

2012 No. 1877

NATIONAL DEBT

**The National Savings Stock Register (Amendment) Regulations
2012**

<i>Made</i>	- - - -	<i>16th July 2012</i>
<i>Laid before Parliament</i>		<i>18th July 2012</i>
<i>Coming into force</i>	- -	<i>20th September 2012</i>

The Treasury make the following Regulations in exercise of the powers conferred by section 3 of the National Debt Act 1972(a).

Citation and commencement

1. These Regulations may be cited as the National Savings Stock Register (Amendment) Regulations 2012 and come into force on 20th September 2012.

Amendments to the National Savings Stock Register Regulations 1976

2. The National Savings Stock Register Regulations 1976(b) are amended as follows.

Amendment to regulation 2

3. In regulation 2 (interpretation), in paragraph (1)—

(a) after the definition of “approved”, insert—

““capital value”, in relation to stock, means—

(a) the nominal value of that stock, plus

(b) any interest or other sum that has accrued in respect of that stock and has been added to its value in accordance with the terms and conditions applying to it;”;

(b) after the definition of “deputy”, insert—

““dividend” means a payment of interest that has accrued in respect of stock;

“fixed interest stock” means stock issued with a term, other than—

(a) stock issued under the name of a Capital Bond, and

(b) stock issued under the name of a Pensioners’ Guaranteed Income Bond;

“new stock” means—

(a) fixed interest stock issued after 19th September 2012, and

(a) 1972, c. 65; section 3 was amended by the Trustee Savings Banks Act 1976 (c. 4), Schedule 5, paragraph 19(a)(i), the Finance Act 1989 (c. 26), section 183(2) and S.I. 1998/1446.

(b) S.I. 1976/2012; relevant amending instruments are S.I. 1987/1635, 1989/2046, 1998/1446, 1999/2771, 2001/2616, 2004/1662 and 2007/1898.

- (b) fixed interest stock issued before 20th September 2012 for which—
 - (i) the term which was current on 19th September 2012 has ended, and
 - (ii) a subsequent term has begun;
 “nominal value”, in relation to stock, means the purchase or subscription price of the stock;” and
- (c) after the definition of “stock”, insert—
 - ““term”, in relation to stock, means a specified period of time for which a rate of interest has been fixed for that stock;”.

Omission of references to writing

4. Omit “in writing” in—

- (a) regulation 5 (subscription for stock), paragraph (2);
- (b) regulation 14 (redemption), paragraph (2);
- (c) regulation 15 (transfers), paragraph (1); and
- (d) regulation 45 (payments from and into the National Savings Bank), paragraph (1).

Amendment to regulation 8

5. In regulation 8 (limit on total holding of certain stock)—

- (a) for paragraphs (1) and (2), substitute—
 - “(1) A person may not purchase or subscribe for stock of any description if the total nominal value of the stock of that description which would be held by that person, if the purchase or subscription were made, would exceed the maximum set by the terms and conditions applying to that description of stock (“the permitted maximum”).
 - (2) For the purposes of paragraph (1), the total nominal value of the stock held by a person is to be calculated in accordance with paragraphs (3), (4) and (4A), and any additional provision made in the terms and conditions applying to that stock.”;
- (b) in paragraph (3), for “For the purposes of this Regulation a person”, substitute “A person”; and
- (c) for paragraph (4), substitute—
 - “(4) In calculating the total nominal value of stock held by a person, no account shall be taken of stock which that person has acquired under the will of a deceased holder, or by virtue of the death of a holder intestate, or as a nominee under a nomination duly made by a deceased holder.
 - (4A) Paragraph (4) does not apply to new stock.”.

Amendment to regulation 9

- 6. In regulation 9 (forfeiture of stock), after paragraph (2), insert—**
 - “(3) This regulation does not apply to new stock.”.

Insertion of regulation 9A

7. After regulation 9, insert—

“Forfeiture of new stock

9A.—(1) The Director of Savings may, if the Director of Savings thinks fit, direct that new stock shall be forfeited.

(2) The circumstances under which the Director of Savings may make a direction under paragraph (1) include the following—

- (a) the new stock was acquired, or is held, otherwise than in accordance with these Regulations; or
- (b) the Director of Savings reasonably suspects that—
 - (i) the new stock is being held in connection with an illegal purpose; or
 - (ii) false information has been provided to the Director of Savings by the holder of the new stock, or by anyone acting on the holder's behalf.

(3) Where the Director of Savings directs that new stock shall be forfeited under paragraph (1)—

- (a) an amount equal to the nominal value of the new stock shall be payable to the holder; and
- (b) any other amount which was payable under the terms and conditions applying to the new stock may be paid to the holder if the Director of Savings thinks fit.

