
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).