**Call-Off Schedule 20 (Call-Off Specification)**

This Schedule sets out the characteristics of the Deliverables that the Supplier will be required to make to the Buyers under this Call-Off Contract

**CONTENTS**

1. [PURPOSE](#_gjdgxs) 2
2. [BACKGROUND TO THE CONTRACTING AUTHORITY](#_30j0zll) 2
3. [BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT](#_1fob9te) 2
4. [DEFINITIONS](#_3znysh7) 3
5. [SCOPE OF REQUIREMENT](#_2et92p0) 4
6. [THE REQUIREMENT](#_tyjcwt) 4
7. [KEY MILESTONES](#_3dy6vkm) 8
8. [AUTHORITY’S RESPONSIBILITIES](#_1t3h5sf) 9
9. [REPORTING](#_4d34og8) 9
10. [VOLUMES](#_2s8eyo1) 9
11. [CONTINUOUS IMPROVEMENT](#_17dp8vu) 9
12. [SUSTAINABILITY](#_3rdcrjn) 9
13. [QUALITY](#_26in1rg) 9
14. [PRICE](#_lnxbz9) 10
15. [STAFF AND CUSTOMER SERVICE](#_35nkun2) 10
16. [SERVICE LEVELS AND PERFORMANCE](#_44sinio) 11
17. [SECURITY REQUIREMENTS](#_2jxsxqh) 12
18. [INTELLECTUAL PROPERTY RIGHTS (IPR)](#_z337ya) 12
19. [PAYMENT](#_3j2qqm3) 12
20. [ADDITIONAL INFORMATION](#_1y810tw) 12
21. [LOCATION](#_4i7ojhp) 13
22. **PURPOSE**
    1. The Lords Commissioners of His Majesty’s Treasury acting through the United Kingdom Debt Management Office (an Executive Agency of HM Treasury) (hereafter referred to as the “**DMO**” or the “**Authority**”) operates principally in the London wholesale markets for UK Gilts and Treasury bills and in the London money markets; for more details on the Authority’s activities please refer to section 2 below. To support its operations, the Authority has an on-going requirement for regular legal advice on matters arising from its activities which are commercially complex and cover debt capital markets, money markets, derivatives, financial markets regulations, tax, dispute resolution, foreign laws and other areas.
23. **BACKGROUND TO THE CONTRACTING AUTHORITY**
    1. As the UK government’s debt, cash and treasury manager, the Authority aims, with HM Treasury, to lead, develop and deliver the UK government’s debt and cash management objectives.
    2. The United Kingdom Debt Management Office was established as an Executive Agency of HM Treasury in 1998 and operates at the centre of the financial markets, interacting with major financial institutions to balance the cash flows to and from government on a daily basis and transacting in UK Gilts and Treasury bills, to meet the UK government's financing and cash flow requirements.
    3. The Authority also lends to local authorities on behalf of HM Treasury via the PWLB lending facility, manages certain public sector funds on behalf of the Commissioners for the Reduction of the National Debt (CRND) and advises and supports HM Treasury’s financial stability measures and initiatives aimed at helping UK small businesses.
    4. The Authority aims to be a centre of excellence for HM Treasury in the provision of policy advice, the delivery of the UK government’s financing needs and to act as a key gateway for the UK government to the wholesale financial markets.
    5. More information on the Authority can be found at: [http://www.dmo.gov.uk.](http://www.dmo.gov.uk/)
24. **BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT**
    1. To support its operations as described above, the Authority has an on-going requirement for regular legal advice on matters arising from its activities which are commercially complex and cover debt capital markets, money markets, derivatives, financial markets regulations, tax, dispute resolution, foreign laws and other areas.
    2. Given the range of specialist expertise and frequent requirement for advice in a short timeframe which may be required on individual matters, the Authority is seeking to appoint an external legal services supplier for a 3-year term (with potential extension period of up to 2 years to the extent permitted under the Framework) to deliver advice as and when required.
    3. The Authority is therefore undertaking this competitive procurement process under Lot 2 of the Finance and Complex Legal Services Framework RM6179 to identify a suitable supplier.
25. **DEFINITIONS**
    1. Unless the context requires otherwise, where used in this document each of the following terms has the meaning assigned to it below:

