

**EXPLANATORY MEMORANDUM TO**  
**THE NATIONAL SAVINGS BANK (AMENDMENT) REGULATIONS 2008**

**2008 No. 734**

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

**2. Description**

2.1 These Regulations amend the National Savings Bank Regulations 1972 (“the 1972 Regulations”) and the National Savings Bank (Investment Deposits) (Limits) Order 1977 (“the 1977 Order”) to allow the Director of Savings to revise the National Savings and Investments (“NS&I”) Individual Savings Account (“ISA”) terms and conditions.

2.2 These amendments seek to align the provisions of the 1972 Regulations and the 1977 Order with the Individual Savings Account Regulations 1998 (“the ISA Regulations”). First, the Regulations remove references to “TESSA only accounts” and “mini-accounts” from the 1972 Regulations and the 1977 Order. Secondly, the Regulations amend the 1977 Order so as to increase the annual deposit limit which may be invested in an ISA to £3,600 from 6 April 2008. Thirdly, the Regulations disapply the minimum deposit provisions in the 1972 Regulations in respect of ISAs for which terms and conditions may be set pursuant to section 9A(1) of the National Savings Bank Act 1971.

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

3.1 None

**4. Legislative Background**

4.1 The 1972 Regulations provide the principal legislative framework within which the Director of Savings conducts her business activities in relation to ISAs. In addition, the Treasury limits, by means of the 1977 Order, the amount which may be received into NS&I ISAs. NS&I ISAs are also subject to the ISA Regulations

4.2 The ISA Regulations have been amended, with effect from 6 April 2008, by the Individual Savings Account (Amendment) Regulations 2007, in order to provide new rules for the structure of ISAs and introduce increased subscription limits. These Regulations, therefore, amend the 1972 Regulations and the 1977 Order so as to reflect the new provisions of the ISA Regulations.

4.3 In accordance with section 9A(1) of the National Savings Bank Act 1971, the Treasury may make provision in relation to NS&I ISAs first made available after 10 July 2003, in the terms and conditions of the ISA product (instead of making provision for those products through the 1972 Regulations). Section 9A(2) provides, however, that the terms and conditions of any such product have effect subject to the 1972 Regulations. In

order to ensure that the terms and conditions of any new NS&I ISA product are not inconsistent with the 1972 Regulations in respect of minimum deposits, these Regulations disapply the minimum deposit provision in the 1972 Regulations in respect of any new NS&I ISAs.

## **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 negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 The 1972 Regulations are amended to ensure compliance with the new provisions of the ISA Regulations (see paragraph 2.2. above) which take effect from 6 April 2008.

7.2 These Regulations also disapply the minimum deposit provision in the 1972 Regulations to allow NS&I to provide different minimum deposit limits in the terms and conditions of any new NS&I ISA product.

7.3 In addition, the Regulations remove provisions that are no longer extant relating to transfers to tax-exempt special savings accounts. From the 6 April 2008, tax-exempt special savings accounts will become cash ISAs.

## **8. Impact**

8.1 A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.

## **9. Contact**

Kirstie Prince at National Savings and Investments Tel: 0207 348 9415 or e-mail: [kirstie.prince@nsandi.com](mailto:kirstie.prince@nsandi.com) can answer any queries regarding the instrument.