

INTERESTS OF MEMBERS OF THE SCOTTISH PARLIAMENT (AMENDMENT) ACT 2016

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 4 – Loans, credit facilities etc.

New paragraph 6B – Value of loans, credit facilities etc.

29. New paragraph 6B(1) to (3) makes provision in relation to how a controlled transaction should be valued, depending on whether it involves a loan, credit facility or a connected transaction involving an arrangement under which security is given. In the case of a loan, the value is the value of the total amount to be lent under the loan agreement. For a credit facility, the value is the maximum amount which may be borrowed under the agreement for the facility. And, where a third party gives security to a member for a controlled transaction (i.e. where it is a connected transaction), the value is the contingent liability under the security provided.
30. Sub-paragraph (4) sets out that (for the purposes of valuing a controlled transaction that is a loan or a credit facility) no account is to be taken of any provision in the loan or credit facility agreement, as entered into, that would allow the adding of outstanding interest to any sum, for the time being owed, when calculating the value of the controlled transaction.