EXPLANATORY MEMORANDUM TO

THE NATIONAL SAVINGS BANK (AMENDMENT) REGULATIONS 2011

2011 No. 783

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 The Regulations amend the National Savings Bank Regulations 1972 ("the 1972 Regulations") and the National Savings Bank (Investment Deposits) (Limits) Order 1977 ("the 1977 Order") so as to align more closely the subscription limits and conditions on investment in individual savings account ("ISAs") at the National Savings Bank with those in the Individual Savings Account Regulations 1998 ("the ISA Regulations"). These Regulations also remove the facility permitting customers to make cash deposits into ISAs at savings bank offices.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 The 1972 Regulations provide the principal legislative framework within which ISAs are offered at the National Savings Bank. In addition, the Treasury limits, by means of the 1977 Order, the amount which may be received into ISAs at the National Savings Bank. ISAs at the National Savings Bank are also subject to the ISA Regulations.

4.2 The ISA Regulations are to be amended, with effect from 6 April 2011, by the Individual Savings Account (Amendment) Regulations 2011, in order to increase the annual subscription limits.

4.3 These Regulations amend:

- the 1977 Order to reflect the increased subscription limits in the ISA Regulations;
- the 1972 Regulations to align the conditions which govern who may invest in an ISA at the National Savings Bank with those contained in the ISA Regulations;
- the 1972 Regulations to remove the facility for customers to make cash deposits into ISAs at savings bank offices.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

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

7. Policy background

- What is being done and why

7.1 The 1977 Order is amended to align its provisions with the amendments made to the cash ISA subscription limits in the ISA Regulations, which are to take effect from 6 April 2011.

7.2 Removing the facility to receive cash deposits into ISAs at savings bank offices will reduce the risk of money laundering, support NS&I's strategy to simplify and modernise its business and reduce operational costs.

- Consolidation

7.3 It is not intended that the secondary legislation relating to the operations of the National Savings Bank will be consolidated.

8. Consultation outcome

8.1 No consultation was conducted in relation to these Regulations.

9. Guidance

9.1 NS&I will inform customers about the changes to the ISA limits on its website, in the customers' annual statements and in its revised terms and conditions. Customers will also be informed as to the removal of the facility to deposit cash in two ways; a notice in the customers' April statement, and a letter to any customer who deposits cash into their ISA at savings bank offices.

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 these Regulations.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 No specific review of the changes made by these Regulations is planned. However, 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

Danielle Morley at NS&I Tel: 020 7932 6696 or email: danielle.morley@nsandi.com can answer any queries regarding the instrument.