

# Press notices concerning the future structure of the gilt-edged market

## Market makers in the future structure of the gilt-edged market

Notice issued by the Bank on 3 June 1985

1 The Bank has now reviewed the applications received from firms wishing to become gilt-edged market makers on the basis of the arrangements set out in the Bank's paper *The future structure of the gilt-edged market* dated April 1985. Following that review, there are thirty-one firms whose applications are under active consideration. In a few of these cases there are points which remain to be clarified and discussions with these firms are continuing. To the remainder the Bank has today indicated that it is in principle prepared to deal with them as gilt-edged market makers, subject to the effective implementation of the plans described in the Bank's discussions with them.

2 The total capitalisation which these thirty-one firms have provisionally indicated to the Bank is between £600 million and £700 million, ranging in individual size up to £50 million and distributed roughly as follows:

Number of firms	Capital size (£ millions)
5	Up to 10
12	10 to 20
10	20 to 30
4	30 and above

3 The thirty-one firms have indicated that they expect in normal conditions to deal in close prices in the following amounts:

Amount	Conventional	Conventional
	full coupon shorts	full coupon longs
Up to £1 million	4	8
£1-2½ million	10	11
£2½-5 million	9	8
£5 million or more	8	4

All firms have said that they would be prepared to quote for substantially larger amounts than those they have indicated above. Ten firms have indicated that they expect to maintain a Stock Exchange floor presence and a further five are considering doing so.

4 Almost all the firms have indicated that they intend to make a market in the full range of gilt-edged stocks from the outset and in the few instances where firms are still considering the possibility of confining their operations to the short market they have indicated their intention to

extend their operations to the full range of stocks within a short period.

5 Fourteen firms have indicated that their main interest will be in institutional business (both directly and through broker dealers) with the remainder planning to cover the market generally (also directly and through broker dealers); of those latter firms, thirteen have specifically indicated an interest in providing facilities for smaller investors.

6 As provided in the Bank's paper *The future structure of the gilt-edged market*, firms are being asked to confirm, in the light of the above information, that they wish to become a gilt-edged market maker and the Bank plans to publish the list of names on 17 June 1985.

## The future structure of the gilt-edged market

Notice issued by the Bank on 17 June 1985

1 The following twenty-nine firms, with which the Bank is in principle willing to deal, have confirmed their intention to become gilt-edged market makers in the future structure of the gilt-edged market:

Aitken Campbell & Co. (Gilts)  
 Akroyd, Rowe & Pitman, Mullens & Co. Ltd  
 Alexanders, Laing & Cruickshank Limited  
 Bank of America  
 Barclays de Zoete Wedd  
 Baring, Wilson & Watford  
 BT Gilts Limited  
 Cater Allen Holdings p.l.c.  
 Chase, Laurie & Simon  
 Citicorp Scrimgeour Vickers  
 County Holdings Group (National Westminster Bank p.l.c.)  
 CSFB (Gilts) Limited  
 Gerrard & National  
 Goldman Sachs Government Securities (U.K.) Limited  
 Greenwell Montagu Gilt-Edged Limited  
 Hill Samuel Wood Mackenzie (Sterling Debt) Ltd  
 Hoare Govett Sterling Bonds Limited  
 James Capel Gilts Limited  
 Kleinwort, Grieson, Charlesworth Ltd  
 Lloyds Bank Group  
 Merrill Lynch, Giles & Cresswell  
 Messel/Shearson Lehman  
 Morgan Grenfell Government Securities Limited  
 Morgan Guaranty Gilts Ltd  
 Orion Royal Bank/Kitcat & Aitken  
 Phillips & Drew Moulds  
 Joint venture between Prudential-Bache and Clive  
 Salomon Brothers Sterling Trading Limited  
 Union Discount Securities Ltd

The names in some cases indicate the provisional name of the gilt-edged market maker and in others the group to which it belongs.

2 The Bank now invites applications, by 12 July 1985 at the latest, from firms wishing to be Stock Exchange money brokers or inter-dealer brokers on the basis of the arrangements set out in the Bank's paper *The future structure of the gilt-edged market* dated April 1985. Applications should be addressed to the Head of the Gilt-edged Division at the Bank. The Bank will hold formal discussions with these firms based on an annotated agenda which will be sent to all applicants. The Bank hopes to publish the list of Stock Exchange

money brokers and of inter-dealer brokers during August.

3 Firms wishing to be Stock Exchange money brokers or inter-dealer brokers will, in their response to the annotated agenda, need to provide evidence of a broadly-based demand for their services in the form of letters from prospective gilt-edged market makers whose names are given above, indicating a willingness in principle to use their services.