



National Loans Act 1968

1968 CHAPTER 13

National debt

12 Power of Treasury to borrow. **U.K.**

- (1) [^{F1}Any money which the Treasury consider it expedient to raise for the purpose of promoting sound monetary conditions in the United Kingdom and] any money required—
- for providing the sums required to meet any excess of payments out of the National Loans Fund over receipts into the National Loans Fund, and
 - for providing any necessary working balance in the National Loans Fund,
- may be raised in such manner and on such terms and conditions as the Treasury think fit, and money so raised shall be paid into the National Loans Fund.

[^{F2}(1A) The terms (as to interest or otherwise) on which any balance for the time being in the National Loans Fund is to be held shall be such as may be agreed between the Treasury and the Bank of England.]

- For the purpose of raising money under this section the Treasury may create and issue such securities, at such rates of interest and subject to such conditions as to repayment, redemption and other matters (including provision for a sinking fund) as they think fit.
- For the avoidance of doubt it is hereby declared that the power to raise money under this section extends to raising money either within or outside the United Kingdom and either in sterling or in any other currency or medium of exchange, whether national or international.
- The principal of and interest on any money borrowed under this section, and of any money due under securities issued under this section, and—
 - any sums required to be set aside for the purpose of any sinking fund established under this section,
 - any other sums to be paid by the Treasury in accordance with the terms on which they borrow,
 - any expenses incurred in connection with the raising of money or the issue, repayment or redemption of securities under this section,

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

shall be charged on and paid out of the National Loans Fund with recourse to the Consolidated Fund.

- (5) The power to raise money under this section extends—
- (a) to raising money through [^{F3}a Post Office company (within the meaning of Part 1 of the Postal Services Act 2011)] [^{F4}such a company] of national savings certificates, and by the issue of the stamps and tokens described in section 35 of the ^{M1}Finance Act 1961 (national savings stamps and gift tokens), and
 - (b) to raising money by the issue of Treasury Bills under the ^{M2}Treasury Bills Act 1877.
- (6) In raising money under this section by the creation and issue—
- (a) of tax reserve certificates, national development bonds, or premium savings bonds, or
 - (b) of national savings certificates,
- any stock of forms prepared before the passing of this Act may be employed, pending the printing and issue of new forms, notwithstanding that the forms were prepared by reference to the raising of money under the ^{M3}National Loans Act 1939 or, as the case may be, section 7 of the ^{M4}National Debt Act 1958, and any security so issued shall be valid and effectual as if purporting to be issued in pursuance of this section instead of purporting to be issued in pursuance of the said Act of 1939 or the said Act of 1958.
- (7) The Bank of England may lend any sums which the Treasury have power to borrow under this section, . . . ^{F5}

Textual Amendments

- F1** Words inserted by [Finance Act 1982 \(c. 39, SIF 99:3\)](#), **s. 152(1)**
- F2** S. 12(1A) inserted by [Finance Act 1982 \(c. 39, SIF 99:3\)](#), **s. 152(2)**
- F3** Words in s. 12(5)(a) substituted (1.10.2011) by [Postal Services Act 2011 \(c. 5\)](#), s. 93(2)(3), **Sch. 12 para. 88(a)**; S.I. 2011/2329, art. 3
- F4** Words in s. 12(5)(a) substituted (1.10.2011) by [Postal Services Act 2011 \(c. 5\)](#), s. 93(2)(3), **Sch. 12 para. 88(b)**; S.I. 2011/2329, art. 3
- F5** Words repealed by [Statute Law Repeals Act 1973 \(c. 39\)](#), **Sch. 1 Pt. IV**

Modifications etc. (not altering text)

- C1** S. 12 extended by [Finance Act 1969 \(c. 32\)](#), **s. 52**, [Air Corporations Act 1969 \(c. 43\)](#), **Sch. 1 para. 3**, and [Post Office Act 1969 \(c. 48\)](#), **s. 109**
- C2** S. 12 modified (28.7.2000) by [2000 c. 17](#), **s. 153(1)**

Marginal Citations

- M1** [1961 c. 36](#).
- M2** [1877 c. 2](#).
- M3** [1939 c. 117](#).
- M4** [1958 c. 6 \(7 & 8 Eliz. 2\)](#).

13 Existing national debt. **U.K.**

- (1) All payments to be made in respect of existing national debt, being payments which are charged on the Consolidated Fund, shall be charged on and paid out of the National Loans Fund.

