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Lombard Street Research Witness Seminar

The Old Gilt-Edged Market

Wednesday, 22 March 2006, Bank of England Conference Centre

Chairman: Lord George of St Tudy

AGENDA

The seminar will be held between 1.15 pm and 6.15 pm at the Bank of England. There will be three sessions, with a maximum of two thirds of the duration of a session allocated to witnesses on the panel and a minimum of one third to contributions from the floor. Lord George will chair each session. There will also be an academic moderator.

Welcome and Introductions (1.15 pm – 1.30 pm)

Welcome by the chairman, Lord George of St Tudy

Introduction by Sir Nigel Althaus on the size of the old market (both the primary and secondary markets), international comparisons. (*see background paper 1*)

The seminar will then concentrate on the crucial differences between the old and the new markets, and the peculiarities of the old market.

Session 1: The Authorities (1.30 pm – 2.50 pm)

Main witnesses: *Nigel Althaus, Tony Coleby and Gordon Pepper*

Academic Moderator: Forrest Capie

- 1a. The Government Broker - precise role - the advantages of being a partner in a private firm.
- 1b. Responsibilities within the Bank - principals of debt management - maximising investors' desire to hold gilts in the long run - the Bank's tactic of preserving an orderly market.
- 1c. Tap stocks, tap prices, sale techniques, Duke of York trick.
- 1d. Support operations.
- 1e. The effect of very heavy official intervention lasting many years. (*see background papers 2 and 3*)

Interval and Refreshments (2.50 pm – 3.20 pm)



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Session 2: Jobbers, discount houses and borrowing stock (3.20 pm – 4.30 pm)

Main witnesses: *Rodney Offer, Alistair Buchanan and Peter Wills*

Academic Moderator: Geoffrey Wood

- 2a. The peculiarities of jobbing compared with market making.
- 2b. The separation of the bill market from the government bond market - discount house dealings in gilts - the differences between the under 5-year and over-5 year markets in gilts.
- 2c. Suppression of uncovered bear positions - borrowing and lending of stock - no negotiable options or futures markets (*see background paper 4*)

Session 3: Brokers and Gilt-edged Investment managers (4.30 pm – 6.00 pm)

Main witnesses: *George Nissen, Pat Phillips, Bob Walther and Michael Deakin*

Academic Moderator: Ranald Michie

- 3a. Taxation, issue-price zones, year-and-a-day transactions, bond washing.
- 3b. Bond research. (*see papers 5, 6 and 7*)
- 3c. According to investment managers did the old market have any advantages over the new one? If so, what were they?

Conclusions and overview by Lord George of St Tudy (6.00 pm – 6.15 pm)