

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT – EXTRACT FROM CURRENT TM STRATEGY

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of £10m** will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	N/A	unlimited	6 months
UK Government gilts	UK sovereign rating	£2m	12 months
UK Government Treasury bills	UK sovereign rating	£2m	12 months
Money Market Funds CNAV	AAA	£3m per fund	Liquid
Money Market Funds LNAV	AAA	£3m per fund	Liquid
Money Market Funds VNAV	AAA	£3m per fund	Liquid
Ultra-Short Dated Bond Funds	Selection process to determine most appropriate	£3m per fund	Liquid
Local authorities	N/A	100%	12 months

	N/A	£2m- non specified	5 years
	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
Term deposits with housing associations	Blue Orange Red Green	£3m per institution	12 months
Term deposits with banks and building societies	Blue Orange Red Green	£6m per institution £9m per banking group	12 months
CDs or corporate bonds with banks and building societies	Blue Orange Red Green	£3m- non specified per banking group	12 months
CDs or corporate bonds with banks and building societies	Blue Orange Red Green	£6m per institution £9m per banking group	12 months
Property Funds (longer term investment option)	N/A	£5m	Minimum 5 years
Multi asset funds (longer term investment option)	Via selection process	£5m	Minimum 3 years
Council's own bank	N/A	Unlimited	Overnight

* DMO – is the Debt Management Office of HM Treasury

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, we will review the accounting implications of new transactions before they are undertaken.