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

- (2) Subsection (1) of this section shall not be in derogation of the said charge on the Consolidated Fund, or of the provisions of section 1 of the ^{M5}Consolidated Fund Act 1816 (which makes the national debt a prior charge on the Consolidated Fund), and accordingly all such payments shall be charged on the National Loans Fund with recourse to the Consolidated Fund.
- (3) In this section “existing national debt” means all securities of Her Majesty’s Government in the United Kingdom outstanding on 31st March 1968, including Treasury Bills and Ways and Means advances, and all other liabilities in respect of money borrowed by Her Majesty’s Government in the United Kingdom and outstanding on 31st March 1968, and those liabilities include, as well as payments in respect of principal and interest, payments for the purpose of any sinking fund and any other payments due under the terms on which any such security was issued, or any such money was borrowed.
- (4) Any expenses incurred in connection with the raising of money or the issue, repayment or redemption of securities which represent expenses incurred, whether before or after the coming into force of this section, in respect of existing national debt shall be paid out of the National Loans Fund, with recourse to the Consolidated Fund.
- (5) Section 4 of the ^{M6}National Loans Act 1939 (power of trustees and others to invest in government securities) shall cease to have effect, but not so as to invalidate anything done before the coming into force of this Act.
- (6) Schedule 5 to this Act shall have effect for the purpose of making amendments consequential on this and the last foregoing section.
- (7) Any reference in any enactment passed before this Act to securities which are charged on the Consolidated Fund shall include a reference to securities which are charged on the National Loans Fund with recourse to the Consolidated Fund; and any reference in any such enactment to securities which are directly charged on the Consolidated Fund shall be construed in a corresponding manner.

Modifications etc. (not altering text)

- C3** The text of ss. 1(5), 8(2), 13(5), 17(1), 24(2) and Sch. 6 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991.

Marginal Citations

- M5** 1816 c. 98.
M6 1939 c. 117.

14 Exchange of securities, etc. E+W+N.I.

- (1) The powers conferred by section 12 of this Act shall include power to enter into agreements for varying the terms on which Her Majesty’s Government in the United Kingdom have borrowed money or issued securities (whether before or after the passing of this Act), and shall include power to create and issue securities for the purpose of any such agreement.
- (2) The Treasury may in particular, for the purpose of carrying out any arrangement made by them for the exchange (whether on or before maturity, and whether with or without

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

- any further payment) of any securities of Her Majesty's Government in the United Kingdom, create and issue such other securities under section 12 of this Act as the Treasury think fit.
- (3) The Treasury may make rules with respect to the surrender, issue or exchange of securities in pursuance of this section, and may by those rules provide, with any necessary modifications, for any of the matters for which provision could be made under section 29 of the ^{M7}National Debt (Conversion) Act 1888, and may also by those rules apply, with the necessary modifications, any of the provisions of Part IV of that Act (whether repealed or not) which they think it expedient to apply.
- (4) Rules made under subsection (3) above with respect to the exchange of securities in pursuance of an arrangement which includes an offer of securities in exchange for securities which are to be redeemed may include provision—
- (a) for requiring holders of the securities which are to be redeemed desiring to receive repayment in cash in respect of their holdings on the date fixed for the redemption thereof to make an application in that behalf in accordance with the rules, and
 - (b) for securing that, if no such application is made with respect to any such securities within such period as may be provided in the rules, the holder thereof shall be deemed, subject to the provisions of the rules, to have accepted the offer.
- (5) Rules under subsection (3) above may specify the persons by whom an application accepting an offer of exchange of securities, or an application required under subsection (4) above, may be made in cases where—
- (a) any holder of securities which may be exchanged has died, or is outside the United Kingdom, or is of unsound mind, or is an infant, pupil or minor, or is otherwise under a disability, or
 - (b) a stop notice is in force with respect to a holding.
- (6) The Treasury may cancel any securities surrendered to them under this section, and may also undertake to make payments, upon such terms and conditions as they think fit, to holders of securities so surrendered, or otherwise as part of the arrangement or agreement.
- (7) A warrant given by the [^{F6}Registrar of Government Stock]^{F7} . . . for making any such payment shall be deemed to be a cheque within the meaning of the ^{M8}Bills of Exchange Act 1882 and shall be exempt from stamp duty.
- (8) Any money required by the Treasury for the purpose of carrying out any such arrangement shall be charged on and paid out of the National Loans Fund with recourse to the Consolidated Fund.
- (9) Any money received by the Treasury under this section shall be paid into the National Loans Fund.
- (10) Section 2 of the ^{M9}National Loans Act 1939 (exchange of securities) and section 9 of the ^{M10}National Debt Act 1958 (exchange of savings certificates) shall cease to have effect, but—
- (a) any rules in force under either of those sections on 31st March 1968 shall continue in force as if made under this section, and may be varied or revoked accordingly, and

