
STATUTORY INSTRUMENTS

2005 No. 1788

The Community Interest Company Regulations 2005

PART 6

Restrictions on distributions and interest

The interest cap

21.—(1) This regulation applies to debentures issued by, and debts of, a community interest company in respect of which—

- (a) a performance-related rate of interest is payable; and
- (b) the agreement to pay interest at a performance-related rate was entered into by the company on or after the date on which it became a community interest company.

(2) In connection with debentures and debts of the kind specified in paragraph (1), a community interest company shall not be liable to pay, and shall not pay, interest at a higher rate than the applicable interest cap.

(3) The applicable interest cap is the interest cap which had effect at the time that the agreement to pay interest at a performance-related rate was made.

(4) Where the expression of the interest cap includes reference to a rate or figure determined by any person other than the company, the Regulator or the Secretary of State, the interest payable on any debt or debenture to which the interest cap applies shall be calculated by reference to that rate or figure as it had effect at the beginning of the first day of the financial year in which the interest became due.

(5) Nothing in paragraph (2) shall be taken as releasing a community interest company from liability to pay, or as preventing a community interest company from paying—

- (a) interest which accrued before the company became a community interest company; or
- (b) arrears of interest which if it had been paid at the time it became due would not have breached paragraph (2).