

5 details of purchaser(s)

title	<input type="text"/>	date of birth (essential)	<input type="text"/>
surname	<input type="text"/>		
forenames	<input type="text"/>		
address	<input type="text"/>		
town/city	<input type="text"/>		
postcode	<input type="text"/>	daytime tel number	<input type="text"/>

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Our normal practice is to include the name(s) of the purchaser(s) (not more than two) on the Bond to show who has made the gift. If you do not wish your name(s) to appear on the Bond please put a cross here.

6 signature(s)

I/We declare that the child named in section 3 is under 16 and that this purchase will not take his/her holding of the current Issue of Bonds above the maximum limit as set out in the terms and conditions. To the best of my/our knowledge and belief the information given is correct. I/We accept the terms and conditions dated 1 January 2005. I/We agree to having my/our identity and address checked as detailed at www.nsandi.com. I/We confirm that anyone else named on this application has given their consent to the processing of their personal data, including checking their identity and address.

signature of purchaser 1	<input type="text"/>	date	<input type="text"/>
signature of purchaser 2	<input type="text"/>	date	<input type="text"/>

We'd like to give you a better service by keeping you informed about other offers from National Savings and Investments. If you'd rather not receive these, please write to National Savings and Investments, Blackpool FY3 9YP. We promise never to pass your details to any other organisation for marketing purposes. We will only send you information about NS&I. And rest assured we will not send any marketing material to the child.

Please post your completed form, together with your cheque (payable to National Savings and Investments), to: Children's Bonus Bonds, National Savings and Investments, FREEPOST GW3276, Glasgow G58 1BR. If you prefer, use a first class stamp for rapid delivery.

Children's Bonus Bonds

Key features and terms and conditions

This leaflet outlines the key features and terms and conditions of Children's Bonus Bonds from National Savings and Investments. Please keep it for your reference.

About National Savings and Investments

We provide a range of savings and investments to suit different people's needs. Because NS&I is backed by HM Treasury, any money you invest with us is 100% secure.

What is a Children's Bonus Bond?

It is a tax-free investment that can be bought for children under 16. The Bond earns a fixed rate of interest for five years, and on the fifth anniversary we add a guaranteed bonus. At the end of each five-year term, the Bond will earn a new tax-free rate of interest for a further five years, when another bonus will be added. When the child reaches 21, we add a final bonus and the Bond matures.

Children's Bonus Bonds are sold in "Issues". Each time we offer a new fixed rate and bonus, we call it a new Issue. You can buy a new Issue at the fixed rate and bonus on offer without affecting the interest rates or bonuses on any previous Issues the child holds.

Who can invest?

Anyone aged 16 or over can buy Children's Bonus Bonds for children under 16. We will always send the Bond to the child's parent or guardian, who will control the Bond until the child is 16, regardless of who bought it.

Controlling the investment

Children's Bonus Bonds are owned by the child, but until their 16th birthday the Bond is 'controlled' by their parent or guardian, regardless of who bought it. This means only the parent or guardian can cash in the Bond, but the money still belongs to the child. Once the child is 16, they control the Bond themselves.

Investment limits

Up to £3,000 can be invested for a child in each issue of Children's Bonus Bonds, in units of £25. Each time we bring out a new issue, you can invest again up to the limit of £3,000.

Interest and bonus

For five years, the child's Bond will earn interest at a fixed rate. Then on the fifth anniversary we'll add a bonus, which is fixed and guaranteed at the outset. At that point, the parent (or the child, if 16 or over) can decide whether to cash in the Bond or leave it invested – we'll give them details of the next guaranteed rate and bonus to help them decide what they want to do.

Tax

Normally if a parent gives their child money to invest, the parent is liable to tax on the interest if it comes to over £100 in any tax year, even if the child isn't a taxpayer. But with Children's Bonus Bonds the interest and bonuses are all completely free of UK Income Tax and Capital Gains Tax. Even if the child starts work and becomes a taxpayer before cashing in their Bonds, they still won't have to pay tax on the interest.

Access

To qualify for bonuses, Bonds have to be held until a five-year anniversary or until the child is 21. However, if the child needs access to the money earlier, all

or part of the Bond can be cashed in without notice. No interest is earned if a Bond is cashed in within a year of purchase.

The person who controls the Bond can cash in units of £25, which will be repaid along with any interest and bonuses earned. If a Bond is cashed in between anniversary dates, it will earn interest daily from the last anniversary, and will stop earning interest on the day of repayment.

Protecting your personal information

When you become a customer, we will treat all the personal information we hold about you as private and confidential. We will not reveal any details about you or your investments to anyone not connected to National Savings and Investments, unless you ask us to reveal the information, or if we have your permission; or if there is a legal reason; or if there is a duty to the public to reveal the information.

NS&I is governed by the Data Protection Acts. You have a right under the Acts to see the personal records we hold about you. If you want to see your records, please write to the Data Protection Officer, National Savings and Investments, 375 Kensington High Street, London W14 8SD. There may be a small charge for this service – if there is we will let you know.

Banking Code

National Savings and Investments subscribes to the Banking Code and has a formal complaints procedure with an independent arbitration scheme. For a copy of the Code or our complaints procedure leaflet call 0845 964 5000.

Terms and conditions 1 January 2005

Description and eligibility

1. National Savings and Investments (formerly known as National Savings) Children's Bonus Bonds ("Bonds") are a UK Government security issued under the National Loans Act 1968. Bonds, and these terms and conditions, are subject to The Savings Certificates (Children's Bonus Bonds) Regulations 1991 (Statutory Instrument Number: 1991/1407) as amended or re-enacted from time to time (see paragraph 27). In the event of any differences between these terms and conditions and the Regulations, the Regulations will prevail.

2. Bonds may be bought by a person aged 16 or over for a child or young person aged under 16 on the purchase date, who will be the bondholder. Bonds may only be held in the name of, and for the beneficial ownership of, the bondholder. A Bond may not be held by two or more bondholders jointly. For each Bond purchased a person with parental responsibility must be nominated to receive correspondence and control the Bond until the bondholder is 16.

3. Bonds held until the bondholder's 21st birthday will earn interest at fixed rates, and a bonus, for each period of five years from purchase. They will similarly earn interest and a bonus for any remaining period of less than five years which ends on the bondholder's 21st birthday. After that no further interest or bonus will be earned.

Definitions

4. In these terms and conditions;

- (a) "bondholder" means a child or young person aged under 16 on the day a Bond is bought;
- (b) "bondholding" means all Bonds held in the name of a bondholder;
- (c) "Director" means the Director of Savings;
- (d) "notify" means posting information to a person at their last address recorded at NS&I;
- (e) "NS&I" means National Savings and Investments operating through its Glasgow office or such other office as the Director may specify;
- (f) "person with parental responsibility" means a person who has parental responsibility (within the meaning of the Children Act 1989) for the bondholder. This will normally mean either or both of the parents of the bondholder, the guardian of the bondholder, or any other person with parental responsibility for the bondholder under a court order, or in the case of a mentally disordered bondholder, the receiver if different;
- (g) "post office" means a branch of Post Office Ltd in the UK.

Interest, bonus and tax relief

5. Each £25 Bond unit will grow in value during the five years following the date of purchase by an interest rate and fifth anniversary bonus (but see paragraph 22). The value of each Bond unit will be rounded to the nearest penny on each anniversary of purchase and on repayment. Different interest rates and bonus values apply to different Issues of Bonds and the details applicable to each Issue offered under these terms and conditions will be published in the London, Edinburgh and Belfast Gazettes. For details of the interest rates and bonus paid on the current Issue please see our Interest Rates leaflet available at post offices and from NS&I.

6. At the end of the initial period of five years the Director will notify terms as to further interest and bonus to apply from the fifth anniversary of purchase. The Director will take similar action at the end of each succeeding period of five years unless by then the bondholder has reached the age of 21.

7. For this purpose the Director will post a notice, normally 10 days before the end of the initial, or any succeeding, five year period, to either:

- (a) the person with parental responsibility referred to in paragraph 2, if the bondholder is not yet aged 16; or
- (b) the bondholder if aged at least 16.

8. The notice in paragraph 7 will give:

- (a) the interest rates and bonus to apply to the Bond for the next five years; or
- (b) the interest rates and bonus to apply to the Bond for any remaining period of less than five years until the Bond matures when the bondholder reaches the age of 21.

9. No further interest or bonus will be earned on a Bond once it has matured.

10. All interest and bonuses earned on a Bond are exempt from UK Income Tax and Capital Gains Tax.

Purchasing and holding limits

11. You may buy Bonds in one or more units of £25. The date of purchase will be taken to be the date the completed application form, along with the payment, is received at a post office which carries out NS&I business or at NS&I if sent there direct. In all cases, an application to purchase is subject to acceptance by the Director: where you apply at a post office, acceptance can only occur when the application is subsequently processed by NS&I.

12. A bondholder may not hold less than £25 (1 unit) or more than a total of £3,000 (120 units) at purchase price in Children's Bonus Bonds of each Issue or such larger amount as the Treasury may from time to time decide. The Treasury will give notice of any change under this paragraph.

13. To fill in the purchase form, you will, where necessary, need to:

- (a) check with everyone who has parental responsibility that the purchase, with any other Children's Bonus Bonds of the current Issue the child or young person may already hold, will not take the holding above the maximum limit of £3,000 at purchase price;
- (b) obtain from them the Holder's Number, where the child or young person already has a holding of Bonds, and quote it on the purchase application;
- (c) obtain from them any other information necessary to complete the application and declaration.

14. A Bond in the name of the bondholder will be sent to the person with parental responsibility referred to in paragraph 2. Unless you request otherwise on the purchase application your name will also be shown as the person who gave the Bond to the bondholder. You will, though, have no control over the Bond unless you are a person with parental responsibility.

15. If you should in error complete an application which would take the total holding of a bondholder over the holding limit then, in respect of the excess amount:

- (a) the value will be returned to you if the error comes to light before the Director puts the Bond into the post; or, if later
- (b) the value will remain the property of the bondholder and may earn interest at the discretion of the Director at such rate as the Treasury may determine. Such interest will be liable to income tax. The Director will notify the person with parental responsibility referred to in paragraph 2, or the bondholder if aged at least 16, of the excess so that it can be repaid or reinvested in another NS&I product.

Control of Bonds

16. Until the bondholder is aged 16 the control of each Bond will normally rest with the person with parental responsibility referred to in paragraph 2.

17. While the bondholder is aged under 16 the Director may repay a Bond, or part of a Bond, to any person who satisfies the Director that he or she is a proper person to receive payment on behalf of the bondholder. This will normally be the person with parental responsibility referred to in paragraph 2. If there are two such persons the Director may ask both to sign for any repayment.

18. Decisions on a Bond will rest with the bondholder when he or she reaches 16, or with any receiver appointed.

Repayment when the Bond matures

19. The Bond will mature on the bondholder's 21st birthday. The bondholder may obtain repayment on the maturity date on application in writing to NS&I enclosing the Bond. By way of reminder the Director will notify the bondholder of the need to give instructions for repayment on maturity.

Repayment before the Bond matures

20. Repayment may be applied for, before the Bond matures, by the bondholder if aged at least 16; or if under that age normally by the person with parental responsibility referred to in paragraph 2 on behalf of the bondholder (see paragraph 17). The application must be made in writing to NS&I and be sent with the Bond.

21. If a Bond is made up of more than one £25 unit then part of a Bond, in one or more whole units, may be repaid, together with any interest or bonus the units to be repaid have earned. Where part of a Bond has been repaid a replacement Bond, retaining the purchase date of the original Bond, will be issued for the remaining units.

Amount due on repayment

22. A Bond unit repaid before its first anniversary of purchase will be repaid at purchase price.

23. A Bond unit repaid on an anniversary of its purchase date up to and including its fifth anniversary will be repaid at the value for the anniversary shown on the Bond. A Bond unit repaid on a later anniversary will have the value as notified by the Director (see paragraph 6).

24. A Bond unit repaid between anniversary dates will have the value at its most recent anniversary date plus interest on that value to the date of repayment if repaid before the fifth anniversary of purchase. This interest will be earned for each day, starting on the most recent anniversary date, up to but not including the date of repayment (for details of the interest see the Interest Rates leaflet current at the time of purchase). If repaid after the fifth anniversary the Bond unit will be valued similarly but using the anniversary value and rate of interest as notified by the Director (see paragraph 6). Interest from the most recent anniversary date will be calculated on a daily basis at 1/365 of the annual interest rate for each day (or 1/366 of the interest rate for each day in a calendar leap year).

25. A Bond unit repaid on its maturity date will have the value as notified by the Director (see paragraph 6).

Payment warrants

26. Repayments will normally be made by crossed warrant and the date of repayment will be taken to be the date on the warrant.

Regulations

27. As at 1 November 2004, The Savings Certificates (Children's Bonus Bonds) Regulations 1991 (Statutory Instrument Number: 1991/1407) have been amended by the following Statutory Instruments:

1992/3113 1997/1860

Law and jurisdiction

28. These terms and conditions and any agreement made on the basis of them will be governed by and interpreted in accordance with English law.

29. Subject to paragraphs 30 and 31, the courts of England are to have exclusive jurisdiction to settle any dispute (including claims for set off and counterclaims) which may arise in connection with these terms and conditions or any agreement made on the basis of them and which, subject to the Regulations, falls to be determined by a court of law.

30. Where section 16 of the Civil Jurisdiction and Judgements Act 1982 applies the relevant court of law of the relevant part of the United Kingdom shall have jurisdiction to settle any such dispute.

31. Paragraphs 29 and 30 are included for the benefit of NS&I. Accordingly NS&I retains the right to bring proceedings in any other court which has jurisdiction to whose jurisdiction the holder irrevocably submits.

**Children's Bonus Bonds
National Savings and Investments**

GLASGOW
G58 1SB

1 January 2005

PLEASE KEEP FOR REFERENCE