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

- (b) any arrangements pending under either of those sections on 31st March 1968 shall be carried out and concluded under this section.
- (11) Rules under this section shall be made by statutory instrument which, if the rules consist of or include any provision made in pursuance of subsection (4) above, shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

Extent Information

- E1** This version of this provision extends to England and Wales and Northern Ireland only; a separate version has been created for Scotland only.

Subordinate Legislation Made

- P1** S. 14: power previously exercised by [S.I. 1969/1325](#), [S.I. 1979/1678](#), [S.I. 1985/ 1147](#).

Textual Amendments

- F6** Words in s. 14(7) substituted (1.7.2004) by [The Government Stock \(Consequential and Transitional Provision\) \(No. 2\) Order 2004 \(S.I. 2004/1662\)](#), art. 1, Sch. paras. 1, **15(2)** (with art. 3)
- F7** Words in s. 14(7) repealed (28.10.2002) by [The Irish Registers of Government Stock \(Closure and Transfer\) Order 2002 \(S.I. 2002/2521\)](#), [arts. 1\(1\), 2, 10\(2\)](#), {Sch. 2, Pt. 1}

Marginal Citations

- M7** [1888 c. 2](#).
- M8** [1882 c. 61](#).
- M9** [1939 c. 117](#).
- M10** [1958 c. 6 \(7 & 8 Eliz. 2\)](#).

14 Exchange of securities, etc. **S**

- (1) The powers conferred by section 12 of this Act shall include power to enter into agreements for varying the terms on which Her Majesty's Government in the United Kingdom have borrowed money or issued securities (whether before or after the passing of this Act), and shall include power to create and issue securities for the purpose of any such agreement.
- (2) The Treasury may in particular, for the purpose of carrying out any arrangement made by them for the exchange (whether on or before maturity, and whether with or without any further payment) of any securities of Her Majesty's Government in the United Kingdom, create and issue such other securities under section 12 of this Act as the Treasury think fit.
- (3) The Treasury may make rules with respect to the surrender, issue or exchange of securities in pursuance of this section, and may by those rules provide, with any necessary modifications, for any of the matters for which provision could be made under section 29 of the ^{M19}National Debt (Conversion) Act 1888, and may also by those rules apply, with the necessary modifications, any of the provisions of Part IV of that Act (whether repealed or not) which they think it expedient to apply.
- (4) Rules made under subsection (3) above with respect to the exchange of securities in pursuance of an arrangement which includes an offer of securities in exchange for securities which are to be redeemed may include provision—

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

- (a) for requiring holders of the securities which are to be redeemed desiring to receive repayment in cash in respect of their holdings on the date fixed for the redemption thereof to make an application in that behalf in accordance with the rules, and
 - (b) for securing that, if no such application is made with respect to any such securities within such period as may be provided in the rules, the holder thereof shall be deemed, subject to the provisions of the rules, to have accepted the offer.
- (5) Rules under subsection (3) above may specify the persons by whom an application accepting an offer of exchange of securities, or an application required under subsection (4) above, may be made in cases where—
- (a) any holder of securities which may be exchanged has died, or is outside the United Kingdom, or is [^{F25}under legal disability by reason of nonage or otherwise] , or
 - (b) a stop notice is in force with respect to a holding.
- (6) The Treasury may cancel any securities surrendered to them under this section, and may also undertake to make payments, upon such terms and conditions as they think fit, to holders of securities so surrendered, or otherwise as part of the arrangement or agreement.
- (7) A warrant given by the [^{F6}Registrar of Government Stock]^{F26} . . . for making any such payment shall be deemed to be a cheque within the meaning of the ^{M20}Bills of Exchange Act 1882 and shall be exempt from stamp duty.
- (8) Any money required by the Treasury for the purpose of carrying out any such arrangement shall be charged on and paid out of the National Loans Fund with recourse to the Consolidated Fund.
- (9) Any money received by the Treasury under this section shall be paid into the National Loans Fund.
- (10) Section 2 of the ^{M21}National Loans Act 1939 (exchange of securities) and section 9 of the ^{M22}National Debt Act 1958 (exchange of savings certificates) shall cease to have effect, but—
- (a) any rules in force under either of those sections on 31st March 1968 shall continue in force as if made under this section, and may be varied or revoked accordingly, and
 - (b) any arrangements pending under either of those sections on 31st March 1968 shall be carried out and concluded under this section.
- (11) Rules under this section shall be made by statutory instrument which, if the rules consist of or include any provision made in pursuance of subsection (4) above, shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

