



NOTE FOR THE RECORD

cc Principal Private Secretary
 PS/Chief Secretary
 Sir D Wass
 Mr Littler
 Mr Bridgeman
 Mr Middleton
 Mr Unwin
 Mr Riley
 Mr Ridley
 Mrs Gilmore
 — Chief Cashier B of E

Jul 28/12

NEW SHORT TAP

The Financial Secretary saw the Chief Cashier at 6.00pm yesterday. Mr Bridgeman, Mr Middleton and Mr Ridley were also present. Before the main part of the discussion, which was informal, the Chief Cashier asked for the Financial Secretary's views on the possibility of issuing one or more short-dated stocks to refinance two which were shortly due to mature, one of which - the "Barber Convertible" - was widely held outside the banking system.

His own suggestion was that two new stocks might be introduced, say £600 million of a full-coupon stock due to mature in 1984, and priced at £96, and say £400 million of a middle-coupon stock with a larger discount. His advice was that the Bank should be ready to issue both these stocks on 4 January 1980. The Financial Secretary agreed that it was important to have a short tap available to meet likely demands, and that a short tap with a coupon of $13\frac{3}{4}$ -14% should be issued as the Chief Cashier had suggested. The Financial Secretary added that he hoped that it would be possible to keep the coupon down to $13\frac{3}{4}$ %. Meanwhile, he recognised the attractions of issuing a middle-coupon stock, say a further tranche of Treasury $8\frac{1}{2}$ % 1980-82, with a coupon broadly in line with that of the maturing stock. He felt that the final decision on this should be left until the nearer prospective date of issue. If, at the time, there looked like being a danger of overkill through the issue of two stocks only the full-coupon one should be proceeded with.

The Chief Cashier added that it would probably be necessary to issue a long-dated stock later in January, when the current tap could be expected to be exhausted.

SAL

S A J LOCKE

21 December 1979