
STATUTORY INSTRUMENTS

2004 No. 2353

NATIONAL DEBT

**The Premium Savings Bonds
(Amendment etc) Regulations 2004**

Made - - - - *9th September 2004*
Laid before Parliament *9th September 2004*
Coming into force - - *30th September 2004*

The Treasury, in exercise of the powers conferred upon them by section 11 of the National Debt Act 1972(1), and of all other powers enabling them in that behalf, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Premium Savings Bonds (Amendment etc) Regulations 2004, and shall come into force on 30th September 2004.

Repeal of part of section 54 of and Schedule 18 to the Finance Act 1968

2.—(1) In section 54(1) of the Finance Act 1968(2)—

(a) in paragraph (a) the words—

(i) “, as in the existing prospectus,”,

(ii) “by giving not less than three months' notice”, and

(iii) “, and”, and

(b) paragraph (b),

are repealed.

(2) In Schedule 18 to that Act paragraphs 3, 6, 10, 14 and 16 are repealed.

(3) In paragraph 11 of that Schedule the words “in the London Gazette,” are repealed.

(4) In paragraph 15 of that Schedule—

(1) 1972 c. 65. Power to make Regulations under section 11 is extended by section 325 of the Finance Act 2004 (c. 12) to permit the repeal of any provision contained in section 54 of, or Schedule 18 to, the Finance Act 1968 (c. 44).

(2) 1968 c. 44.

- (a) the words “by giving not less than three months' notice in the London, Edinburgh and Belfast Gazettes”,
 - (b) sub-paragraph (b), and
 - (c) in sub-paragraph (d) the words “in the Notice”,
- are repealed.

Amendment of the Premium Savings Bonds Regulations 1972

3. The Premium Savings Bonds Regulations 1972(3) shall be amended in accordance with regulations 4 and 5 below.

Prize fund and winning bonds

4. After regulation 3, insert—

“Prize fund interest rate changes and changes in the scale of prizes

3A.—(1) Notwithstanding any requirement in the terms and conditions applicable to Premium Savings Bonds to give notice of a change in the prize fund rate, the Treasury may change that rate at any time without notice.

(2) Notwithstanding any requirement in the terms and conditions applicable to Premium Savings Bonds to give notice of a change in the scale of prizes for a draw, the Treasury may change the scale of prizes for a draw without notice.

(3) For the purposes of paragraph (1), the prize fund interest rate is the rate of interest which is applicable to each bond unit eligible for entry into the prize draw for a given month and which, together with the number of such bond units, determines the prize fund for that month.

(4) For the purposes of paragraph (2), a change in the scale of prizes for a draw is a change in the way the number of prizes for that draw is calculated or a change in the way the prize fund for that draw is shared amongst the different prize values, or both.

(5) Where notice of a change in the prize fund interest rate or of a change in the scale of prizes has been given before the date on which these Regulations come into force but the period of notice ends after that date, the effective date of the change may be brought forward. A decision to make any such change in effective date shall be published in the London, Edinburgh and Belfast Gazettes.

Change in the publication of the serial numbers of winning bonds

3B. Notwithstanding any requirement in the terms and conditions applicable to Premium Savings Bonds to publish the serial numbers of winning bonds in the London Gazette, the Director of Savings may instead publish such numbers on the National Savings and Investments website.”.

Payments in respect of bonds

5.—(1) Regulation 8 is amended as follows.

(2) For paragraph (1) there shall be substituted—

“(1) Every payment in respect of a bond shall be made by crossed warrant except to the extent that—

(3) S. I. 1972/765, amended by S. I. 1991/73; there are other amending instruments but none is relevant.

- (a) payment is made by any other means in accordance with the terms and conditions subject to which the bond is held,
- (b) the Director of Savings otherwise directs, or
- (c) the applicant for the payment requests that all or part of the amount payable be used to—
 - (i) purchase another bond or bonds or any other description of security issued by the Treasury for the purpose of raising money under the auspices of the Director of Savings, or
 - (ii) make a deposit with the National Savings Bank,and the Director of Savings consents thereto.

(1A) In the absence of a direction or request within paragraph (1) above, every application for payment in respect of a bond shall be treated as conferring authority on the Director of Savings—

- (a) subject to the terms and conditions subject to which the bond is held, to issue a crossed warrant for that amount and pay it in accordance with the terms of the warrant, or
- (b) to make payment by such other means (if any) as may be provided for in those terms and conditions.

(1B) The death of any person who made an application for payment in respect of a bond shall not of itself determine the authority mentioned in paragraph (1A) above, but if the Director of Savings receives notice that the applicant has countermanded such authority or has died, the Director of Savings—

- (a) shall not issue a warrant or, if such a warrant has already been issued, shall take all reasonable steps to stop payment thereof, and
- (b) shall not initiate the making of payment by other means or, if such payment has already been initiated, shall take all reasonable steps (if any) as may, having regard to the nature of the means of payment concerned, be within his power to prevent completion of the payment.”.

(3) Paragraphs (3) and (5) shall be omitted.

(4) For paragraph (6) there shall be substituted—

“(6) The posting of a warrant to any person at the last address furnished to the Director of Savings shall, as regards the liability of the Treasury or the Director of Savings, be equivalent to the delivery of the warrant to that person.”.

9th September 2004

Joan Ryan
John Heppell
Two of the Lords Commissioners of Her
Majesty’s Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Premium Savings Bonds Regulations 1972. There are two main effects of the amendments. First, the new provisions inserted by regulation 4 enable the Treasury to change the prize fund interest rate and the scale of prizes at any time without giving notice, so as to override any requirement in the terms and conditions applicable to Premium Savings Bonds to give notice of such changes. Second, the amendments made by regulation 5 provide that payments in respect of a bond will be made a) by crossed warrant, b) in any way stipulated in the terms and conditions that apply to the bond, or c) as directed by the Director of Savings. (It is intended that payment by cash (that is, uncrossed) warrant will no longer be available.) But payments may also be applied, if the customer so wishes and the Director of Savings consents, to purchase other National Savings and Investments products or to make a deposit with the National Savings Bank. These Regulations also amend the terms and conditions applicable to Premium Savings Bonds by providing that the Director of Savings may choose to publish the serial numbers of winning bonds on the National Savings and Investments website rather than in the London Gazette.

These Regulations also repeal parts of section 54 of, and Schedule 18 to, the Finance Act 1968 (which set the terms under which Premium Bonds are issued) to the extent necessary to allow the changes mentioned above and to allow for the purchase of bonds without the need for an application to be in writing.

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