

**TREASURY MANAGEMENT – FURTHER STRENGTHENING OF CORPORATE GOVERNANCE THROUGH AMENDMENT OF THE TREASURY
MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2009/10**

Approved Specified Investments

All of the Specified Investments listed below must be sterling-denominated, with maturities up to a maximum of 364 days, meeting the minimum 'high' credit rating criteria where applicable.

Investment	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Minimum Credit, Individual, support and sovereign rating except for UK banks afforded a support rating of 1 in anticipation of HMG support. Note In addition to the minimum rating the counter party must be assigned a positive duration limit in the Sector matrix.	Capital Expendi ture	Circumstance of use <i>It is expected that core funds will be returned to the fund manager. As a consequence the in-house team is not expected to invest other than in call, fixed term and money market funds with duration of less than one year during 09/10.</i>
Fixed term deposits with govt and UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) including callable deposits, range trades and snowballs.	No	Yes	Not credit rated.	No	In-house and fund manager(s).
Fixed term deposits with credit-rated banks and building societies, including callable deposits, range trades and snowballs.	No	Yes	Sovereign Rating AAA Short term rating F1+, Individual B, Support 2	No	In-house and fund manager(s).
Certificates of Deposit issued by credit-rated banks and building societies.	No	Yes	Sovereign Rating AAA Short-term F1+, Individual B , Support 2	No	In-house buy and hold upon the advice of Treasury Advisers. Also fund manager(s).
UK Government Gilts	No	Yes	Govt-backed	No	In-house buy and hold upon the advice of Treasury Advisers. Also fund manager(s).
Reverse Gilt Repos <i>[A transaction where gilts are bought with a commitment (as part of the same transaction) to sell equivalent gilts on a specified date, or at call, at a specified price.]</i>	No	Yes	Govt-backed	No	Fund manager(s) only.

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Money Market Funds <i>These funds do not have any maturity date.</i>	No	Yes	AAA plus MR1+	No	In-house and fund manager(s).
Commercial paper <i>[short-term obligations (generally with a maximum life of 9 months) which are issued by banks, corporations and other issuers]</i>	No	Yes	Sovereign Rating AAA Short-term F1+	No	Fund manager(s) only.
Gilt Funds and other Bond Funds (dependent on set-up structure) <i>*** These are open-end mutual funds investing predominantly in UK govt gilts and corporate bonds. These funds do not have any maturity date. The fund would hold highly liquid instruments and the Council's investment in these funds could be sold at any time.</i>	No	Yes	Sovereign Rating AAA AA-	No, provided it is not a body corporat e by virtue of its set up structure.	Fund manager(s) only.
Treasury bills <i>[Government debt security with a maturity less than one year and issued through a competitive bidding process at a discount to par value]</i>	No	Yes	Govt-backed	No	Fund manager(s) only.
Bonds issued by a financial institution that is guaranteed by the United	No	Yes	Govt-backed	No	In-house to buy and hold upon the advice of Treasury Advisers.

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Kingdom Government (as defined in SI 2004 No 534)					Also fund manager(s).
Bonds issued by multilateral development banks (as defined in SI 2004 No 534)	No	Yes	AAA	No	In-house buy and hold upon the advice of Treasury Advisers. Also fund manager(s).
Sovereign bond issues (other than by UK govt)	No	Yes	AAA	No	In-house buy and hold upon the advice of Treasury Advisers. Also fund manager(s).