

**Sevenoaks District Council****Investment Criteria for the financial year 2010-11****1) Investment Instruments**

<b>Specified Investments</b>	<b>Minimum 'High' Credit Criteria</b>	<b>Maximum maturity period</b>
Debt Management agency Deposit Facility	-	6 months
Term deposits – other LA's	-	1 year
Term deposits - banks	Long-Term AA- or better	1 year
Term deposits – building societies	Long-Term AA- or better	1 year

<b>Specified Investments</b>	<b>Minimum Credit Criteria</b>	<b>Maximum Maturity Period</b>
The following categories of investment may have variable interest rates and/or variable maturity dates.		
Certificates of deposit issued by banks and building societies covered by UK Government guarantee	Banks: Long-term AA- or better Building Societies: Long-term AA- or better	1 year
Certificates of deposit issued by banks and building societies NOT covered by UK Government guarantee	Banks: Long-term AA- or better Building Societies: Long-term AA- or better	1 year
UK Government gilts	Long-term AAA	1 year
Bonds issued by multilateral	Long-term AAA	1 year

development banks		
Bonds issued by a financial institution which is guaranteed by the UK Government	Long-term AAA	1 year
Sovereign bond issues (i.e. other than UK Government)	Long-term AAA	1 year
Treasury bills	-	3 months
Money Market Funds	Long-term AAA	1 year

<b>Non-Specified Investments</b>	<b>Minimum Credit Criteria</b>	<b>Max % of total investments</b>	<b>Max. Maturity period</b>
Term deposits – other LA's (with maturities in excess of 1 year)	-	75	5 years
Term deposits – Banks (with maturities in excess of 1 year)	Long-term AA- or better	75	5 years
Term deposits – building societies (with maturities in excess of 1 year)	Long-term AA- or better	75	5 years
Fixed term deposits with variable rate and variable maturities: Structured deposits	Long-term AA- or better	25	5 years
Certificates of deposits issued by banks and building societies	Banks: Long-term AA- or better  Building Societies: Long-term AA- or better	25	5 years
UK Government Gilts	Long-term	25	5 years

	AAA		
Bonds issued by multilateral development banks	Long-term AAA	25	5 years
Bonds issued by a financial institution which is guaranteed by the UK Government	Long-term AAA	25	5 years
Sovereign bond issues (i.e. other than the UK Govt)	AAA	25	5 years
Corporate Bonds: <b>the use of these investments would constitute capital expenditure</b>	Long-term AAA	25	5 years

A maximum of 75% will be held in aggregate in non-specified investments.

## **2) Institution & group limits**

- a) Maximum of £3m with any single counterparty and an overall £4m with any counterparties within a group of institutions.
- b) Maximum of 15% of the total fund to be lent to any single counterparty or counterparties within a group of institutions.

## **3) Country limits**

- a) Lending is restricted to counterparties based within either the UK or EU.
- b) Total investments in any one foreign country is limited to 15% of the total fund.

## **4) Durational limits**

Maximum duration for any investment is one year.

## **5) Sector recommended lending list**

The current lending list is constructed around the matrix provided by Sector Treasury Services Limited and appears on the following pages. This is a snapshot at 2<sup>nd</sup> July 2010 and can change on a daily basis. In practice, many of the institutions are excluded by the limits prescribed in paragraphs 2 to 4 above.

## SEVENOAKS DISTRICT COUNCIL LENDING LIST AS AT 02/07/2010

	Institution Name	Group	Country	Sovereign	L/Term	S/Term	Individual	Support	Duration	CDS Status	Adj Duration	Limit (£m)	Group Limit (£m)
	<b>BANKS</b>												
!!	Abbey National Treasury Services plc	Santander	GBR	AAA	AA-	F1+				No data		3	4
!!	Australia & New Zealand Banking Group		AUS	AA+	AA-	F1+	B	1		In Range		3	
!!	Banco Bilbao Vizcaya Argentaria (BBVA)		ESP	AA+	AA-	F1+	A/B	1	n/c	Out of Range	n/c	3	
!!	Banco Popular Espanol		ESP	AA+	AA-	F1+	B	2	n/c	Out of Range	n/c	3	
!!	Banco Santander	Santander	ESP	AA+	AA	F1+	A/B	1		Monitoring		3	4
!!	Banco Santander Totta SA	Santander	PRT	AA-	AA	F1+	B	1	n/c	No data	n/c	3	4
	Bank Nederlandse Gemeenten		NLD	AAA	AAA	F1+	A	1		No data		3	
	Bank of Montreal		CAN	AAA	AA-	F1+	B	1		No data		3	
	Bank of New York Mellon		USA	AAA	AA-	F1+	A/B	1		No data		3	
	Bank of Nova Scotia		CAN	AAA	AA-	F1+	B	1		No data		3	
!!	Bank of Scotland plc	Lloyds	GBR	AAA	AA-	F1+	C	1		N/A		3	4
!!	Barclays Bank plc		GBR	AAA	AA-	F1+	B	1		In Range		3	
!!	BNP Paribas		FRA	AAA	AA	F1+	B	1		In Range		3	
!!	Caixa Geral de Depositos		PRT	AA-	A+	F1	B/C	1	n/c	Out of Range	n/c	3	
!!	CALYON Corporate and Investment Bank		FRA	AAA	AA-	F1+	C	1		Monitoring		3	
!!	Canadian Imperial Bank of Commerce		CAN	AAA	AA-	F1+	B	1		No data		3	
	Cater Allen Ltd	Santander	GBR	AAA						No data		3	4
!!	Clydesdale Bank	NAB	GBR	AAA	AA-	F1+	C	1		No data		3	4
!!	Commonwealth Bank of Australia		AUS	AA+	AA	F1+	A/B	1		In Range		3	
!!	Confederacion Espanola de Cajas de Ahorros		ESP	AA+	AA-	F1+	B/C	2	n/c	No data	n/c	3	
!!	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA		NLD	AAA	AA+	F1+	A	1		In Range		3	
	Credit Industriel et Commercial (CIC Group)		FRA	AAA	AA-	F1+	B/C	1		No data		3	
!!	Credit Suisse		CHE	AAA	AA-	F1+	B/C	1		In Range		3	



	<b>ALL UK LOCAL AUTHORITIES</b>												4	
	<b>UK DEBT MANAGEMENT OFFICE ACCOUNT</b>												4	
	<b>DEPOSIT FACILITY</b>													
	<b>MONEY MARKET FUNDS</b>												4	

Key:

- Recommended for short-term lending up to 3 months
- Recommended for short-term lending up to 6 months
- Recommended for short-term lending up to 1 year
- Recommended for short-term lending up to 1 year (Nationalised & part-nationalised banks)
- Recommended for short-term lending up to 2 years

!! Ratings on Rating Watch / Rating Alert / Rating Outlook