Extent Information

E2 This version of this provision extends to Scotland only; a separate version has been created for England and Wales and Northern Ireland.

Subordinate Legislation Made

P2 S. 14: power previously exercised by [S.I. 1969/1325](#), [S.I. 1979/1678](#), [S.I. 1985/1147](#).

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

Textual Amendments

- F6** Words in s. 14(7) substituted (1.7.2004) by [The Government Stock \(Consequential and Transitional Provision\) \(No. 2\) Order 2004 \(S.I. 2004/1662\)](#), art. 1, Sch. paras. 1, **15(2)** (with art. 3)
- F25** Words in s. 14(5)(a) substituted (S.) (25.09.1991) by [Age of Legal Capacity \(Scotland\) Act 1991 \(c. 50, SIF 49:8\)](#), ss. 10(1), 11(2), **Sch. 1**, para. 30 (with s. 1(3)).
- F26** Words in s. 14(7) repealed (28.10.2002) by [The Irish Registers of Government Stock \(Closure and Transfer\) Order 2002 \(S.I. 2002/2521\)](#), **arts. 1, 2, 10(2)**, {Sch. 2, Pt. 1}

Marginal Citations

- M19** 1888 c. 2.
- M20** 1882 c. 61.
- M21** 1939 c. 117.
- M22** 1958 c. 6 (7 & 8 Eliz. 2).

[^{F8}**14A** **Redemption of securities held in Issue Department of Bank of England.** **U.K.**

- (1) Any securities of Her Majesty’s Government in the United Kingdom which are for the time being held in the Issue Department of the Bank of England may be redeemed by the Treasury before maturity at market prices determined in such manner as may be agreed between the Treasury and the Bank.
- (2) Any expenses incurred by the Treasury in connection with the redemption of securities under subsection (1) above shall be paid out of the National Loans Fund.]

Textual Amendments

- F8** S. 14A inserted (27.7.1989) by [Finance Act 1989 \(c. 26, SIF 99:3\)](#), **s. 183(3)**

15 **Payments out of Consolidated Fund for service of national debt.** **U.K.**

- (1) The Treasury shall from time to time pay out of the Consolidated Fund into the National Loans Fund sums equal to the excess of the amounts required to meet [^{F9}payments out of the National Loans Fund—
 - (a) which represent interest on liabilities of the National Loans Fund, or
 - (b) which, in the opinion of the Treasury, ought to be treated in the same way as payments which represent such interest,over] the amounts paid into the National Loans Fund which represent interest on loans by the Government or which, in the opinion of the Treasury, ought to be treated in the same way as interest on loans by the Government.
- (2) Notwithstanding the provisions of section 13 of the ^{M11}Exchequer and Audit Departments Act 1866, payments under this section shall be effected without the granting of credits by the Comptroller and Auditor General.

^{F10}(3)

Textual Amendments

- F9** Words in s. 15(1) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), **s. 210(2)**
- F10** S. 15(3) repealed (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), s. 210(3), **Sch. 43 Pt. 5(5)**

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

Marginal Citations

M11 1866 c. 39.

16 Supplemental provisions as to national debt. U.K.

(1) ^{F11} . . . in section 43(2) of the ^{M12}Finance Act 1956 (enactments relating to lotteries: saving for premium bonds under the ^{M13}National Loans Act 1939) the reference to the said Act of 1939 shall include a reference to this Act.

^{F12}(2)

(3) Stock or registered bonds issued under this Act, other than premium savings bonds, shall be included in Part I of Schedule 11 to the ^{M14}Finance Act 1942 (transfer and registration of government stock).

(4) Stock or registered bonds issued under this Act shall be subject to the provisions of the ^{M15}National Debt Act 1870 so far as is consistent with the tenor of this Act.

[^{F13}(4A) In subsections (3) and (4) above the references to stock or registered bonds issued under this Act include references to a strip (within the meaning of section 47 of the Finance Act 1942) of any stock or bond (whether the stock or bond is issued under this Act or otherwise).]

^{F14}(5)

^{F15}(6)

(7) There shall be paid out to [^{F16}Registrar of Government Stock], . . . ^{F17}, such sums in respect of the management [^{F18}in any period] of any Government securities as may be agreed upon between [^{F19}the Treasury and the [^{F16}Registrar of Government Stock]] .

In this subsection “Government securities” means securities of Her Majesty’s Government in the United Kingdom and securities issued under—

- ^{F20}
- the ^{M16}Irish Land Act 1903,
- the ^{M17}Irish Land Act 1909,
- the ^{M18}Northern Ireland Land Act 1925.

^{F21}(8)

(9) Sums payable under subsection (7) above shall be met out of the National Loans Fund with recourse to the Consolidated Fund, except that—

- ^{F22}(a)
- ^{F23}(b)

Textual Amendments

- F11** Words in s. 16(1) repealed (5.11.1993) by 1993 c. 50, s. 1(1), **Sch. 1 Pt. IX** Gp. 1.
- F12** S. 16(2) repealed (5.11.1993) by 1993 c. 50, s. 1(1), **Sch. 1 Pt. IX** Gp. 1.
- F13** S. 16(4A) inserted (29.4.1996) by 1996 c. 8, **s. 202(4)**
- F14** S. 16(5) repealed by **Income and Corporation Taxes Act 1970** (c. 10), **Sch. 16**
- F15** S. 16(6) repealed by **National Debt Act 1972** (c. 65), **Sch.**
- F16** Words in s. 16(7) substituted (1.7.2004) by **The Government Stock (Consequential and Transitional Provision) (No. 2) Order 2004** (S.I. 2004/1662), art. 1, **Sch. paras. 1, 15(3)** (with art. 3)

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, Cross Heading: National debt. (See end of Document for details)

- F17** Words repealed by [Post Office Act 1969 \(c. 48\)](#), **Sch. 11 Pt. II**
- F18** Words substituted by [Finance Act 1971 \(c. 68\)](#), **s. 68(a)**
- F19** Words in s. 16(7) substituted (28.10.2002) by virtue of [The Irish Registers of Government Stock \(Closure and Transfer\) Order 2002 \(S.I. 2002/2521\)](#), arts. 1, 2, 10(1), **Sch. 1 para. 5**
- F20** Words repealed by [Finance Act 1989 \(c. 26, SIF 99:3\)](#), s. 187, **Sch. 17 Pt. XIV**
- F21** S. 16(8) repealed by [Finance Act 1971 \(c. 68\)](#), **Sch. 14 Pt. VII**
- F22** S. 16(9)(a) repealed by [Finance Act 1989 \(c. 26, SIF 99:3\)](#), s. 187, **Sch. 17 Pt. XIV**
- F23** S. 16(9)(b) and preceding word repealed by [Finance Act 1981 \(c. 35, SIF 99:3\)](#), s. 139(6), **Sch. 19 Pt. XII**

Modifications etc. (not altering text)

- C4** S. 16(3) restricted (retrospective to 13.3.1968) by [1999 c. 16, s. 136\(1\)\(3\)](#)

Marginal Citations

- M12** [1956 c. 54](#).
- M13** [1939 c. 117](#).
- M14** [1942 c. 21](#).
- M15** [1870 c. 71](#).
- M16** [1903 c. 37](#).
- M17** [1909 c. 42](#).
- M18** [1925 c. 34](#).

17 Repeal of provisions for paying off debt, or applying sums to meet interest charges. U.K.

^{F24}(1)

- (2) So much of any enactment as provides for sums paid into the Consolidated Fund to be applied in redeeming or paying off debt (that is to say national debt) or meeting such part of the annual charges for the national debt as represents interest, shall cease to have effect.

Textual Amendments

- F24** [S. 17\(1\)](#) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), **Sch. 1 Pt. 9** Group 6

Modifications etc. (not altering text)

- C5** The text of ss. 1(5), 8(2), 13(5), 17(1), 24(2) and Sch. 6 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991.

Changes to legislation:

There are currently no known outstanding effects for the National Loans Act 1968, Cross
Heading: National debt.