STATUTORY INSTRUMENTS

1999 No. 2908 (C. 76)

NATIONAL DEBT
EXCHEQUER

The Finance Act 1998, Section 159 (Appointed Day) and Schedule 26 (Commencement Etc.) Order 1999

Made - - - -	*25th October 1999*

The Treasury, in exercise of the powers conferred on them by section 159(2) of, and paragraph 3 of Schedule 26 to, the Finance Act 1998(**1**), and of all other powers enabling them in that behalf, hereby make the following Order:–

Title and interpretation

1.—(1) This Order may be cited as the Finance Act 1998, Section 159 (Appointed Day) and Schedule 26 (Commencement Etc.) Order 1999.

(2) In this Order–

"the Act" means the Finance Act 1998;

"the commencement day" means 15th November 1999;

"the Commissioners" means the National Debt Commissioners;

"Schedule 5A" means Schedule 5A to the National Loans Act 1968(**2**) (which is inserted by paragraph 1(3) of Schedule 26 to the Act); and

"Section 211" means section 211 of the Finance Act 1993(**3**).

Commencement

2.—(1) The day appointed for the purposes of section 159 of the Act (which amends section 8 of the Treasury Bills Act 1877(**4**) in relation to issues of Treasury bills made on or after such day) is the commencement day.

(2) Subject to articles 5, 6 and 7 below, the amendments made by paragraphs 1 and 2 of Schedule 26 to the Act shall come into force on the commencement day.

(**1**) 1998 c. 36.
(**2**) 1968 c. 13.
(**3**) 1993 c. 34.
(**4**) 1877 c. 2.

Sale of securities by the Commissioners to the Treasury

3.—(1) Subject to article 5(4) below, as soon as practicable after the repeal of section 211 (which is made by paragraph 2 of Schedule 26 to the Act) is brought into force by article 2(2) above, the Commissioners shall, in accordance with this article, dispose of all securities which, immediately before that repeal came into force, they held for the purposes of that section.

(2) All such securities shall be sold by the Commissioners to the Treasury at a price determined by the Treasury to be appropriate.

(3) The Treasury shall draw the sums needed to purchase those securities from the Debt Management Account and those securities shall, on being transferred to the Treasury, become assets of that Account and shall thereafter be held, and may be disposed of or otherwise dealt with, in accordance with Schedule 5A, for any of the purposes of that Account.

(4) The power of the Treasury to lend to the Debt Management Account from the National Loans Fund under paragraph 10 of Schedule 5A shall include power to lend for the purpose of enabling that Account to meet the payments to be drawn from it under paragraph (3) above.

(5) For the purposes of this article, securities held by the Commissioners are held for the purposes of section 211 if–

(a) they were acquired for such purposes and not subsequently appropriated to any other purpose under subsection (6)(b) of that section, or

(b) sums were advanced to the Commissioners out of the National Loans Fund against them under subsection (6)(a) of that section.

Sale proceeds etc. to be paid into the National Loans Fund in discharge of the Commissioners' accounting liabilities

4.—(1) Except so far as directions by the Treasury authorise the application of the sums for any purpose for which sums may, by virtue of article 5(2) below, be issued under section 211(2) (which provides for the sums required by the Commissioners for or for purposes connected with the acquisition of securities under that section to be issued to them out of the National Loans Fund), all sums–

(a) received by the Commissioners in respect of–

(i) the sale of securities under article 3 above, or

(ii) any contract of a description mentioned in article 5 below; or

(b) held by them for the purposes of section 211 immediately before the commencement day,

shall be paid by them into the National Loans Fund at such times and in such manner as the Treasury shall direct.

(2) Any liability of the Commissioners to the National Loans Fund arising for the purposes of accountancy practice by virtue of section 211 (including any arising on or after the commencement day by virtue of anything done under article 5 below) shall be treated as discharged by the payments into the National Loans Fund made under this article regardless of whether the total amount of such liability exceeds the aggregate of the payments so made.

(3) For the purposes of this article, sums held by the Commissioners are held for the purposes of section 211 if they–

(a) were issued to the Commissioners out of the National Loans Fund under section 211(2), or

(b) are of a description mentioned in sub-paragraph (a), (b) or (c) of section 211(3) (certain sums received in respect of securities acquired under section 211).

Saving and other provision for executory contracts

5.—(1) This article applies where, before the commencement day, the Commissioners have, for the purposes of section 211, entered into contracts under the terms of which they will, on or after that day, be obliged to acquire or transfer securities.

