

Table 2: Counterparty limits

APPENDIX B ANNEX 1

Investment / Counterparty type:	S/term	L/term	Viability / Support	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use	Notes ref:
Specified instrument: (repayable within 12 months)	(FITCH or equivalent)							
DMADF	n/a			UK Sovereign	£12m	364 days	In House & EFM*	
UK Govt., Local Authorities / Public Corporations /Nationalised Industries	n/a		High		£9m	364 days	In House & EFM*	11
Bank - part nationalised UK	F1	A		UK Sovereign	£9m	364 days	In House & EFM*	1 & 2
Bank - Private UK (includes Fixed Term Deposits,CD's, and Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1 & 2
	F1	A+		UK Sovereign	£6m	364 days	In House & EFM*	1 & 2
	F1	AA- & above		UK Sovereign	£7m	364 days	In House & EFM*	1 & 2
Other Private Sector Financial Institutions (includes Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1 & 2
	F1	A+		UK Sovereign	£6m	364 days	In House & EFM*	1 & 2
	F1	AA- & above		UK Sovereign	£7m	364 days	In House & EFM*	1 & 2
Corporates (Category 3 FRN'S, Bonds)	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1 & 2
	F1	A+		UK Sovereign	£5m	364 days	In House & EFM*	1 & 2
	F1	AA- & above		UK Sovereign	£6m	364 days	In House & EFM*	1 & 2
Bank subsidiaries of UK Banks	Unrated			Explicit Parent Guarantee	£5m	3 months	In House & EFM*	1 & 3
Money Market Fund(CNAV)	AAAm / Aaa-mf/AAAmf				£9m	liquid	In House & EFM*	
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAAV1				£6m	liquid	In House & EFM*	4
Building Societies - category A	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1a.
Building Societies - category B	F1			UK Sovereign	£2m	364 days	In House & EFM*	1a.
Corporate bonds - category 2	A				£9m	364 days	In House & EFM*	5
Covered bonds - category 2	A				£9m	364 days	In House & EFM*	12
Bonds - Supranational / Multi Lateral Development Banks	AAA / Govt Guarantee				£5m	364 days	In House & EFM*	
Floating Rate Notes - category 2	A				£9m	364 days	In House & EFM*	6
Eligible Bank Bills	n/a			Determined by EFM	£5m	364 days	EFM*	
Sterling Securities guaranteed by HM Government	n/a			UK Sovereign	9m	not defined	EFM*	

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	L/term							
Non-specified instruments	(FITCH or equivalent)							
Building societies - assets > £500m	unrated category C				£1m	3 months	In House	1b. & 9
Bank - part nationalised UK > 1 year	F1	A		UK Sovereign	£9m	2 years	In House +Advice & EFM*	1b.,2, & 10
Bank - Private UK (includes Fixed Term Deposits,CD's, and Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	A+		UK Sovereign	£6m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	AA- & above		UK Sovereign	£7m	2 years	In House +Advice & EFM*	1b.,2, & 10
Other Private Sector Financial Institutions (includes Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	A+		UK Sovereign	£6m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	AA- & above		UK Sovereign	£7m	2 years	In House +Advice & EFM*	1b.,2, & 10
Corporates (Category 3 FRN'S, Bonds)	F1	A		UK Sovereign	£4m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	A+		UK Sovereign	£5m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	AA- & above		UK Sovereign	£6m	2 years	In House +Advice & EFM*	1b.,2, & 10
Building societies - > 1 year	F1	A		UK Sovereign	£1m	2 years	In House +Advice & EFM*	1b. & 10
Local Authorities > 1 year	n/a		High		£9m	5 years	In House +Advice	10
Corporate bonds - category 2 > 1 year	A				£9m	2 years	In House & EFM*	5 & 10
Covered bonds - category 2 > 1 year	A				£9m	2 years	In House & EFM*	10 & 12
Corporate Equity Funds - low risk	N/A			See note 13	£4m	10 years	EFM*	13 & 14
Corporate Equity Funds - medium risk	N/A			See note 13	£2m	10 years	EFM*	13 & 14
Corporate Bond Funds	BBB				£5m	10 years	In House +Advice & EFM*	10
Pooled property fund eg: REITS				Authorised FS&MA	£5m	10 years	In House +Advice	10
CCLA property funds	n/a			see note 8	£5m	10 years	In House +Advice	7 & 10
Day to day balances	n/a				n/a	n/a	In House	8

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Notes:

* EFM = External Fund Manager

All maximum maturity periods include any forward deal period

1. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £3m with a maximum in Repo's of £3m.
- 1a. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £2m with a maximum in Repo's of £2m.
- 1b. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's
2. Counterparty Limit is also the Group Limit where investments are with different but related institutions.
3. Unrated but with explicit guarantee by parent + parent meets minimum ratings of : S/term F1 L/Term A
Subject to group limit relating to parent bank e.g. £5m if private of £9m if part or wholly nationalised.
4. Subject to overall group limit of £6m - removed from 2016/17.
5. Corporate Bonds must be Senior Unsecured and above. Category types:
Category 1: Issued by private sector Financial Institutions
Category 2: Issued by Financial institutions wholly owned or part owned by the UK Govt
Category 3: Issued by Corporates
6. Floating Rate Notes - categories as per note 5 above.
7. Security of Trustee of fund (LAMIT) controlled by LGA, COSLA who appoint the members and officers of LAMIT.
8. Minimum exposure to credit risk as overnight balances only.
9. Group limit of £8m
10. £15m overall limit for Corporate Bond/Equity/Property Funds & £20m limit for all counterparties.
11. UK Government includes Gilt Edged Securities and Treasury Bills
12. Covered Bonds Category types:
Category 1: Issued by private sector Financial Institutions
Category 2: Issued by Financial institutions wholly owned or part owned by the UK Govt
Category 3: Issued by Corporates
13. Risk determined as follows;-
Low - UK Equity Income Funds
Medium - UK Capital Growth Funds
14. Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment