

## EXPLANATORY MEMORANDUM TO

### THE NATIONAL SAVINGS (AMENDMENT) REGULATIONS 2017

2017 No. 787

#### 1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

#### 2. Purpose of the instrument

- 2.1 This instrument amends the National Savings Regulations 2015 (the “NS&I Regulations”). The purpose is to partially dis-apply certain eligibility requirements that currently apply to all individual savings accounts offered by National Savings and Investments (“NS&I”). This is so that they can be required in a modified form in the terms and conditions of a new Junior ISA product.

#### 3. Matters of special interest to Parliament

##### *Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

##### *Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

#### 4. Legislative Context

- 4.1 In order for the “junior ISA account” (JISA) to be compliant with the National Savings Bank Act (the “Act”) and the NS&I Regulations it must:

1. Be an “investment account” offered by the National Savings Bank as per the Act;
2. Be an “investment account” whose terms and conditions are set under section 9A(1) of the Act;
3. Be an “individual savings account” as per the NS&I Regulations;
4. Be a “Direct ISA” as per the NS&I Regulations; and
5. Be a “junior ISA account” as per the NS&I Regulations.

- 4.2 There is currently no provision for a “junior ISA account” in the NS&I Regulations and the first purpose of these Regulations is to introduce a definition of a junior ISA account, to distinguish it from other forms of NS&I individual savings accounts.

- 4.3 The JISA also needs to be compliant with the Individual Savings Account Regulations 1998 (“the ISA Regulations”). To remove inconsistencies with the ISA Regulations these Regulations amend the NS&I Regulations in order to:

- Disapply the prohibition on people who are (1) not resident in the United Kingdom, (2) between the ages of 16 and 18 and (3) a dependant of a person who is in overseas Crown employment opening a JISA account with NS&I.
- Disapply, in relation to a JISA in the National Savings Bank, the prohibition on deposits being made where the account holder (the child) stops being a UK resident. Without this amendment, if an account holder stops being a UK resident, then all payments into a JISA will be prohibited.

## **5. Extent and Territorial Application**

5.1 The extent of this instrument is the whole of the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

7.1 NS&I intend to launch a new product - the JISA. The product is a junior ISA account for the purposes of the ISA Regulations, and is therefore subject to those regulations. It will be available to customers up to the age of 18 and can be opened on their own behalf, if they are age 16 or over, or by a person with parental responsibility for a child under the age of 18. The main point of difference to a standard Individual Savings Account (ISA) is around who is eligible to hold such an account. A child must be resident in the UK for a JISA account to be opened, but they can continue to hold the account and subscriptions can still be made if they become a non-resident. A JISA may also be opened by a 16 or 17 year old who is not UK resident, but is a dependant of an overseas Crown servant.

7.2 In order to allow this, changes are required to be made to the 2015 Regulations to allow these types of account openings and subscriptions. This decision was made after a determination that the requirements contained in the terms and conditions would be subject to those currently in the NS&I Regulations.

### *Consolidation*

7.3 The NS&I Regulations are the result of an amalgamation of numerous statutory instruments under the government's "red tape challenge" in 2015, which also produced the National Savings No 2 Regulations 2015. There are no current plans for a further consolidation

## **8. Consultation outcome**

8.1 These are minor technical changes and so no consultation was conducted in relation to these Regulations.

## **9. Guidance**

- 9.1 No guidance has been produced for this legislative change. However, NS&I will provide information and guidance to customers as they are impacted by the proposed changes, including personal communications where this is appropriate. Terms and conditions will be published on NS&I's website ([www.nsandi.com](http://www.nsandi.com)).

## **10. Impact**

- 10.1 There is no impact on business, charities or voluntary bodies.
- 10.2 There is no impact on the public sector.
- 10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

- 11.1 The legislation does not apply to activities undertaken by small businesses.

## **12. Monitoring & review**

- 12.1 While no specific review of these amendments is planned, the Treasury keeps all legislation governing NS&I under review, to ensure that NS&I is able to carry out its functions effectively.

## **13. Contact**

- 13.1 Scott Middleton at NS&I (Tel: 020 7932 6679 or email: [scott.middleton@nsandi.com](mailto:scott.middleton@nsandi.com)) can answer any queries regarding the instrument.