STATUTORY INSTRUMENTS

# 2011 No. 1306

# NATIONAL DEBT

## The FIRST Option Bonds (Exchange of Securities) Rules 2011

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| *Made - - - -* | *23rd May 2011* |
| *Laid before the House of Commons* | *24th May 2011* |
| *Coming into force - -* | *14th June 2011* |

The Treasury make the following Rules in exercise of the powers conferred by section 14(3), (4) and (5) of the National Loans Act 1968(**a**):

**Citation and commencement**

**1.** These Rules may be cited as the FIRST Option Bonds (Exchange of Securities) Rules 2011 and come into force on 14th June 2011.

**Interpretation**

**2.** In these Rules—

"FIRST Option Bond" means any security issued under that name for the purposes of raising money under section 12 of the National Loans Act 1968(**b**);

"Guaranteed Growth Bond" means any security issued under that name for the purposes of raising money under section 12 of the National Loans Act 1968;

"holder" means a person in whose name a FIRST Option Bond is registered in the National Savings Stock Register;

"offer" means an invitation made by the Director of Savings to a holder to exchange that holder's FIRST Option Bonds, and any interest accrued on those FIRST Option Bonds, for Guaranteed Growth Bonds with a term of one year;

"redemption date" means for any FIRST Option Bond the date notified to the holder of that First Option Bond, in accordance with a notice which may be issued by the Treasury stating that First Option Bonds will not be extended beyond their current terms.

**Deemed acceptance of offer**

**3.**—(1) Where the Director of Savings has made an offer in respect of a FIRST Option Bond, the holder is deemed to have accepted that offer on the redemption date.

(2) Paragraph (1) does not apply where, prior to the redemption date, the Director of Savings receives from the holder—

(**a**) 1968 c. 13; section 14 was amended by the Age of Legal Capacity (Scotland) Act 1991 (c. 50), section 10 and Schedule 1, paragraph 30; there are other amendments but none is relevant.

(**b**) Section 12 was amended by the Finance Act 1982 (c. 39), section 152(1), S.I. 2001/1149 and S.I. 2009/1941; there are other amendments but none is relevant; section 12 was extended by the Post Office Act 1969 (c. 48), section 109.

(a) a request for repayment in respect of the FIRST Option Bond, made in a manner approved by the Director of Savings; or

(b) a request that the FIRST Option Bond be exchanged for Guaranteed Growth Bonds with a term longer than one year, made in a manner approved by the Director of Savings.

(3) Where a FIRST Option Bond is held jointly, the requests mentioned in paragraph (2) must be made by both joint holders.

(4) Where a FIRST Option Bond is held by a body corporate, the requests mentioned in paragraph (2) must be—

(a) affixed with the common seal of that body corporate; or

(b) signed by two authorised signatories of that body corporate.

**Requesting repayment where the holder lacks capacity**

**4.** Where a holder lacks capacity, any person entitled in law to administer that holder's property may make a request under rule 3(2) on behalf of that holder.

**Requesting repayment where the holder has died**

**5.** Where the last surviving holder of a FIRST Option Bond has died, that holder's personal representatives may make a request under rule 3(2)(a) in respect of that FIRST Option Bond.

**Effect of exchange**

**6.** Where FIRST Option Bonds are exchanged for Guaranteed Growth Bonds—

(a) the Guaranteed Growth Bonds are to be treated as affected by all trusts, charges, rights, stop notices and restraints that affected the FIRST Option Bonds for which they are exchanged;

(b) any power of attorney relating to the FIRST Option Bonds exchanged is to apply to the corresponding Guaranteed Growth Bonds received; and

(c) any specific bequest of the FIRST Option Bonds exchanged is to be construed as a specific bequest of the corresponding Guaranteed Growth Bonds received.

**Notice of trusts**

**7.** Nothing in these Rules, or done pursuant to these Rules, is to affect the Director of Savings with notice of any trust.

*Michael Fabricant*
*Brooks Newmark*
Two of the Lords Commissioners of Her Majesty's Treasury

23rd May 2011

## EXPLANATORY NOTE

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

These Rules prescribe the effect of, and the procedures relating to, the acceptance of an offer to exchange FIRST Option Bonds for Guaranteed Growth Bonds. Holders of FIRST Option Bonds will be deemed to have accepted an offer of exchange made by the Director of Savings unless, prior to the redemption date of their FIRST Option Bonds, those holders have requested either repayment or an exchange for Guaranteed Growth Bonds with a longer term than those offered by the Director of Savings.

An impact assessment has not been produced for these Rules as no impact on the costs of business or the voluntary sector is foreseen.

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