EXPLANATORY MEMORANDUM TO

THE NATIONAL SAVINGS STOCK REGISTER (AMENDMENT) REGULATIONS 2014

2014 No. 3214

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 These Regulations amend the National Savings Stock Register Regulations 1976 S.I. 1976/2012 (the "1976 Regulations"). Their purpose is to alter certain features of the fixed interest stock offered by National Savings and Investments ("NS&I") so as to allow a new product to be introduced.

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

3.1 None.

4. Legislative Context

4.1 The Treasury raises money under section 12 of the National Loans Act 1968 (c. 13) by issuing securities under the auspices of the Director of Savings, who is a statutory office-holder and the Chief Executive of NS&I. Securities issued under the auspices of the Director of Savings (other than savings certificates), which offer a fixed rate of interest for a specified period of time ("fixed interest stock"), are governed by the 1976 Regulations and contractual terms and conditions.

4.2 Under section 2 of the National Debt Act 1972 the Director of Savings maintains the National Savings Stock Register, and under section 3 of that Act the Treasury may make Regulations with respect to the Register, and has done so in the 1976 Regulations.

4.3 An amendment to the 1976 Regulations is needed to prevent Regulation 28 applying where the stock in question is not stock of a kind that can be held in trust.

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 not subject to affirmative 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 is engaged in a commitment to launch a new product, as announced by the Chancellor of the Exchequer in his March 2014 Budget Speech. The product will be available to customers of the age of 65 and over. This requires changes to be made to its range of fixed interest stock, namely the introduction of a new Bond, based on the current Guaranteed Growth Bond, but with amendments to the age of eligibility and the minimum investment limit and the withdrawal of the option to place the product in trust. A trust is an equitable obligation, binding a person (known as a trustee) to deal with property (known as trust property) owned by him as a separate fund, distinct from his own private property, for the benefit of persons (known as beneficiaries)."

7.2 The amendments made by these Regulations will have effect for all 65+ Guaranteed Growth Bond Issues from the date these Regulations come into force.

7.3 The amendments will apply to all fixed interest stock covered by these Regulations.

7.4 To ensure that only those savers at which the Bond is aimed at will benefit, it is necessary to exclude the ability to hold the Bond in Trust and amend certain provisions in the 1976 Regulations, which refer to the ability to hold stock in trust, so that the Regulations allow for both positions.

- ***Consolidation***

7.5 It is intended that the rules set out in the 1976 Regulations and the enactments that amend them, will be consolidated within three years of these Regulations being made.

8. Consultation outcome

8.1 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).

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 small business.

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) can answer any queries regarding the instrument.