAA	In-house buy and hold and Fund Mangers
Bonds issued by a financial institution which is guaranteed by the UK government	UK Sovereign rating / Long term AAA	In-house buy and hold and Fund Mangers
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold and Fund Mangers
Treasury Bills	UK Sovereign rating	Fund Mangers
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	Short-term F1, Long-term AAA	In-house and Fund Mangers

	Volatility rating	
2. Money Market Funds	Short-term F1, Long-term AAA Volatility rating	In-house and Fund Managers
.3. Enhanced cash funds	Short-term F1, Long-term AAA Volatility rating	In-house and Fund Managers
4. Bond Funds	Long-term AAA Volatility rating	In-house and Fund Managers
5. Gilt Funds	Long-term AAA Volatility rating	In-house and Fund Managers

Since the credit crunch crisis there have been a number of developments that require separate clarification. In the table there is mention of the “uk government banking support package” which when initially announced covered the following banks:

- Abbey (now Santander)
- Barclays
- HBOS (now part of the Lloyds group)
- Lloyds TSB
- HSBC
- Nationwide Building Society
- RBS
- Standard Chartered

Banks eligible for support under the UK bail-out package and which have issued debt guaranteed by the Government are eligible for a continuing Government guarantee when debt issues originally issued and guaranteed by the Government mature and are refinanced. However, no other institutions can make use of this support as it closed to new issues and entrants on 28.2.10. The banks which have used this explicit guarantee are as follows: -

- Bank of Scotland
- Barclays
- Clydesdale
- Coventry Building Society
- Investec bank
- Nationwide Building Society
- Rothschild Continuation Finance plc
- Standard Life Bank
- Tesco Personal Finance plc
- Royal Bank of Scotland
- West Bromwich Building Society
- Yorkshire Building Society

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, a review of the accounting implications of new transactions will be occur before they are undertaken.

NON-SPECIFIED INVESTMENTS:

A maximum of 100% can be held in aggregate in non-specified investment

1. Maturities of ANY period

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – banks and building societies	Coded: red and green on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	100%	3-6 Months
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house	40%	1 Year
Certificates of deposits issued by banks and building societies NOT covered by UK Government guarantee	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house buy and hold and Fund Managers	30%	1 Year
Commercial paper issuance covered by a specific UK Government guarantee and issued by banks covered by the UK bank support package	UK Sovereign rating / Long term AAA	In-house and Fund Managers	30%	1 Year
Commercial paper other	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house	30%	1 Year
Corporate Bonds issued by UK banks covered by the UK bank support package and UK Government guarantee: the use of these investments would constitute capital expenditure	UK Government explicit guarantee	In-house and Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Corporate Bonds other: the use of these investments would constitute capital expenditure	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house and Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Other debt issuance by UK banks covered by UK Government guarantee	UK Government explicit guarantee	In-house and Fund Managers	30%	
Floating Rate Notes: the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank	Long-term AAA	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure

Property fund: the use of these investments would constitute capital expenditure	--	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Local Authority mortgage guarantee scheme	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house		

2. Maturities in excess of 1 year

Term deposits – local authorities	--	In-house	10%	> 1 year
Term deposits – banks and building societies	Coded: Purple on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	UK Sovereign / Long Term AAA	In house and Fund Managers	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by the UK government banking support package	UK Sovereign / Long Term AAA	In house and Fund Managers	10%	> 1 year
Certificates of deposits issued by banks and building societies NOT covered by the UK government banking support package	Short-term F1+, Long-term AA-, Individual B, Support 2	In house and Fund Managers	10%	> 1 year
UK Government Gilts	UK Sovereign rating / Long term AAA	In-house and Fund Managers	10%	> 1 year
Bonds issued by multilateral development banks	Long term AAA	In-house and Fund Managers	10%	> 1 year
Sovereign bond issues (i.e. other than the UK govt)	Long term AAA	In-house and Fund Managers	10%	> 1 year
Collective Investment Schemes structure as open Ended Investment Companies (OEICs)				
1. Bond Funds	Long-term AAA Volatility rating	In-house and Fund Managers		
2. Gilt Funds	Long-term AAA Volatility rating	In-house and Fund Managers		