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| Authority | means the Lords Commissioners of His Majesty’s Treasury acting through the United Kingdom Debt Management Office (Contracting Authority) |
| CRND | means Commissioners for the Reduction of the National Debt |
| DMADF | means Debt Management Account Deposit Facility |
| DMO | means the Lords Commissioners of His Majesty’s Treasury acting through the United Kingdom Debt Management Office |
| GEMM | means Gilt-edged Market Makers |
| Gilt Information Memorandum | means the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock |
| Gilts | means sterling denominated UK government marketable debt instruments with maturities of greater than one year issued by His Majesty’s Treasury |
| ICMA | means International Capital Market Association |
| ISDA | means International Swaps and Derivatives Association |
| ISMA | means International Securities Market Association (a predecessor to the International Capital Market Association) |
| Panel Agreement | means the panel agreement RM6179- Finance and Complex Legal Services |
| Potential Provider | means an organisation (or organisations collectively) which submits a bid pursuant to this procurement |
| PSA | means Public Securities Association (a predecessor to SIFMA) |
| PWLB | means Public Works Loan Board |
| SIFMA | means Securities Industry and Financial Markets Association |
| Supplier | means a Potential Provider with whom the Authority has concluded a Legal Services Contract following successful completion of this procurement process |
| TBMA | means The Bond Market Association (a predecessor to SIFMA) |
| Treasury bills or T-bills | means sterling denominated UK government marketable debt instruments with maturities of up to one year |

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| VFM | means Value for Money |

1. **SCOPE OF REQUIREMENT**
   1. The Authority requires legal specialists to provide advice on an on-going basis in relation to the areas of work set out under section 6 (*The Requirement*) below. The core work under the Legal Services Contract is expected to fall within the following Lot 2 Mandatory and Optional Specialisms:
      1. Debt capital markets;
      2. Financial services, market and competition regulation; and
      3. Sustainable finance/green finance,

with the possibility of requiring some advice where expertise in other Mandatory Specialisms would be necessary, such as:

* + 1. Corporate finance;
    2. Insurance and reinsurance;
    3. Investment and asset management;
    4. Investment and commercial banking;
    5. High value or complex transactions and disputes;
    6. Projects of exceptional innovation and complexity; and
    7. Rescue, restructuring & insolvency,

and the possibility of requiring some advice where expertise falling within the following Optional Specialisms/Jurisdictions would be necessary:

* + 1. Fintech/cryptoassets;
    2. Islamic finance/sukuk;
    3. Local law in an international jurisdiction;
    4. Northern Irish law; and
    5. Scots law.
  1. The Supplier should therefore have capability in each of the above areas of specialism.

