

Status: Point in time view as at 15/11/1999.

Changes to legislation: There are currently no known outstanding effects for the National Loans Act 1968, SCHEDULE 5A. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 5A

THE DEBT MANAGEMENT ACCOUNT

Textual Amendments

- F1** Sch. 5A inserted (15.11.1999 subject to arts. 5-7 of S.I. 1999/2908) by 1998 c. 36, s. 160, **Sch. 26 para. 1(3)**; S.I. 1999/2908, **arts. 1, 2**

The account

- 1 (1) The Treasury shall establish an account to be known as the Debt Management Account.
- (2) The Treasury shall operate the Debt Management Account with the objects of—
- (a) securing over time that sums are available to meet any daily shortfalls in the National Loans Fund and that any daily surpluses in that Fund are used to the best advantage;
 - (b) facilitating the raising of money under section 12 of this Act;
[meeting any request to borrow money from the Treasury, made by the Bank of England;]
 - ^{F2}(ba)
 - (c) promoting the liquidity, stability and efficiency of the market in securities issued under section 12 of this Act and the market in Treasury bills issued under the ^{M1}Treasury Bills Act 1877;
 - (d) providing a facility by which public bodies may exercise their powers to acquire and transfer such securities and bills;
 - (e) securing the general management of debt so far as it takes the form of such securities and bills.

Textual Amendments

- F2** Sch. 5A para. 1(2)(ba) inserted (27.7.1999) by 1999 c. 16, s. 134(2)

Marginal Citations

- M1** 1877 c. 2.

General powers

- 2 (1) For the purposes of exercising their functions with regard to the Debt Management Account the Treasury may—
- (a) exercise the powers conferred by the following provisions of this Schedule;
 - (b) generally manage the Account in the way the Treasury consider the most efficient.

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- (2) Any sums held by the Treasury for the purposes of the Debt Management Account may be held in sterling or in any other currency or medium of exchange, whether national or international; and sums may be changed into any currency or medium.
- (3) The Treasury may exercise any power with regard to the Debt Management Account with a view to promoting one or more of the objects mentioned in paragraph 1(2) above, and it is immaterial if a particular object is not promoted or is not promoted as fully as it might be.

Financial instruments

- 3 (1) For the purposes of exercising their functions with regard to the Debt Management Account the Treasury may—
 - (a) acquire (and arrange to acquire) and hold securities issued under section 12 of this Act, Treasury bills issued under the ^{M2}Treasury Bills Act 1877, and other financial instruments (by whatever person issued);
 - (b) transfer (and arrange to transfer) such securities, bills and other instruments.
- (2) Acquisitions under sub-paragraph (1)(a) above may be made on issue or otherwise.
- (3) Acquisitions, transfers and arrangements under sub-paragraph (1)(a) and (b) above may be made on such terms as the Treasury think fit.

Marginal Citations

M2 1877 c. 2.

Borrowing

- 4 (1) If the Treasury consider it expedient to raise money for the purpose of exercising their functions with regard to the Debt Management Account they may raise it in such manner and on such terms as they think fit, and money so raised shall be paid into the Account.
- (2) For the purpose of raising money under this paragraph the Treasury may—
 - (a) create and issue such securities as they think fit;
 - (b) create and issue them at such rates of interest and subject to such conditions as to repayment, redemption and other matters as they think fit.
- (3) The power to raise money under this paragraph 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.
- (4) The power to raise money under this paragraph extends to raising money by the issue of Treasury bills under the ^{M3}Treasury Bills Act 1877.
- (5) The following shall be charged on and paid out of the Debt Management Account with recourse to the National Loans Fund and then to the Consolidated Fund—
 - (a) the principal of and interest on any money borrowed under this paragraph (whether by the issue of securities or otherwise);
 - (b) any other sums to be paid by the Treasury in accordance with the terms on which they borrow under this paragraph.

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- (6) Section 5 of the ^{M4}Treasury Bills Act 1877 (principal of and interest on Treasury bills) shall not apply in the case of Treasury bills issued by virtue of this paragraph.
- (7) Any expenses incurred in connection with the raising of money under this paragraph (including expenses in connection with the issue, repayment or redemption of securities or Treasury bills) shall be charged on and paid out of the National Loans Fund with recourse to the Consolidated Fund.

Marginal Citations

M3 1877 c. 2.

M4 1877 c. 2.

- 5 Section 14 of this Act shall have effect for the purposes of paragraph 4 above as if—
- (a) the references in subsections (1) and (2) to section 12 were references to paragraph 4;
- (b) the references in subsections (8) and (9) to the National Loans Fund were references to the Debt Management Account.

[^{F3}5A (1) Where the Treasury raise money by virtue of paragraph 4 above, they shall exercise their powers under this Schedule so as to secure that the principal amount is repaid within the period of one year beginning with the day on which the money was raised.

- (2) Nothing in sub-paragraph (1) above shall require the Treasury to repay any amount at any time when—
- (a) they are unable to obtain a good discharge for the repayment or they consider that there is a material risk that they would be unable to do so; or
- (b) it is impracticable to repay the amount.

- (3) Where—
- (a) by virtue of sub-paragraph (2) above, an amount is not repaid within the period mentioned in sub-paragraph (1) above, and
- (b) the case ceases to be one in relation to which sub-paragraph (2)(a) or (b) applies,

the Treasury shall exercise their powers under this Schedule so as to secure that the amount is repaid as soon as is reasonably practicable.

