

DEREGULATION ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 63: Child trust funds: safeguards for children's interests

304. This section inserts a new section 7C into the Child Trust Funds Act 2004 (“CTFA”), which allows HM Treasury to take certain specified actions by regulations where they think it appropriate for the purpose of safeguarding the financial interest of children, or a group of children, who hold CTFs.
305. Subsection (2) of the new section 7C allows regulations to be made permitting withdrawals from a CTF account or any CTF accounts held with a particular provider.
306. Subsection (3) of the new section 7C allows regulations to be made requiring an account provider to seek to transfer, or to transfer, CTF investments, or an equivalent sum in cash, to another account. This subsection sets out what can be prescribed in regulations in relation to the form of account to which transfers may be made; whether CTF investments or an equivalent sum in cash should be transferred; whether the account to which the funds are transferred should be used for cash or other investments; and the person who is to choose the account provider to whom transfers are to be made.
307. Subsection (4) of the new section 7C allows regulations to provide that CTF accounts held by a given account provider are to be treated for all purposes as if they were protected child accounts and that, in such circumstances, such providers are to be treated as a person who lawfully provides a protected child account.
308. Subsection (5) of new section 7C allows regulations to require the closure of a CTF following the transfer of investments pursuant to certain regulations made under new section 7C of the CTFA.
309. Subsection (6) of new section 7C provide that regulations made under subsection (3) must authorise HM Treasury to specify the order in which the steps set out in subsection (3) must be taken and must provide that once an account holder no longer holds investments under a CTF, any further requirement on the account provider to take the steps set out in subsection (3) lapses.
310. Where HM Treasury requires an account provider, pursuant to subsection (3)(a) to (c), to choose an account provider to whom a transfer is to be made, subsection (7) of new section 7C provides that HM Treasury is not liable in respect of the selection of account provider.
311. Subsection (8) of new section 7C defines ‘protected child account’ with reference to new section 7A of the CTFA (inserted by section 62).
312. The section forms part of the law of England and Wales, Scotland and Northern Ireland.
313. The section comes into force on the day on which the Act is passed so far as is necessary for enabling subordinate legislation to be made. It comes into force for remaining purposes on a day to be appointed by the Secretary of State in a commencement order.