EXPLANATORY MEMORANDUM TO

THE INDIVIDUAL SAVINGS ACCOUNT (AMENDMENT NO. 2) REGULATIONS 2010

2010 No. 2957

1. This explanatory memorandum has been prepared by HM Revenue & Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 These regulations amend the Individual Savings Account Regulations 1998 (S.I. 1998/1870) ("the principal Regulations").

2.2 They amend the principal Regulations to reduce the maximum time allowed for the transfer of a cash individual savings account ("a cash ISA") or part thereof to another cash ISA from 30 calendar days, to reflect the time limits in new industry guidelines.

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

3.1 None.

4. Legislative Context

4.1 The individual savings account ("ISA") is a tax advantaged savings account, introduced in 1999. It allows individuals to save, through ISA accounts, without being taxed on any income or gains arising from or received in relation to those savings.

4.2 Under the principal Regulations, the terms of an ISA account must allow an investor to transfer their ISA account to another account manager ("the new account manager") and the investor must be able to stipulate the timetable for the transfer. This is subject to a reasonable period (which must not exceed 30 days) to allow the ISA manager of the account from which the transfer is being made ("the old account manager") to complete the necessary administrative tasks to implement the transfer to the new account manager (Regulation 4(6)(f) and (7) of the principal Regulations).

4.3 The Office of Fair Trading issued a report on cash ISA transfers on 29 June 2010. During the course of their investigation they secured agreement from the ISA industry to revise the industry guidelines on

the length of time needed to effect a transfer from one cash ISA to another so that this could be reduced from an average of 26 to 15 business days commencing from the time that the transfer process commenced, namely when full instructions were received by the new account manager (in practice account investors would generally first approach the new account manager and not the old account manager). The new industry guidelines are intended to come into effect for transfers between cash ISAs requested on or after 4 January 2011. The Office of Fair Trading welcomed this and recommended that HMRC consider amending the principal Regulations to reflect the time limit in the new industry guidelines.

4.4 Having duly considered this recommendation, the Government has decided to amend the principal Regulations to reflect the time limits in the new industry guidelines, and that is what this instrument does.

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 Since 2002, the principal Regulations have required the terms under which ISAs operate to stipulate that an ISA manager, on the instruction of the investor, will transfer the investor's ISA to another ISA manager within a reasonable period, not exceeding 30 days. The reference to 30 days is to calendar days rather than business days.

7.2 The report dated 29 June 2010 made by the Office of Fair Trading ("the OFT") was published after an investigation into the cash ISA market in response to a super-complaint by Consumer Focus. The new industry guidelines, secured during the course of the OFT's investigation, are intended to come into effect on 4 January 2011 and will recommend that ISA managers complete cash ISA transfers within 15 business days. The 15 days will be further broken down in the guidelines to reflect obligations on each of the transferring and receiving ISA managers ("the old account manager" and "the new account manager" respectively).

7.3 The OFT also recommended that "HM Revenue & Customs (HMRC) change its guidance to reflect the new industry guidelines" and should also consider "whether the tax rules should similarly be amended" (see paragraph 1.16 of the OFT report which is available at http://www.oft.gov.uk/shared_oft/super-complaints/OFT1246.pdf)

7.4 The first part of this recommendation is being put into effect: HMRC's ISA Guidance will be amended from 4 January 2011 when the new industry guidelines take effect. The Government has also implemented the second part of the recommendation. After due consideration it has concluded that changing the tax rules would (along with other non-tax measures) help to speed up cash ISA transfers, to the benefit of consumers. The amendment to the principal Regulations made by this instrument will make the necessary changes to the tax rules.

7.5 Regulation 5 of this instrument inserts a new regulation, regulation 21A, in the principal Regulations. This provides that, where an investor commences proceedings to transfer a cash ISA on or after 4 January 2011, the transfer must be completed subject to the provisions of the new Regulation 21A. These provisions are:

- Starting with the date stipulated by the investor for transfer proceedings to commence, or, if no date is stipulated, with the date the investor gives instructions to the new account manager, the new manager must, within 5 business days, send the investor's transfer instructions, together with confirmation that the new account manager will accept the transfer, to the old account manager . This reflects what happens in practice, where ISA transfers are normally started by an approach from the investor to the new account manager, rather than to the old account manager. Provision is made for the investor to stipulate a date for transfer proceedings to commence because, in some cases, for example where a notice period has to expire or where a maturity date has not yet been reached, the investor may not want the transfer to commence immediately.

- The old account manager then has 5 business days from receipt of the transfer instructions and confirmation from the new account manager in which to send the cash, and certain specified information about the investor and the account being transferred, to the new account manager.

- The new account manager then has 3 business days from receipt of the cash and specified information from the old account manager, to put the cash into a new ISA account in the name of the investor.

7.6 New regulation 21A(4) to (8) contain the necessary definitions for the purposes of new regulation 21A, including a definition of 'business day' and what is meant by "posting", and what must be done if two parts of a manager's obligation are completed on different days. So for example if the old manager sends the cash and the specified information on different days, they are both to be treated as having been sent on the later day.

7.7 Regulation 3 of this instrument makes consequential changes to regulation 4 of the principal Regulations by amending paragraph (6)(f) and replacing paragraph (7). The amendments insert a requirement

that the terms under which an ISA is held include a provision that a transfer from one cash ISA to another cash ISA will be in accordance with regulation 21A as well as with regulation 21 of the principal Regulations.

7.8 Regulation 4 of this instrument makes a consequential change to regulation 21 of the principal Regulations. This ensures that where the old account manager provides information to the new account manager in accordance with the new regulation 21A, he does not need to do so again in accordance with regulation 21.

7.9 Regulation 3 of this instrument comes into force on 6 April 2011. There is a later start date for this part of the instrument than that provided for the other regulations because it amends the terms under which ISA accounts must operate between manager and investor. The later start date allows ISA managers adequate time to amend the documents that set out their terms and conditions.

8. Consultation outcome

8.1 A formal consultation was not undertaken but shortly after the OFT published its report, HMRC asked all ISA managers and their representative bodies for their views on the OFT's suggestion that the tax rules should be changed to reflect the new industry guidelines. Only 6 responses were received. None were in favour of the suggested change, but opposition was largely on the basis that the tax rules were not necessarily the right place to enforce a rule about maximum transfer times. Further informal consultation took place in order for HMRC to ascertain estimated costs for the impact assessment. More formal consultation was considered unnecessary as the OFT consulted widely in investigating the super-complaint and so the relevant stakeholders' views were, broadly, already known.

9. Guidance

9.1 HMRC Guidance Notes for ISA managers will be updated to reflect the changes to the ISA Regulations and the industry transfer guidelines will be included as an appendix. The Guidance Notes are available at http://www.hmrc.gov.uk/isa/isa-guidance-notes-2008.pdf

10. Impact

10.1 The impact on ISA managers is that they will need to ensure that they have processes in place to make cash ISA transfers within the time limits as specified in new regulation 21A of the principal Regulations. This will benefit all cash ISA investors who wish to make a transfer to another cash ISA and will have a positive impact on competition in the cash ISA market.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment is attached to this memorandum.

11. Regulating small business

11.1 All ISA managers will be affected by these changes. Certain cash ISA providers are likely to be regarded as small by virtue of their employment (less than 20 employees) and business 'turnover'. However, the informal HMRC consultation did not throw up specific problems for smaller ISA providers; indeed there was a sense that many might be better placed to comply with faster transfer times than some of the larger institutions.

11.2 The OFT did not seek to carve out an exemption for small providers. Neither have the new industry guidelines sought to treat them differently. To have done so would have created practical problems if the importing and exporting providers found themselves operating to a different set of standards. So for HMRC to have introduced a derogation for small providers would have been inconsistent, and risked not achieving the policy objective.

12. Monitoring & review

12.1 From January 2011, ISA managers will start reporting the time taken to make cash ISA transfers to the Financial Services Authority via their representative bodies. HMRC will see copies of the monthly reports which will allow them to review the effect of the of the reduced transfer time.

13. Contact

Simon Turner at the HM Revenue & Customs Tel: 0151 472 1654 or email: simon.turner@hmrc.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency: HMRC	Title: Impact Assessment of Change to Cash ISA transfer time limit	
Stage: Implementation	**Version:** 1	**Date:** 14 December 2010

Related Publications: Office of Fair Trading: Report Into Cash ISAs - June 2010
ISA Industry Transfers Guidelines: Cash ISAs - June 2010

Available to view or download at:
http://www.hmrc.gov.uk/better-regulation/ia.htm

Contact for enquiries: Simon Turner **Telephone:** 0151 472 6154

What is the problem under consideration? Why is government intervention necessary?

The Office of Fair Trading (OFT) has reported that transfers of cash ISAs (Individual Savings Accounts) are often taking longer than necessary. This is detrimental to investors who lose out on the new interest rate until the transfer is complete, and can also be frustrating for consumers. Reducing transfer times will increase competition in the ISA market. The ISA industry is working to resolve this issue and new industry guidelines aimed at reducing cash ISA transfer times to a maximum of 15 business days will come into effect on 4 January 2011. The Government will align the tax law with the new guidelines, reducing the current 30 day limit in the current ISA Regulations to reflect the new industry guidelines.

What are the policy objectives and the intended effects?

The policy objective is to help reduce cash ISA transfer times. The intended effect is to encourage ISA managers to comply with their new industry guidelines, and to provide simplicity and clarity, by ensuring consistency between the industry guidelines and the ISA regulations.

The regulatory change is not intended to reduce cash ISA transfer times by itself, but is intended to do so in conjunction with implementation of the other OFT recommendations including FSA monitoring and industry self-regulation.

What policy options have been considered? Please justify any preferred option.

Two options have been considered:

A. leaving the time limit in the ISA Regulations as it is, at 30 days, and

B. reducing it to reflect the new industry guidelines.

The latter option is preferred. It is better to provide clarity and consistency with industry practice than to have a different tax rule. Furthermore, in the context of the OFT recommendations and the changes occuring across the ISA industry outside the tax rules, the preferred option does not impose significant extra burdens on industry.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The Regulation change will not be reviewed in isolation, but by means of regular monitoring of cash ISA transfer times from January 2011, by industry representative bodies, the FSA, HMT and HMRC.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:..... Date: 9 December 2010

Summary: Analysis & Evidence

Policy Option: B	Description: reducing the time limit for cash ISA transfers in the ISA regulations to reflect the new industry guidelines

COSTS

ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups'
One-off (Transition)	**Yrs**	Moving to a 15 day transfer time on cash ISAs (for providers not already achieving this) could cost £3 million in one-off costs and £4 million in annually recurring costs based on industry estimates.
£ 3 million	2011	These costs are only partly caused by the change to ISA Regulations, as most providers would have been likely to reduce transfer times in line with the new 15 day standard recommended by the ISA industry.
Average Annual Cost (excluding one-off)		
£ 4 million	from 2011	**Total Cost** (PV) **£ not applicable**

Other **key non-monetised costs** by 'main affected groups'

BENEFITS

ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups'
One-off	**Yrs**	
£ 0		There are only non-monetised benefits (see below).
Average Annual Benefit (excluding one-off)		
£ Not quantified	from 2011	**Total Benefit** (PV) **£ Not quantified**

Other **key non-monetised benefits** by 'main affected groups'

The main beneficiaries will be cash ISA holders who will be able to transfer their account to another provider more quickly in order to benefit from attractive rates or terms (although they may have to shoulder some of the extra economic cost). The monetary benefit to cash ISA holders is difficult to quantify given the range of alternative savings offers and terms available.

Key Assumptions/Sensitivities/Risks

Price Base Year 2011	Time Period Years 5	**Net Benefit Range** (NPV) - £15 million to - £20 million	**NET BENEFIT** (NPV Best estimate) n/a

What is the geographic coverage of the policy/option?			UK	
On what date will the policy be implemented?			4 January 2011	
Which organisation(s) will enforce the policy?			HMRC	
What is the total annual cost of enforcement for these organisations?			N/A	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			N/A	
What is the value of the proposed offsetting measure per year?			£ N/A	
What is the value of changes in greenhouse gas emissions?			£ N/A	
Will the proposal have a significant impact on competition?			Some positive impact	
Annual cost (£-£) per organisation (excluding one-off)	Micro n/a	Small n/a	Medium n/a	Large n/a
Are any of these organisations exempt?	No	No	No	No

Impact on Admin Burdens Baseline (2005 Prices) (Increase - Decrease)

Increase of n/a Decrease of £ n/a **Net Impact** £ (see Evidence Base)

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Evidence Base (for summary sheets)

The issue

On 29 June 2010 the OFT published its report: "Cash ISAs: Response to super-complaint by Consumer Focus". It reported that transferring cash ISAs was taking just over 26 calendar days on average, and that 25 per cent of transfers took longer than 30 calendar days. The OFT thought that the number of problems faced by consumers in transferring their cash ISA, and the frequently long transfer time even when problems do not arise, may be deterring consumers from moving their funds to another cash ISA.

Policy objectives and intended effects

The OFT Report recognises that much was being done by the ISA industry to improve customers' experience of cash ISA transfers. During the course of the OFT investigation the British Bankers' Association (BBA), the Building Societies Association (BSA) and the Tax Incentivised Savings Association (TISA) agreed to amend their guidelines to reduce the maximum period for completion of cash ISA transfers from 23 to 15 business days. The revised guidelines will come into effect on 4 January 2011. The BBA, BSA and TISA have also agreed to explore how best practice can be more widely implemented to reduce the problems that consumers face in transferring their cash ISAs by 31 December 2010. In addition, the industry agreed to produce and publish a consumer friendly summary of its cash ISA transfer guidelines. This summary was made available to all consumers from 29 June 2010 through the BBA, BSA and TISA websites.

The OFT felt that in the past the industry had not always followed the transfer times in its guidelines, and said:

"To ensure this happens, we recommend that:
• HM Revenue & Customs (HMRC) change its guidance to reflect the new industry guidelines and considers whether the tax rules should similarly be amended,
• the Financial Services Authority (FSA) refers to the new guidelines in the Banking Conduct of Business Sourcebook (BCOBS)12 and reviews the information on cash ISA transfer times provided to it by the BBA and the BSA, in addition to any information that the FSA receives about relevant complaints, and
• if the new industry guidelines are not being followed, the FSA considers taking action itself under its Banking Conduct Regime paying consideration to BCOBS 5.1.5."

So there were two recommendations for HMRC. The HMRC guidance for ISA managers is being changed with effect from 4 January 2011 to reflect the new industry guidelines. And the tax rules are now being amended to reduce the time limit in the ISA Regulations for cash ISA transfers from 30 days to reflect the new industry guidelines. This latter change is the subject of this impact assessment.

The policy objective is therefore to put into effect the OFT recommendations and in doing so to help reduce cash ISA transfer times to the benefit of investors, as part of the wider package of measures designed to achieve this result, as indicated in the OFT Report.

The intended effect is to encourage ISA managers to comply with their new industry guidelines, and to provide simplicity and clarity, by ensuring consistency between the industry guidelines and the ISA regulations.

The options

Two options have been considered:
A. leaving the time limit in the ISA Regulations as it is, at 30 days, and
B. reducing it to reflect the new industry guidelines.

Option A
Doing nothing would have meant that no legislation would have been required and that the maximum time limit for the transfer of a cash ISA would have remained at 30 days in the ISA Regulations (Regulation 4 SI 1998/1870). This would have left the desired speeding up of cash ISA transfers to industry self-regulation and the other measures identified by the OFT. Whilst this might well have been sufficient, it would have left a potentially confusing inconsistency between the industry best standard and the ISA Regulations.

Option B
This option is preferred. It is better to provide clarity and consistency with industry practice than to have a different tax rule. Furthermore, in the context of the OFT recommendations and the changes occuring across the ISA industry outside the tax rules, the preferred option does not impose significant extra burdens on industry. To put the £4m annual ongoing cost that has been identified in context, as at 5th April 2010 the total value of assets held across the industry in cash ISAs was £172.3bn. Furthermore, the fact that the time limits in the industry guidelines are reflected in legislation may carry some weight with, for example the FSA or with the Financial Ombudsman when considering claims to compensation from individuals affected by ISA transfer delays. The practical way of including this change within the regulations is to split the 15 day period in line with the industry guidance so that:

- the new manager has 5 days to contact the old manager,
- the old manager has 5 days to transfer the funds and associated paperwork to the new manager
- and then the new manager has 3 days to credit the funds to the new account.

The other 2 days are to allow for time in the postal system.

Consultation

Shortly after the OFT published its report, HMRC asked all ISA managers and their representative bodies for their views on the OFT's suggestion that the tax rules should be changed to reflect the new industry guidelines. Only 6 responses were received. None were in favour of the suggested change, but opposition was largely on the basis that the tax rules were not necessarily the right place to enforce a rule about maximum transfer times. This was because the speed of transfers is not related to the tax treatment of ISAs themselves, and there is no tax effect from a delayed ISA transfer. However, the 30 day rule is already in existence and so these arguments are not really related to the change from 30 days, but rather to the inclusion of such a rule in the ISA Regulations at all. The Government feels that as long as such a rule exists it ought to be clear and consistent with industry practice and work to the benefit of the investor as far as possible.

There were also some concerns from smaller providers, who might not have been represented by rep bodies in negotiation with OFT, that they may not be able to meet the new deadlines straight away.

More formal consultation has not been undertaken. This is not necessary – the OFT consulted widely in investigating the super-complaint and so the relevant stakeholders' views were, broadly, already known.

Costs and benefits/impacts

The costs of introducing a 15 day transfer turn-around will in the first instance fall on cash ISA providers who are not already meeting this standard of delivery to their customers. In so far as market forces dictate some or all of the costs might be expected to be passed on to ISA cash account holders. So some re-distribution of the additional costs can therefore be expected to those who will otherwise benefit from the change.

In so far as part of the cost remains with providers then Exchequer tax receipts may be reduced very slightly in as much as higher costs translate into lower taxable profits. But no new administrative burdens will fall on government.

Benefits will accrue to cash ISA account holders where the time taken to transfer accounts between providers was an impediment to them taking advantage of more competitive higher interest rates and terms. So instead of just investing a new tax year's annual ISA cash entitlement with an alternative provider, some account holders may now choose to transfer their entire account. By the same token, providers offering attractive rates and conditions will also benefit in terms of being more easily able to attract transfers of entire accounts from new customers. These effects are expected to increase competition in the cash ISA industry. Reducing transfer times will also reduce the frustration experienced by consumers when transfers take a long time.

No attempt has been made to quantify the balance of benefit to ISA savers. The complex range of investment opportunities available and the varying interest rates and conditions attached to accounts would have made this calculation too problematic.

As noted above, these costs and benefits are only partly caused by the change to ISA Regulations, as most providers would have been likely to reduce transfer times in line with the new 15 day standard recommended by the ISA industry. It is not possible to apportion these costs and benefits, and so they have been reported in full.

Administrative burdens

The evaluation of the cost to ISA providers of moving to a 15 day transfer turn-around was based on the information received from the consultation conducted by HMRC following the publication of the OFT report. This represented a very small sample in relation to an estimated population of 110 or so group and singleton cash ISA providers. Providers cited, variously, additional costs in terms of permanent staff needed in order to achieve faster turn-around times, as well as additional agency staff at peak times, together with overheads such as the need for system changes and staff training. However, some providers were said already to be meeting a 15 day transfer turn-around so would be unaffected. Although not explicitly mentioned, the reduction in the transfer times might also be expected to increase volumes of transfers both in the first year of the change and thereafter, and hence increase costs, although this effect may be small and eventually tail off.

In order to arrive at an overall industry cost the responses were grossed up in accordance with a division of the sector between small, medium, and large building societies, and banks and other institutions. The resulting overall impact, in respect of both one-off and recurring costs, was then discounted by estimated proportions of the costs falling to providers already completing transfers within 15 days. This resulted in one-off additional costs of speeding up ISA transfers estimated at around £3million, along with on-going annual additional costs estimated at around £4million pa. However, given the small size of the sample, and the assumptions required, these figures carry a large element of uncertainty.

Official figures are not available on the numbers of cash ISA transfers made each year, and the cost estimates supplied by providers did not indicate what assumptions they were making about volumes. But with a population of 20 million plus cash ISA accounts the £4 million industry additional cost per year does not look unreasonable when set alongside a plausible assumption about the proportion of accounts that might be transferred in any year.

However much of the cash ISA industry are planning to move towards a more cost effective and more efficient system of electronic transfers within a few years and so these on-going costs are only relevant until the more efficient systems are brought in. Cheques are also due to be phased out in 2018 and paper-less transfers may be the norm by then meaning that this cost is not going to last indefinitely.

As noted above, the costs and benefits reported in this Impact Assessment are only partly caused by the change to ISA Regulations, as most providers would have been likely to reduce transfer times in line with the new 15 day standard recommended by the ISA industry. It is not possible to apportion these costs and benefits, and so they have been reported in full.

This measure is not being treated as scoreable against HMRC's 2005 Administrative Burden baseline because of the question over how much of the extra cost in conforming with a 15 day transfer period is legitimately an extra HMRC admin burden.

The proposed change does not impose any additional requirements to supply or retain information. Whilst ISA managers have agreed to collect and report new data on cash ISA transfer times, that is part of the wider package of measures being implemented following the OFT Report, and is not related directly to the change to the ISA Regulations being proposed here.

Compliance costs

The administrative burden analysis above suggests a first year compliance cost around £7million and on-going cost of around £4 million thereafter – though not indefinitely. However, as the industry moves to a more efficient system of electronic transfers this increased cost should disappear. Even with the continuation of cheque based transfers, business efficiencies may help to reduce this figure over time. Discounted over an illustrative 5 year period this will represent a cost of between £15 million and £20 million.

Implementation plan

The change will be implemented by means of an amendment to Statutory Instrument 1998/1870 which will be laid in Parliament in the first half of December 2010, to come into effect on 4 January 2011.

The Financial Secretary to the Treasury announced the change in a speech to representatives of the ISA industry on 17 November 2010. HMRC will also inform ISA managers and their representative bodies about the laying of the Regulations through the usual communication channels (an "ISA bulletin").

The cost to Government of implementing and maintaining the reform will be negligible.

Caveats and risks

Because the analysis of cost has been based on a small sample the impact of a 15 day transfer turn-around time on ISA providers' cost will inevitably carry a wide margin of error.

Monitoring and evaluation

The Regulation change will not be reviewed in isolation, but by means of regular monitoring of cash ISA transfer times from January 2011, by industry representative bodies, the FSA, HMT and HMRC.

Impact tests

Competition assessment

The change proposed will foster competition in the market for cash ISAs and give consumers more choice. In their 29 June 2010 Press Release (http://www.oft.gov.uk/news-and-updates/press/2010/69-10) the OFT said that 'whilst there is often strong competition between providers in this market to win new savings, the transfer of cash ISAs is taking too long'. They said that the reduction in transfer times would give consumers a fairer deal and drive stronger competition and recommended that HMRC should change its regulations to bring them in line with the new ISA industry guidelines, as is the intention.

Small firms impact test

Certain cash ISA providers are likely to be regarded as small by virtue of their employment (less than 20 employees) and business 'turnover'. However, the informal HMRC consultation did not throw up specific problems for smaller ISA providers; indeed there was a sense that many might be better placed to comply with faster transfer times than some of the larger institutions.

The OFT did not seek to carve out an exemption for small providers. Neither have the new industry guidelines sought to treat them differently. To have done so would potentially be putting small providers at a commercial disadvantage. Besides, there would be practical problems if the importing and exporting providers found themselves operating to a different set of standards. So for HMRC to have introduced a derogation for small providers under 'Option B' would have been inconsistent, and risked not achieving the policy objective.

Other impact tests

Other impact assessments were considered as listed in the Specific Impact Tests Checklist, with the relevant guidance being followed at Chapter 6 of http://www.bis.gov.uk/assets/BISCore/better-regulation/docs/10-901-impact-assessment-toolkit.pdf. Although the proposed regulation change is part of a reform that will have a real economic cost it is anticipated that this cost is sufficiently small for there to be minimal impact in relation to carbon and other environmental assessments; and for there to be no impact in relation to legal aid, health impact, race equality, disability and gender equality, human rights and rural proofing. The proposed change is consistent with sustainable development and provides a net social benefit when considered alongside the interests of the efficient and open operation of the ISA market, and that of consumers.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	***Results in Evidence Base?***	***Results annexed?***
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

Annexes

None