

Chapter 7

Pricing

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Announcing pricing to managers/selling group

- R7.1** Managers (and members of any selling group) should be informed: *September 2015*
- (a) in good time, as to when and on what reference basis the issue will be priced;
 - (b) promptly, as to any change to the above; and
 - (c) immediately, as to pricing itself.

Free to trade

- R7.2** Managers (and members of any selling group) should be given some notice (even if very short) of when they will be free to trade the bonds other than on a fixed price re-offer basis. *September 2015*

Pricing references for new Sterling bonds

- R7.3** All gilts with an aggregate nominal amount of £10 billion or more should be considered as benchmarks, unless inappropriate, including, for example due to high coupons, lack of liquidity or the fact that there may be a more suitable alternative closer in maturity. *July 2016*

- 7.3A** The Fourth Quarter 2015 edition of the ICMA Quarterly Report reported (at page 36) that *“The Recommendations reference generic reasons why a gilt might not be appropriate as a benchmark but do not reference specific gilts for future-proofing reasons. However, primary market practitioners currently seem generally to consider that: [...] three existing gilts are inappropriate as credit benchmarks in the context of ICMA Recommendation 7.3: 8% 2015, 8.75% 2017 and 8% 2021”*. *July 2016*

- R7.4** The credit benchmark to reference in pricing a specific new Sterling bond should be: *September 2015*
- (a) where there is only one benchmark maturing in the same calendar year as that bond, that benchmark;
 - (b) where there is no benchmark maturing in that calendar year, the nearest shorter maturity benchmark;
 - (c) where there is more than one benchmark maturing in that calendar year: (i) the benchmark maturing in the same month as that bond, or failing which; (ii) the nearest shorter maturity benchmark in that calendar year, or failing which; (iii) the nearest longer maturity benchmark in that calendar year.

- R7.5** The price level of the referenced benchmark to use in pricing a specific new Sterling bond should be the mid price/yield. *September 2015*