(4) The Director of Savings may make any payment pursuant to paragraph (3) by such means as the Director of Savings thinks fit, which may include crediting the amount to an account in the name of the holder in the National Savings Bank.”.

Amendment to regulation 10

8. In regulation 10 (issue of certificate and subscription books)—

- (a) for the heading, substitute “Certificates, subscription books and records”;
- (b) at the beginning of paragraph (1), for “As”, substitute “Subject to paragraph (4), as”;
- (c) at the beginning of paragraph (2), for “Where”, substitute “Subject to paragraph (4), where”;
- (d) in paragraph (3), for “the certificate”, substitute “any certificate”; and
- (e) after paragraph (3), insert—

“(4) In respect of new stock, the Director of Savings—

- (a) shall not issue a certificate or subscription book; and
- (b) need not amend any certificate or subscription book in issue.

(5) (a) Where new stock has been registered in the name of any person, the Director of Savings shall promptly make available to that person a record of—

- (i) the capital value of that new stock at the time of registration;
- (ii) the annual rate of interest applying to that new stock during its current term; and
- (iii) the date on which the current term of that new stock will end.

(b) Where new stock, or part of new stock, has ceased to be registered in the name of a person, the Director of Savings shall promptly make available to that person a record of—

- (i) the details of the transaction as a result of which that new stock ceased to be registered in the name of that person;
- (ii) the capital value of any part of that new stock that continues to be registered in the name of that person immediately after the repayment;
- (iii) the annual rate of interest applying during the current term of any part of that new stock that continues to be registered in the name of that person; and
- (iv) the date on which the current term of any part of that new stock that continues to be registered in the name of that person will end.”.

Revocation of regulation 12

9. Omit regulation 12 (commission chargeable on purchase or sale of stock).

Amendment to regulation 13

10. In regulation 13 (conversion)—

- (a) for “terms of any prospectus relating to the issue of”, substitute “terms and conditions applying to”; and
- (b) for “terms of the prospectus”, substitute “terms and conditions”.

Amendment to regulation 21

11. In regulation 21 (dividends)—

- (a) for the heading, substitute “Payment of dividends”;
- (b) in paragraph (3)—
 - (i) for “accruing thereon should, as they become due”, substitute “should, as they become payable”; and
 - (ii) omit “in writing”; and
- (c) after paragraph (4), insert—
 - “(5) (a) Paragraph (1) does not apply to stock to which regulation 21B applies.
 - (b) Paragraph (3) does not apply to new stock.”.

Insertion of regulations 21A and 21B

12. After regulation 21, insert—

“Payment of interest on certain Fixed Rate Savings Bonds

- 21A.**—(1) In this regulation—

“Fixed Rate Savings Bond” means stock issued under the name of a Fixed Rate Savings Bond; and

“relevant election” means an election, made in accordance with the terms and conditions of a Fixed Rate Savings Bond, either—

- (a) to receive dividends, or
- (b) to have any interest accruing on that Fixed Rate Savings Bond added to its capital value.

(2) A relevant election in force in respect of a Fixed Rate Savings Bond at the end of the term that is current on 19th September 2012, shall, in respect of any subsequent terms, be irrevocable.

(3) Where a relevant election to receive dividends in respect of a Fixed Rate Savings Bond is irrevocable, the dividends shall be paid monthly, in accordance with the procedure for payment of monthly dividends set out in the terms and conditions applying to that Fixed Rate Savings Bond.

(4) Where a relevant election to have interest added to the capital value of a Fixed Rate Savings Bond is irrevocable, the interest shall be added to the capital value annually, in accordance with the procedure for such annual additions of interest set out in the terms and conditions applying to that Fixed Rate Savings Bond.

Accrual of interest

- 21B.**—(1) This regulation applies to—

- (a) fixed interest stock issued after 19th September 2012; and
 - (b) any other fixed interest stock from and including the anniversary of its date of issue that falls after 19th September 2012 and before 20th September 2013.
- (2) The amount of any interest accruing on a particular day in respect of stock to which this regulation applies shall be calculated using the following formula—

$$A = \frac{V \times I\%}{365}$$

where—

A is the amount of interest accruing in respect of stock on the particular day,

V is the capital value of the stock on that day, and

I% is the annual rate of interest fixed for the current term of the stock.”.

Amendment to regulation 22

13. In regulation 22 (payments by the Director of Savings)—

- (a) in paragraph (1)(c)(i), for “purchase stock or”, substitute “subscribe for stock or purchase”; and
- (b) for paragraph (1B), substitute—

“(1B) If the Director of Savings has initiated a payment, the authority to make that payment mentioned in paragraph (1A) shall not be terminated by—

 - (a) the death of any person who made the application for payment; or
 - (b) any notice purporting to countermand that authority.”.

Amendment to regulation 25

14. In regulation 25 (authority for payment to third party), after paragraph (3), insert—

- “(4) (a) Paragraphs (1) and (2) do not apply where payment is to be made on new stock.
- (b) The holder of new stock may, subject to the approval of the Director of Savings, make an application in the approved manner authorising any person to apply for, or receive, any amount payable in respect of that new stock.”.

Amendment to regulation 26

15. In regulation 26 (joint holders of stock), for paragraph (2), substitute—

“(2) Where stock is registered in the names of two or more persons as joint holders, the Director of Savings may, unless other arrangements have been made in accordance with these Regulations, pay any dividends and issue any certificates, subscription books, records or correspondence relating to that stock to the holder whose name appears first in the register.”.

Amendment to regulation 27

16. In regulation 27 (power of holders to act by majority)—

- (a) for the heading, substitute “Power of joint holders to act without unanimity”;
- (b) after paragraph (1), insert—

“(1A) (a) The power of holders of stock to act by majority, set out in paragraph (1), shall not extend to making an application under sub-paragraph (b).

(b) Where new stock is registered in the names of two or more persons who hold it otherwise than as trustees, all of those persons, or the survivors of them, may make an application in the approved manner authorising one of their number to do all

things required to be done for the purpose of any dealing with that new stock and to give any authority for the payment of dividends in respect of that new stock.

- (c) The power of a holder of new stock to act on behalf of other holders of that new stock, set out in sub-paragraph (b), shall not extend to making an application under paragraph (1).”; and
- (c) in paragraphs (2) and (3), omit “in writing”.

Amendment to regulation 28

17. In regulation 28 (application by holders of stock to be described in register as trustees)—

- (a) in paragraph (2), omit “in writing”;
- (b) after paragraph (2), insert—

“(2A) Except as provided for in paragraph (1), no notice of any charge, trust or other equitable interest shall be receivable by the Director of Savings in respect of stock.”; and
- (c) in paragraph (3), omit “only”.

Amendment to regulation 31

18. In regulation 31 (persons under disability), in paragraph (4)—

- (a) omit “in writing”; and
- (b) for “dividends accruing thereon”, substitute “dividends payable on that stock”.

Amendment to regulation 38

19. In regulation 38 (operation of nomination), in paragraph (1)(b)—

- (a) for “accruing due thereon”, substitute “payable on that stock”; and
- (b) in paragraph (ii), for “the stock for new stock”, substitute “that stock for the stock offered”.

Amendment to regulation 41

20. In regulation 41 (payment without a grant of representation), in paragraph (5)(b), for “nominal capital amount thereof”, substitute “capital value of that stock”.

Amendment to regulation 42

21. In regulation 42 (death duties or inheritance tax chargeable on the death of the holder of any stock)—

- (a) in paragraph (1)(b), for “the certificates or subscription books”, substitute “any certificates or subscription books”; and
- (b) in paragraph 3(b), for “nominal capital amount thereof”, substitute “capital value of that stock”.

Amendment to regulation 46

22. In regulation 46 (loss of documents), in paragraph (1), for the words “in writing to the Director of Savings”, substitute “to the Director of Savings in the approved manner”.

Amendment to regulation 48

23. In regulation 48 (rectification of mistakes), in paragraph (1), for the words “in writing to the Director of Savings”, substitute “to the Director of Savings in the approved manner”.

Revocation of regulation 49

24. Omit regulation 49 (fees on reference of disputes).

Amendment to regulation 53

25. In regulation 53 (indemnity of Treasury, Commissioners, Director of Savings and officers), for paragraph (2), substitute—

“(2) Subject to regulation 54, where the payment of an amount payable in respect of stock is made by relevant means to a person who is not entitled under these Regulations to receive it, the payment is deemed to have been made to a person who is so entitled if it was made—

- (a) in good faith and without negligence; and
- (b) in consequence of some act or omission on the part of a person who is so entitled.

(3) Subject to regulation 54, where the payment of an amount payable in respect of new stock is made by electronic transfer, neither the Treasury nor the Director of Savings is liable for—

- (a) any delay in the completion of the payment, if the delay is outside the direct control of the Director of Savings; or
- (b) any failure in the operation of the system through which the electronic transfer is conducted, if the failure is outside the direct control of the Director of Savings.