1. **THE REQUIREMENT**
   1. The Authority requires legal specialists to provide advice on an on-going basis in relation to the following areas of work:
      1. *Issue of Gilts*
         1. Advising on the legislative and contractual terms of issuance of Gilts, including the *Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock* (the “**Gilt Information Memorandum**”) published by the Authority as amended from time to time.
         2. Reviewing drafts of the Prospectus relevant to each first issue and subsequent issue of Gilts, including green Gilts, by means of auction.
         3. Advising and supporting the Authority at each issue of Gilts, including green Gilts, by means of a syndicated offer. This will include, among other things, reviewing, drafting and advising on the Preliminary Offering Circular, Final Offering Circular, Subscription Agreement, Memorandum of Understanding between the Authority and the Joint Lead Managers, Invitation Document, Pricing Document and the Signing and Closing Memorandum and issuing a legal opinion on certain matters.
         4. Preparation of and arranging for execution of the Final Offering Circular and Subscription Agreement and preparation of and circulation of the “bibles” relevant to each issue of Gilts by means of a syndicated offer.
         5. Advising the Authority of the interpretation of and/or changes in applicable law, including taxation law, competition law and market practice, affecting the issuance of Gilts and the provisions of the related documentation; responding to ad hoc queries related to applicable law.
         6. Advising the Authority of changes in applicable rules affecting the admission of each issue of Gilts to the Official List maintained by the Financial Conduct Authority.
         7. Advising the Authority of changes in applicable rules affecting the admission of each issue of Gilts to trading on the London Stock Exchange.
         8. Reviewing revisions to the operational procedures affecting the issuance of Gilts, the *Official Operations in the Gilt-edged Market – An Operational Notice*, the *GEMM Guidebook – A Guide to the Roles of the DMO and Primary Dealers in the UK Government Bond Market*, the T*erms and Conditions of the Standing Repo Facility*, the *Terms and Conditions of the Special Repo Facility* as amended from time to time and any other operational rules that may be published by the Authority from time to time (each available at [http://dmo.gov.uk/publications/gilt-market/operational-rules/).](http://dmo.gov.uk/publications/gilt-market/operational-rules/))
      2. *Issue of UK Treasury Bills*
         1. Advising on the legislative and contractual terms of issuance of Treasury bills and associated operational rules, including the *Treasury bill Information Memorandum* published by the Authority as part of the *Cash Management Operational Notice and Treasury bill Information Memorandum* as amended from time to time and any other operational rules that may be published by the Authority from time to time (each available at [https://www.dmo.gov.uk/publications/money-](http://www.dmo.gov.uk/publications/money-) markets/).
         2. Advising the Authority of the effects of and/or changes in applicable law, including taxation law, competition law, and market practice affecting the issuance of Treasury bills and the provisions of the related documentation; responding to ad hoc queries related to applicable law.
      3. *Cash Management Operations*
         1. Reviewing revisions to the operational procedures affecting the Authority’s cash management operations in the money markets, the *Cash Management Operational Notice and Treasury bill Information Memorandum* and the *DMADF Operational Notice* as amended from time to time (each available at [https://www.dmo.gov.uk/publications/money-](http://www.dmo.gov.uk/publications/money-) markets/).
         2. Advising the Authority in its contractual negotiations with prospective counterparties in the sterling and euro repo and reverse repo markets, including advice on SIFMA/ICMA, TBMA/ISMA and PSA/ISMA Global Master Repurchase Agreements and ancillary documentation.
         3. Advising the Authority in its contractual negotiations with prospective counterparties in the derivatives market, including advice on ISDA Master Agreements and ancillary documentation.
         4. Advising the Authority on any other cash management documentation and operations.
         5. Advising the Authority of the effects of and/or changes in applicable law, including taxation law or competition law, affecting its cash management operations and the provisions of the related documentation; responding to ad hoc queries related to applicable law.
      4. *General Advice and Other Operations*
         1. The wide ranging nature of the international capital and money markets means that a substantial number of the Authority’s counterparties are incorporated in jurisdictions other than the UK which gives rise to the possibility that questions may arise in relation to other legal systems. The successful firm should have the capability to provide advice in relation to such issues (whether through their in house capability or via overseas firms).
         2. From time to time HM Treasury may call upon the Authority to assist with activities beyond its core role of debt and cash management. The successful firm should have the depth of knowledge of the UK and international financial markets to provide advice in relation to such issues as might arise. The successful firm may also be called upon from time to time to advise the Authority of changes in applicable law affecting its other operations.
         3. The successful firm may be called upon from time to time to advise on issues that may arise in relation to the interpretation of the Authority’s documentation or applicable laws and regulations (which may include taxation and competition law) in relation to the Authority’s documentation and/or transactions and/or any disputes that may arise with market counterparties, investors, suppliers or otherwise (including, when required, the conduct of such disputes in court). The successful firm will not be required to advise on disputes arising from public law issues but will be required to work with the DMO’s legal team and Treasury Legal Advisers where such issues overlap with commercial issues.
         4. The successful firm may be required to provide general and bespoke advice and training to the Authority’s staff on matters such as anti-money laundering, anti-bribery and corruption and sanctions regulations and best practices, including in relation to the Authority’s Gilt Purchase and Sale Service for retail investors.
         5. The Authority may require advice on the effects of regulatory changes and other market developments (including on the legal implications of changes in market infrastructure, technology or market practice) on itself, its products and/or on its counterparties and the potential impact that may attach to the Authority’s operations as a result.
         6. The successful firm may from time to time be asked to provide advice on other areas of law beyond those set out above. However the successful firm will generally not be required to advise on public law issues but will be required to work with the DMO’s legal team and Treasury Legal Advisers where such issues overlap with commercial issues.