(2) Notwithstanding the repeal of section 211, that section shall continue to have effect for the purpose of enabling those contracts to be carried into execution.

(3) Subject to paragraph (4) below, any securities acquired by the Commissioners on or after that day under any such contract shall as soon as practicable thereafter be sold to the Treasury, and article 3(2), (3) and (4) above shall apply for that purpose.

(4) The Commissioners shall not be obliged to sell to the Treasury under article 3 above, or under paragraph (3) of this article, any securities which the Commissioners intend to continue to hold for the purpose of transferring in discharge of their obligations under any such contract.

Saving etc. for the Commissioners' accounts

6.—(1) Section 211(4), (5) and (8)(b) (which makes provision in respect of accounts relating to securities acquired under that section) shall continue to have effect on and after the commencement day until such time as accounts have been prepared and fully dealt with in accordance with those provisions in relation to all matters directed by that section or by paragraph (2) below to be so accounted for.

(2) Such accounts shall show the effect, so far as relates to the Commissioners, of anything done under articles 3, 4 or 5 of this Order.

Transitional accounting period for the Debt Management Account

7.—(1) In relation to the transitional period, paragraph 15(1) of Schedule 5A (which requires the Treasury to prepare accounts for each financial year in which the Debt Management Account operates) shall have effect as if the reference to each financial year were a reference to the transitional period.

(2) In relation to the account prepared for the transitional period, paragraph 15(2) of that Schedule (which requires the Treasury to send the account to the Comptroller and Auditor General not later than the end of November following the end of the financial year to which it relates) shall have effect as if the reference to the end of the financial year to which the account relates were a reference to the end of the transitional period.

(3) In this article, "the transitional period" means the period beginning on the commencement day and ending immediately before 1st April 2001.

Clive Betts
Jim Dowd
Two of the Lords Commissioners of Her Majesty's Treasury

25th October 1999

EXPLANATORY NOTE

(This note is not part of the Order)

Section 159(1) of the Finance Act 1998 amends section 8 of the Treasury Bills Act 1877 to enable Treasury bills to be issued by the Treasury (either directly or through such agent as the Treasury think fit). Section 159(2) of the 1998 Act provides for that amendment to apply in relation to issues made on or after such day as the Treasury may appoint by order. This Order appoints 15th November 1999 as the day in question.

This Order also brings into force on 15th November 1999 the amendments made by paragraphs 1 and 2 of Schedule 26 to the 1998 Act. Paragraph 1 of that Schedule inserts a new Schedule 5A into the National Loans Act 1968 to establish, and make provision in relation to, the Debt Management Account. Paragraph 2 of Schedule 26 repeals section 211 of the Finance Act 1993 (National Debt Commissioners: securities).

Articles 3 to 6 of the Order contain supplementary and saving provisions in connection with the repeal of section 211. That section will continue to have effect, on and after the commencement day, for the purpose of enabling certain contracts to be carried into execution in accordance with it. These are contracts made, for the purposes of that section, before the commencement day and under which the Commissioners will, on or after that day, be obliged to acquire or transfer securities. All securities which the Commissioners hold for the purposes of section 211 immediately before the commencement day or which they acquire on or after that day under such a contract (except any intended to be transferred to fulfil an obligation under such a contract) will be sold to the Treasury at a price determined by the Treasury. On sale to the Treasury, the securities will become assets of the Debt Management Account. Provision is made for payments into and out of the National Loans Fund, and out of the Debt Management Account, in connection with these transactions. Any sums which the Commissioners held for the purposes of section 211 immediately prior to the commencement day are to be paid into the National Loans Fund (except so far as the Treasury authorise them to be applied to acquire securities under contracts of the kind mentioned above). Provision is made for the discharge of any liability of the Commissioners to the National Loans Fund arising for the purposes of accountancy practice by virtue of section 211. The accounting requirements of section 211 will continue to apply until all accounts have been prepared and dealt with as required by that section, and such accounts are required to show the effect, in relation to the Commissioners, of anything done under articles 3, 4 or 5.

Article 7 of the Order provides for a transitional accounting period for the Debt Management Account. This will begin on the commencement day and end immediately before 1st April 2001. (This modifies paragraph 15(1) of the new Schedule 5A, which provides for the accounting period to consist of each financial year in which the Debt Management Account operates).