EXPLANATORY MEMORANDUM TO

THE NATIONAL SAVINGS BANK (INVESTMENT DEPOSITS) (LIMITS) (AMENDMENT) ORDER 2012

2012 No. 795

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 Order amends the National Savings Bank (Investment Deposits) (Limits) Order 1977 ("the 1977 Order") to increase the annual subscription limit applicable to individual savings accounts ("ISAs") at the National Savings Bank.

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

3.1 None.

4. Legislative Context

4.1 The amount that a person may subscribe in a cash ISA each year is limited by the Individual Savings Account Regulations 1998 (the "ISA Regulations"). The limit in the ISA Regulations is to be increased on 6 April 2012 from £5,340 to £5,640 by the Individual Savings Account (Amendment) Regulations 2012.

4.2 The 1977 Order applies a specific limit to the amount that may be subscribed in ISAs offered at the National Savings Bank. This Order increases the limit in the 1977 Order from £5,340 to £5,640 to ensure that it remains aligned with the limit in the ISA Regulations.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 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 being amended to ensure that the limit on the annual amount that may be subscribed in an ISA at the National Savings Bank remains aligned with the limit that applies to subscriptions in cash ISAs under the ISA Regulations, when the latter limit increases on 6 April 2012. This change is being made to ensure that the ISAs offered by the National Savings Bank are not subjected to a stricter annual subscription limit than the ISAs offered by other financial institutions. If ISAs offered by the National Savings Bank were subject to a stricter subscription limit, this would disadvantage existing National Savings Bank ISA customers and make such ISAs less attractive to new customers.

- Consolidation

7.2 In the explanatory memorandum to the National Savings Bank (Amendment) (No. 2) Regulations 2011 the Treasury expressed the intention to consolidate the secondary legislation relating to the National Savings Bank within 18 months of those Regulations being made. It remains the Treasury's intention to consolidate by mid-March 2013.

8. Consultation outcome

8.1 No consultation was conducted in relation to this Order.

9. Guidance

9.1 National Savings & Investments (NS&I), which conducts the business of the National Savings Bank under the authority of the Director of Savings, will inform customers about the changes to the cash ISA subscription limits on its website, in the customers' annual statements and in its revised terms and conditions.

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 Order.

11. Regulating small business

11.1 The Order does not apply to small business.

12. Monitoring & review

12.1 No specific review of the changes made by this Order 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.