KEY MILESTONES

* 1. The Potential Provider should note the following project milestones that the Authority will measure the quality of delivery of the core debt management advice against:

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| **Milestone** | **Description** | **Timeframe** |
| 1 | Reviewing and becoming familiar with the Authority’s documentation for issuance of Gilts by means of auction and syndicated offering, including transition arrangements with the incumbent legal services provider to the DMO. | Within 6-8 weeks of award of the Legal Services Contract. |
| 2 | Reviewing and becoming familiar with the Authority’s documentation for issuance of Gilts by other means and for issuance of Treasury bills, including transition arrangements with the incumbent legal services provider to the DMO. | Within 6-8 weeks of award of the Legal Services Contract. |
| 3 | Reviewing and becoming familiar with the Authority’s documentation for its cash management operations, including its documentation for repurchase and reverse repurchase transactions and hedging transactions, including transition arrangements with the incumbent legal services provider to the DMO. | Within 6-8 weeks of award of the Legal Services Contract. |
| 4 | Periodic review meeting or call between the Authority and the Supplier’s Relationship Manager to review the performance of the Supplier, resolve any issues which have not been dealt with on a day to day basis, and discuss business opportunities, potential innovative solutions and any complaints. | Such meetings or calls will take place on a monthly basis for the first six months of the Legal Services Contract and thereafter on a quarterly basis. |

* 1. As set out in section 16 (*Service Levels and Performance*) below, the Supplier and the Authority will agree a delivery plan in respect of each significant Order under the Legal Services Contract. The delivery plan for a significant Order shall, if required by the Authority, include specific milestones in respect of that Order. For these purposes, unless agreed otherwise by the Supplier and the Authority, an Order is considered “significant” if its delivery is likely to require both (i) a timescale of more than two weeks and (ii) Charges of more than £10,000 excluding VAT.

1. **AUTHORITY’S RESPONSIBILITIES**
   1. To improve the Supplier’s understanding and the deliverability of requirements, the Authority will, wherever reasonably practicable, seek to:
      1. engage with the Supplier early on new Orders under the Legal Services Contract; and
      2. answer questions from the Supplier promptly.
2. **REPORTING**
   1. The Supplier will be required to proactively raise issues with the Authority and discuss with the Authority any deviations from the milestones above or the agreed delivery plan for any piece of work.
   2. The Supplier will be required to provide regular (monthly) updates on Charges incurred.
   3. As part of the Supplier’s monthly invoicing, the Supplier will be required to include narratives and daily entries by fee earner, and may be asked to break down the invoice into sub-categories for particular categories of work or particular Orders.
   4. The Supplier may also be asked to provide updates at other times and/or in relation to particular pieces of work.
3. **VOLUMES**
   1. The Authority has historically required advice on a regular (at least weekly) basis in relation to the issue of Gilts and on a more ad hoc basis in relation to other activities. As this is a call-off Contract, volumes of work cannot be guaranteed.
4. **CONTINUOUS IMPROVEMENT**
   1. The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.
   2. The Supplier is encouraged to develop and share innovative solutions, processes and approaches that improve performance and Value for Money (VfM) and bring these to the Authority’s attention.
   3. Any changes to the way in which the Services are to be delivered must be brought to the Authority’s attention and agreed prior to any changes being implemented.
5. **SUSTAINABILITY**
   1. There are no sustainability considerations for this requirement.
6. **QUALITY**
   1. The Supplier will be required to comply with all requirements set out in the Terms and Conditions Attachment 5, including but not limited to compliance with the Standards.
   2. The Supplier will be expected to ensure that all Services provided are fit for purpose; that where the provision of the Services involves the drafting, review or production or modification of documentation, such documentation is technically functional; and that all Services are provided to a standard no less than would be expected of a skilled and competent provider of services broadly equivalent to the Services.
   3. The Supplier will be expected to be cognisant of the implications of their instructions and the risks of challenge that may arise, including public law and shall be able to provide risk-based strategic legal advice.
   4. The Supplier will be expected to apply strong business and commercial management experience including the ability to build and maintain a correctly balanced team, taking into account skills, expertise and delivery (at the appropriate level), and managing out any conflicts of interest.
   5. The Supplier will work on the Authority’s matters with a high degree of confidentiality and in line with Government Security Markings.
7. **PRICE**
   1. Prices are to be submitted via the e-Sourcing Suite Attachment 4 Pricing Schedule, excluding VAT.
   2. Unless expressly agreed otherwise by the Authority, the following arrangements shall apply with regard to reimbursement of expenses and disbursements:
      1. The following Reimbursable Expenses shall be reimbursable: Reimbursable Expenses properly and necessarily incurred for travel to and from meetings outside England and Wales at the Authority’s request.
      2. The following Reimbursable Expenses shall not be reimbursable: any other expenses, travel time, secretarial support and photocopying.
      3. Disbursements shall only be payable where the Authority has authorised incurrence in advance and expressly confirmed that they will be reimbursable.
   3. For certain pieces of transactional work that the Authority requires, for example in relation to standalone debt issuances or particular projects, the Authority and the Supplier may agree a fixed fee provided that such fixed fee represents value for money for the Authority.
   4. All expenses will be paid in accordance with the Authority’s Travel and Subsistence policy.
8. **STAFF AND CUSTOMER SERVICE**
   1. The Authority requires the Supplier to provide a sufficient level of resource throughout the duration of the Legal Services Contract in order to consistently deliver a quality service to all Parties.
   2. The Supplier’s staff assigned to the Legal Services Contract shall have the relevant qualifications and experience to deliver the Contract.
   3. The Supplier is required to have suitably qualified and experienced staff based in the UK (or to be able to make such staff available in the UK within 24 hours) to conduct face-to-face meetings with the Authority as required.
   4. The Supplier shall ensure that staff understand the Authority’s vision and objectives and shall provide excellent customer service to the Authority throughout the duration of the Contract.
9. **SERVICE LEVELS AND PERFORMANCE**
   1. The Supplier shall provide the Authority with a nominated and appropriate representative, with relevant and appropriate experience, authorised to act as its Relationship Manager.
   2. The Supplier’s Relationship Manager shall attend periodic review meetings or calls to review the performance of the Supplier, resolve any issues which have not been dealt with on a day to day basis, and discuss business opportunities, potential innovative solutions and any complaints.
   3. The Supplier and the Authority shall measure the quality of the Supplier’s delivery using the following indicators:

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| --- | --- | --- | --- |
| **KPI/SL A** | **Service Area** | **KPI/SLA description** | **Target** |
| 1 | Delivery timescales for review of draft documentation for a particular Gilt issue by means of auction | Supplier to provide comments within 2 working days from receipt of draft documentation from the Authority or, if earlier, by close of business on the day before the auction. | 100% |
| 2 | Delivery timescales for review and drafting of draft documentation for a particular Gilt issue by means of syndicated offering | Supplier to provide draft documents (or comments on draft documents) by the date specified by the Authority, such date typically being no earlier than 2 working days after the Supplier’s receipt of the request (or the draft documents, as applicable). | 100% |
| 3 | Quality of review and drafting of documentation for a particular Gilt issue | Supplier to carry out review and drafting activities with a view to ensuring documentation for Gilt issues that is free of errors. | 100% |

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| 4 | Delivery timescales and cost management for other significant pieces of work instructed under the Legal Services Contract | Supplier to proactively work with the Authority to agree a delivery plan, including timescale and estimated Charges, for delivery of any significant Order under the Legal Services Contract.  Supplier to deliver in accordance with each agreed delivery plan except where the scope or expected complexity of the work required changes or where the failure is due to other factors outside the control of the Supplier. | 100% |
| 5 | Quality of other pieces of work | Supplier to provide all advice and documentation to a professional standard in accordance with the requirements of paragraph 13 above. | 100% |

* 1. The Supplier shall immediately notify the Authority where service and/or performance falls below the required level. As soon as reasonably practicable the Supplier shall confirm to the Authority in writing the remediation measures that have been put in place to prevent a re- occurrence of such service and/or performance failure.
  2. The Supplier shall carry out a review annually to (i) review adherence to the requirements set out in this document and to the delivery plan for each significant Order, and (ii) ensure optimisation of efficiency and value for money in provision of the Services.

1. **SECURITY REQUIREMENTS**
   1. There are no security requirements specific to this requirement.
2. **INTELLECTUAL PROPERTY RIGHTS (IPR)**
   1. There are no Intellectual Property Rights specific to this requirement.
3. **PAYMENT**
   1. Services shall be invoiced monthly in arrear.
   2. Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.
   3. Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.
4. **ADDITIONAL INFORMATION**
   1. The Supplier will be required to conduct the following knowledge transfer exercises:
      1. preparation of an electronic document bible upon completion of each syndicated offering of Gilts;
      2. as may be requested by the Authority from time to time in relation to other items of work instructed under the Legal Services Contract; and
      3. upon termination of the Legal Services Contract.
   2. The Supplier will also be required to attend calls with other legal services suppliers for purposes of ensuring a smooth transition of work at the commencement or expiry of the Legal Services Contract or any individual piece of work.
5. **LOCATION**
   1. The Services shall be provided to the Authority which is based in London at: The Minster Building, 21 Mincing Lane, London, EC3R 7AG.