STATUTORY INSTRUMENTS

2010 No. 2479

NATIONAL DEBT

The Premium Savings Bonds (Amendment etc) Regulations 2010

Made - - - -	*11th October 2010*
Laid before Parliament	*12th October 2010*
Coming into force - -	*2nd November 2010*

The Treasury make the following Regulations in exercise of the powers conferred by section 11(1)(a), 11(2)(b) and 11(3)(a) of the National Debt Act 1972(**a**) and section 325 of the Finance Act 2004(**b**):

Citation and commencement

1. These Regulations may be cited as the Premium Savings Bonds (Amendment etc) Regulations 2010 and come into force on 2nd November 2010.

Amendments to the Premium Savings Bonds Regulations 1972

2. The Premium Savings Bonds Regulations 1972(**c**) are amended as set out below.

3. In regulation 2(1)—

(a) omit the entry for "the adjudicator";

(b) after the entry for "deputy", insert—

""electronic transfer" means transferring 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;".

4. In regulation 3(2), omit the words "in writing".

5. After regulation 3(3), insert—

"(3A) Notwithstanding any requirement in the terms and conditions applicable to bonds, the Director of Savings need not issue certificates evidencing title to bonds.

(3B) Where an applicant purchases a bond, or a holder receives repayment in respect of a bond, the Director of Savings shall make available to that person a record of the entries on the register relating to that purchase or repayment.".

6. After regulation 3B, insert—

(**a**) 1972 c. 65; section 11(1) and (2) was amended by the Trustee Savings Banks Act 1976 (c. 4), s. 36(2), Sch 6.
(**b**) 2004 c. 12.
(**c**) S.I. 1972/765; relevant amending instruments are S.I. 1976/1543, S.I. 1992/3116, S.I. 2004/2353 and S.I. 2007/1898.

"**Notification of winners**

3C. The holders of winning bonds will be notified—

(a) by post at the last address furnished to the Director of Savings; or

(b) by such other means of communication as—

(i) are provided for in the terms and conditions applicable to their bonds, or

(ii) the Director of Savings may direct.".

7. In regulation 7(1), omit the words "in writing".

8. In regulation 8(1A)—

(a) in sub-paragraph (a), omit the words "subject to the terms and conditions subject to which the bond is held,";

(b) in sub-paragraph (b), after "as may be provided for in those terms and conditions", insert "(except to the extent that those terms and conditions provide for payment by uncrossed warrant)".

9. Regulation 8(4) is revoked.

10. After regulation 8, insert—

"**Payment by electronic transfer**

8A.—(1) Any payment made in accordance with the terms and conditions applicable to a bond, by electronic transfer to the bank or building society account specified in the application for payment, is deemed to be a payment duly made to a person entitled to receive payment in respect of that bond.

(2) Neither the Treasury nor the Director of Savings will be liable for any delay in the completion of any payment by electronic transfer, or for any failure in the operation of any system through which an electronic transfer is conducted, which is outside the direct control of the Director of Savings.".

11. For regulation 19, substitute—

"**Terminating investment in bonds**

19.—(1) The Director of Savings may terminate a holder's investment in a bond where the Director of Savings thinks fit, including in circumstances where—

(a) that holder purchases or holds that bond in contravention of regulation 4 or regulation 5; or

(b) the Director of Savings reasonably suspects that the holder—

(i) has provided false information to the Director of Savings, or

(ii) holds a bond in connection with an illegal purpose.

(2) Where the Director of Savings terminates a holder's investment in a bond under paragraph (1)—

(a) the purchase price of the bond shall be repaid to the holder, and

(b) any other money payable in respect of the bond may be paid to the holder if the Director of Savings thinks fit,

by such means as the Director of Savings may direct, which may include crediting such amounts to an account in the name of the holder at the National Savings Bank.

(3) For the purposes of any order under section 4 of the National Savings Bank Act 1971(**a**) (which empowers the Treasury by order to limit the amount of deposits in the National Savings Bank) or any order having effect as if made under that section, any sum credited to a person under this regulation shall, if the Director of Savings so directs, be disregarded.

(4) The Director of Savings may require the delivery of any document relating to a bond in order to give effect to this regulation.”.

12. Regulation 22 is revoked.

13. In regulation 28—

(a) for the word “documents” in the heading, substitute “applications”;

(b) omit the words—

(i) “the document in which”, and

(ii) “is made”;

(c) after “and any such”, for the word “document”, substitute “application”.

Repeals

14. In Schedule 18 to the Finance Act 1968(**b**)—

(a) the words in paragraph 7 from the beginning to “expiration of those three months.”, and

(b) the words in paragraph 11 from “and the registered holders” to the end,

are repealed.

Michael Fabricant
Angela Watkinson
Two of the Lords Commissioners of Her Majesty’s Treasury

11th October 2010

(**a**) 1971 c. 29; section 4 was amended by the Finance Act 1982 (c. 39), s. 151, Sch 20 and the Finance Act 2000 (c. 17), s. 152.
(**b**) 1968 c. 44; Schedule 18 was amended by S.I. 2004/2353.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Premium Savings Bonds Regulations 1972 (S.I. 1972/765).

First, these Regulations remove certain references suggesting that physical documents are required to purchase bonds, evidence title to bonds, or request payment in respect of bonds.

Second, regulation 5 inserts a requirement that, where bonds are purchased or repaid, the Director of Savings must make available a record of the entries on the register relating to those bonds.

Third, the provision inserted by regulation 6 requires the Director of Savings to notify winning holders of bonds by post, by the means of communication provided for in the terms and conditions on which they hold their bonds, or by such other means of communication as the Director of Savings may direct.

Fourth, regulation 8 changes the occasions on which the Director of Savings will be treated as having authority to make payment by warrant. Any application for payment will be treated as conferring on the Director of Savings sufficient authority to make payment by crossed warrant. However, applications for payment will not be treated as conferring on the Director of Savings authority to make payment by uncrossed warrant by reason of any provision in the terms and conditions.

Fifth, the provision inserted by regulation 10 provides that a payment made by electronic transfer, in accordance with both the terms and conditions of that bond and an application for payment, will be a payment duly made. Where a payment is duly made, both the Treasury and the Director of Savings receive a full discharge for the amount of that payment under regulation 26(1) of the Premium Savings Bonds Regulations 1972. The provision inserted by regulation 10 also provides that neither the Treasury nor the Director of Savings will be liable for delays or failures in electronic payment systems that are beyond the direct control of the Director of Savings.

Sixth, regulation 11 replaces the Director of Savings' powers of forfeiture with certain powers to terminate a holder's investment in bonds.

Seventh, regulation 12 revokes an obsolete provision relating to the settlement of disputes.

These Regulations also repeal parts of Schedule 18 to the Finance Act 1968 (c. 44). The part of paragraph 7 of that Schedule that is repealed set the earliest date that bonds were eligible to be included in a prize draw, and the part of paragraph 11 that is repealed required that holders of winning bonds be notified by post.

No impact assessment has been produced for this instrument as no impact on the private or voluntary sectors is foreseen.