(4) In this regulation—

“electronic transfer” means the transfer of money by electronic or automated processes, which do not involve the delivery and collection of a payable instrument or the delivery of cash, to a bank or building society account to which payment is capable of being made by those processes; and

“relevant means” means—

- (a) in the case of new stock, payment by warrant or by electronic transfer, and
- (b) in the case of other stock, payment by warrant.”.

Substitution of regulation 55

26. For regulation 55 (form of documents), substitute—

“Applications

55. The Director of Savings may refuse to accept an application that is required by these Regulations to be made in a manner approved by the Director of Savings if—

- (a) it does not include a full and specific statement of the particulars required to be given for the purposes of the application; or
- (b) it is required to be made in writing and is not signed by the person who is making the application.”.

Amendment to regulation 57

27. In regulation 57 (obligation of secrecy), in paragraph (1), after “description of stock”, insert “subscribed for or”.

16th July 2012

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the National Savings Stock Register Regulations 1976 (S.I. 1976/2012).

Regulation 3 inserts new definitions, including—

- (a) “term”, which means a specified period of time for which a rate of interest is fixed in respect of stock;
- (b) “fixed interest stock”, which means stock with a term, except Capital Bonds and Pensioners' Guaranteed Income Bonds; and
- (c) “new stock”, which means fixed interest stock issued after 19th September 2012 or fixed interest stock issued before 20th September 2012 for which a new term has commenced after 19th September 2012.

Regulation 5 amends provision relating to the maximum value of stock that may be held. The amendments prevent a person from purchasing or subscribing for stock of a particular description if that purchase or subscription would result in that person's holding exceeding the maximum value permitted by the terms and conditions. The amendments clarify that the terms and conditions of stock may make provision as to the manner in which the value of a holding is to be calculated. The amendments also remove a requirement that a holder is to be treated as holding the full value of jointly held stock and provide that the rule requiring the Director of Savings to ignore inherited stock when calculating the value of a person's holding is not to apply to new stock.

Regulation 7 inserts provision for the forfeiture of new stock. The Director of Savings may direct that new stock be forfeited where the Director thinks fit. Where the Director of Savings has directed that new stock be forfeited, an amount equal to the nominal value of that stock is payable to the holder and any other amount that was payable in respect of that stock may also be paid to the holder where the Director thinks fit.

Regulation 8 replaces, for new stock, provision requiring the Director of Savings to issue a certificate or subscription book following transactions in stock with an obligation to make available a record relating to that stock.

Regulations 9 and 24 omit provisions relating to the charging of commission on certain transactions in stock, and the charging of fees on awards made under section 5 of the National Debt Act 1972 (c. 65).

Regulation 12 inserts provision that any election as to the means of payment of interest on a Fixed Rate Savings Bond is to be irrevocable from the point at which a new term commences after 19th September 2012. Where the holder has elected for payment of interest by dividends, those dividends are to be paid monthly. Where the holder has elected for any interest to be added to the capital value of the Fixed Rate Savings Bond, that interest is to be added annually.

Regulation 12 also inserts provision for the daily accrual of interest on fixed interest stock issued after 19th September 2012 and on other fixed interest stock as from the anniversary of its date of issue that falls after 19th September 2012 and before 20th September 2013.

Regulation 13 amends provision relating to the authority for making payments. The amendment removes the obligation of the Director of Savings to take steps to cancel payments once initiated.

Regulation 14 inserts provision that the holder of new stock may, subject to the approval of the Director of Savings, authorise another person to apply for, or receive, payment in respect of that new stock.

Regulation 15 inserts provision allowing the Director of Savings to issue any documents relating to jointly held stock to the person whose name appears first in the register, unless other arrangements have been made.

Regulation 16 inserts provision permitting all joint holders of new stock, other than trustees, to authorise any one of their number to act on behalf of all of them.

Regulation 17 inserts provision that notice of a charge, trust or other equitable interest in respect of stock is not receivable by the Director of Savings.

Regulation 25 amends provision relating to the indemnification of the Treasury and the Director of Savings so as to extend such provision to cover payments made by electronic transfer on new stock. These changes include a provision that neither the Treasury nor the Director of Savings is to be liable where there is a delay or failure in the system by which electronic transfers are conducted that is outside of the control of the Director of Savings.

Various provisions remove requirements for applications and notices to be made or given in written form.

A full impact assessment has not been produced for this instrument as no impact on the costs of business or the voluntary sector is foreseen.

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STATUTORY INSTRUMENTS

2012 No. 1877

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The National Savings Stock Register (Amendment) Regulations
2012

£5.75

E4005 07/2012 124005T 19585

ISBN 978-0-11-152732-0



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