- (4) Any reference in this paragraph to the repayment of any amount includes a reference to the discharge by way of set-off of the Treasury's liability to repay that amount.]

Textual Amendments

F3 Sch. 5A para. 5A inserted (27.7.1999) 1999 c. 16, s. 134(3)(8)

Lending

- 6 (1) The Treasury may—
- (a) lend sums from the Debt Management Account for the purpose of exercising their functions with regard to the Account;
- (b) lend from the Debt Management Account sums not immediately needed for any other purpose.

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- (2) The power to lend under this paragraph includes power to lend to the National Loans Fund; and sums lent to the Fund and for the time being outstanding shall be a liability of the Fund to the Debt Management Account.
- (3) Loans under this paragraph may be made at such times and on such terms as the Treasury think fit.

Borrowing and lending: general

- 7 The powers under paragraphs 4 to 6 above may be exercised by means (or partly by means) of automatic devices programmed to respond to events as they arise.

Cap on borrowing

- 8 (1) The Treasury shall secure that the position at the end of any given day is such that the total of relevant debts does not exceed the total of relevant deposits.
- (2) A relevant debt is the principal outstanding of any money raised under paragraphs 4 and 5, but excluding money raised from the National Loans Fund.
- (3) A relevant deposit is the principal outstanding of any sum standing to the credit of the Debt Management Account in the National Loans Fund or at the Bank of England.
- (4) For the purposes of this paragraph a debt or deposit not designated in sterling must be expressed in sterling, and the exchange rate or rates used to calculate the sterling equivalent of debts and deposits must be such as the Treasury consider prudent.

National Loans Fund

- 9 (1) If securities issued under section 12 of this Act or Treasury bills [^{F4}(other than bills issued by virtue of paragraph 4 above)] are acquired on issue under paragraph 3(1)(a) above the Treasury shall pay from the Debt Management Account into the National Loans Fund a sum of such amount as the Treasury may determine to be appropriate.
- (2) A payment under this paragraph—
- (a) may be made before, at or after issue;
 - (b) may be made in instalments, any of which may be paid before, at or after issue.

Textual Amendments

F4 Words in [Sch. 5A para. 9\(1\)](#) inserted (27.7.1999) by [1999 c. 16, s. 134\(4\)](#)

- 10 (1) The Treasury may lend to the Debt Management Account from the National Loans Fund such sums as they think fit, at such times and on such terms as they think fit; and section 5 of this Act shall not apply in the case of such a loan.
- (2) The Treasury may repay from the Debt Management Account to the National Loans Fund sums lent under this paragraph.
- (3) Sums lent under this paragraph and for the time being outstanding shall be a liability of the Debt Management Account to the National Loans Fund.

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- 11 (1) Any excess for the time being of the liabilities of the Debt Management Account over its assets shall be a liability of the National Loans Fund to the Account.
- (2) Any excess for the time being of the assets of the Debt Management Account over its liabilities shall be a liability of the Account to the National Loans Fund.
- (3) The Treasury may pay from the Debt Management Account to the National Loans Fund an amount representing all or any of any excess mentioned in subparagraph (2) above, and if they do the liability there mentioned shall be extinguished or reduced accordingly.
- 12 The Treasury shall exercise their powers under paragraphs 10 and 11 above so as to secure that the external liabilities of the Debt Management Account at any given time can be met; and the external liabilities of the Account are its liabilities other than those in favour of the National Loans Fund.

Interest

- 13 (1) The Treasury shall from time to time pay out of the National Loans Fund into the Debt Management Account sums (if any) which the Treasury consider appropriate to compensate the Account in respect of [^{F5}(a)]payments of interest made from the Account [^{F5}, and
- ^{F6}(b) any discount on any Treasury bills issued by virtue of paragraph 4 above.]
- (2) Payments to be made out of the National Loans Fund under sub-paragraph (1) above shall be treated for the purposes of section 15 of this Act as charges on that Fund for the service of national debt.
- (3) The Treasury may from time to time pay out of the Debt Management Account into the National Loans Fund sums (if any) which the Treasury consider appropriate in respect of [^{F7}(a)]interest received or earned by the Account [^{F7}, and
- ^{F8}(b) any benefit accruing to the Account which, in the opinion of the Treasury, ought to be treated in the same way as such interest.]

Textual Amendments

- F5** Words renumbered as Sch. 5A para. 13(1)(a) (27.7.1999) by 1999 c. 16, s. 134(5)
- F6** Sch. 5A para. 13(1)(b) inserted (27.7.1999) by 1999 c. 16 s. 134(5)
- F7** Words renumbered as Sch. 5A para. 13(3)(a) (27.7.1999) by 1999 c. 16, s. 134(6)(8)
- F8** Sch. 5A para. 13(3)(b) inserted (27.7.1999) by 1999 c. 16, s. 134(6)(8)

Redemption

- 14 (1) Any securities issued by or on behalf of the Treasury and for the time being held by the Treasury for the purposes of the Debt Management Account may be redeemed by the Treasury before maturity at market prices determined in such manner as the Treasury think fit.
- (2) Any expenses incurred by the Treasury in connection with the redemption of securities under this paragraph shall be paid out of the National Loans Fund.

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Accounts

- 15 (1) For each financial year in which the Debt Management Account operates the Treasury shall prepare in such form as they may prescribe an account relating to the transactions, assets and liabilities of the Account.
- (2) The Treasury shall 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.
- (3) The Comptroller and Auditor General shall examine, certify and report on the account and lay a copy of it, together with his report, before each House of Parliament.]

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