

Appendix D
Specified and Non-specified Investment Criteria
(including Treasury Limits and Procedures)

TM Strategy 2019/20

Table 1

Specified Investments are sterling denominated with maturities up to maximum of one year and must meet the following minimum high credit quality criteria:

| Investment Counterparty | Investment Instrument | Minimum High Credit Quality Criteria | Investment Duration |
|--|-----------------------|---|--|
| Banks or Building Societies | Overnight Deposit | Fitch: Short Term F1 and Long Term A and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different OR Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage). | Maximum duration as per Treasury Advisor's (Link's) colour coded Credit List, and less than one year |
| | Notice Account | | |
| | Short Term Deposit | | |
| Debt Management Office or UK Local Authority | Any deposit | No limit. | |
| Money Market Funds | Instant Access | AAA rated | Instant Access |

Table 2

Non-Specified Investment are sterling denominated with a maturity longer than one year but no longer than five years, and must meet the following criteria:

| Investment Counterparty | Investment Instrument | Minimum High Credit Quality Criteria | Investment Duration |
|--|--|---|---|
| Banks or Building Societies | Any deposits with maturity up to a maximum of five years | Fitch: Short Term F1+ and Long Term AA- and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different | Maximum duration suggested by Treasury Advisor's (Link's) colour coded Credit List, and not in excess of five years |
| Debt Management Office or UK Local Authority | | No Limit. | |

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Table 3 **Treasury Limits**

| Investment Instrument | Cash balances less than £30Million | Cash balances higher than £30Million |
|--|---|--------------------------------------|
| | Limits | Limits |
| Variable Rate Investments (Excluding Enhanced Cash Funds) | Maximum holding £30M | Maximum holding 100% |
| Counterparty limits (to encompass all forms of investment) | Maximum £5M | Maximum £8M |
| Instant Access Or Overnight Deposit | Maximum holding 100% | |
| Fixed Rate less than 12 month maturity | Maximum holding 100% | |
| Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits) | Maximum £5M | Maximum £10M |
| Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund) | Maximum £5M per MMF | Maximum £8M per MMF |
| | No limit on total cash held | |
| Enhanced Cash Funds | Maximum £3M | |
| Certificates of Deposits | Maximum £5M | |
| Property Funds | Maximum of £3M - No durational limit. Use would be subject to consultation and approval | |

| Procedures of Applying the Criteria and Limits | |
|--|---|
| | Before the Treasury Team makes an investment, the Team will follow the follow procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits: |
| 1 | Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced by Link (formerly known as Capita), specifically meeting the Council's Specified and Non-specified Minimum High Credit Quality Criteria in the above Table 1 & 2. If it is not on the list, the Treasury Team will not invest with them. |
| 2 | If the Counterparty is on the list, then the Treasury Team refers to the Credit List produced by Link (former known as Capita) in colour coding, to determine the maximum investment duration suggested for the deposit, as per the column of Suggested Duration (CDS Adjusted with manual override). |
| 3 | Refer to the Treasury Limits in the above Table 3 to ensure the amount invested complies with the Treasury Limits. |