

## TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of 75% 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:

	<b>Minimum credit criteria / colour band</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
DMADF – UK Government	N/A	100%	12 months
UK Government gilts	UK sovereign rating	80%	12 months
UK Government Treasury bills	UK sovereign rating	80%	12 months
Bonds issued by multilateral development banks	AAA (or state your criteria if different)	40%	12 months
Money Market Funds CNAV	AAA	100%	Liquid
Money Market Funds LVAV	AAA	100%	Liquid
Money Market Funds VNAV	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	N/A	100%	12 months
Term deposits with banks and building societies	Green	95%	12 months
CDs or corporate bonds with banks and building societies	Green	95%	12 months
Gilt funds	UK sovereign rating	100%	12 months

**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.

**NON-SPECIFIED INVESTMENTS:** A maximum of 75% \*\* will be held in aggregate in non-specified investment

### 1. Maturities of ANY period

	<b>* Minimum Credit Criteria</b>	<b>Use</b>	<b>** Max % of total investments</b>	<b>Max. maturity period</b>
<b>Fixed term deposits with variable rate and variable maturities:</b> -Structured deposits	Green	In-house and Fund Managers	<b>80%</b>	As per minimum credit Criteria
Certificates of deposit issued by banks and building societies	Green	In-house and Fund Managers	80%	As per minimum credit Criteria
Fixed Bonds – Corporate, Financial, Supranational or Covered.	AAA	In-house and Fund Managers	10%	5 years
Floating rate notes	AAA	In house and Fund Managers	10%	5 years
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>				
Corporate bond fund	AAA	In house and Fund Managers	10%	5 years
Property fund:	Based on external credit assessment from the Council's Treasury Management Advisors. UK asset investment.	In house and Fund Managers	£20m at fund entry. Maximum of two Funds at any one time for viability.	Long Term

## 2. Maturities in excess of 1 year

	<b>* Minimum Credit Criteria</b>	<b>Use</b>	<b>** Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – local authorities	--	In-house	80%	5 years
Term deposits – banks and building societies	Green	In-house	80%	5 years
Certificates of deposit issued by banks and building societies	Green	In-house and Fund Managers	80%	5 years
UK Government Gilts	UK sovereign rating	In-house and Fund Managers	80%	10 years
Fixed Bonds – Corporate, Financial, Supranational or Covered.	AAA	In-house and Fund Managers	10%	5 years
Sovereign bond issues (other than the UK govt)	AAA	In-house and Fund Managers	50%	10 years
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>				
Property fund	Based on external credit assessment from the Council's Treasury Management Advisors. UK asset investment.	In house and Fund Managers	£20m at fund entry. Maximum of two Funds at any one time for viability.	Long Term