

*This Statutory Instrument has been made in consequence of a defect in S.I.1998/2480 and is being issued free of charge to all known recipients of that Statutory Instrument.*

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## STATUTORY INSTRUMENTS

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**1998 No. 2765**

# CONTRACTS

## The Late Payment of Commercial Debts (Rate of Interest) (No. 2) Order 1998

<i>Made</i>	- - - -	<i>12th November 1998</i>
<i>Laid before Parliament</i>		<i>12th November 1998</i>
<i>Coming into force</i>	- -	<i>13th November 1998</i>

The Secretary of State, having considered the extent to which it may be desirable to set the rate of statutory interest so as to protect suppliers whose financial position makes them particularly vulnerable if their qualifying debts are paid late and deter generally the late payment of qualifying debts, with the consent of the Treasury, in exercise of the power conferred on him by section 6 of the Late Payment of Commercial Debts (Interest) Act 1998<sup>(1)</sup>, and of all other powers enabling him in that behalf, hereby makes the following Order:—

### Citation and commencement

1. This Order may be cited as the Late Payment of Commercial Debts (Rate of Interest) (No. 2) Order 1998 and shall come into force on 13th November 1998.

### Revocation

2. The Late Payment of Commercial Debts (Rate of Interest) Order 1998<sup>(2)</sup> is hereby revoked.

### Interpretation

3. In this Order, “the official dealing rate” means the rate announced from time to time by the Monetary Policy Committee<sup>(3)</sup> of the Bank of England (“the Bank”) and for the time being in force as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets.

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<sup>(1)</sup> 1998 c. 20.

<sup>(2)</sup> S.I. 1998/2480.

<sup>(3)</sup> The Monetary Policy Committee was constituted on a statutory basis by section 13 of the Bank of England Act 1998 (c. 11).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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**Rate of statutory interest**

4. The rate of statutory interest for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998 shall be 8 per cent over the official dealing rate per annum.

11th November 1998

*Barbara Roche*  
Parliamentary Under Secretary of State for Small  
Firms, Trade and Industry,  
Department of Trade and Industry

We consent,

12th November 1998

*Jane Kennedy*  
*Jim Dowd*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order replaces the Late Payment of Commercial Debts (Rate of Interest) Order 1998 (S.I. [1998/2480](#)), which is revoked by article 2. There was a defect in S.I. [1998/2480](#) in that the consent of the Treasury had not been obtained.

The Late Payment of Commercial Debts (Interest) Act 1998 (“the Act”) provides qualifying creditors with a statutory right to claim interest on qualifying debts from qualifying debtors. This Order, made under section 6 of the Act, sets the rate of statutory interest which may be claimed.

The variable rate is set at the Official Dealing Rate of the Bank of England + 8 per cent (article 4). The Official Dealing Rate of the Bank of England is announced from time to time by the Bank’s Monetary Policy Committee. The rate is sometimes called the “repo” rate, since repos or sale and repurchase agreements are one type of monetary policy instrument used by the Bank. At the time of making this Order, the official dealing rate is published daily in the “Financial Times” (except on Sundays), together with the date on which the rate was last announced. It is referred to as the “UK clearing bank base lending rate” and can be found in the section entitled “London Money Rates”.