



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Lord Lee of Trafford
House of Lords
London
SW1A 0AA

07/03/2025

Dear Lord Lee,

During the debate in the House of Lords on 3rd February – ‘To ask His Majesty’s Government what plans they have to encourage first-time investors in the stock market’ – you set out a number of policy proposals related to boosting retail investment in the stock market. Baroness Blake undertook that the Treasury would respond in writing to those proposals not reached in the time available.

As the Noble Baroness, Baroness Blake, highlighted during the debate, the Government wants to see more people take part in capital markets and benefit from the long-term financial security that investing can provide. The Government is committed to building a stronger retail investment culture, and creating an investment environment that gives people the guidance, advice and information they need to invest confidently.

You highlighted the importance of television coverage of the stock market and other investment opportunities. There is a healthy media ecosystem in the UK where people can access education through the consumer financial press. As you know, regulation is important to ensure that consumers can take informed investment decisions, and those making investment recommendations therefore need to take reasonable care to ensure that financial information is presented objectively and to disclose any relevant conflicts of interest. However, this would not present a barrier to educational programming about investing in stock markets.

You also proposed taking further steps to boost employee share ownership. As I am sure you are aware, a call for evidence on Save As You Earn (SAYE) and the Share Incentive Plan (SIP) ran from June to August 2023. It sought views on whether the schemes are meeting their policy objectives and opportunities to improve and simplify them. The Government is considering the responses to the call for evidence, and is grateful to those who took the time to respond.

In addition, you suggested that winners of Premium Bonds prizes should be informed of the possible routes to investment. When customers purchase Premium Bonds they can choose from one of three options for receiving any prizes they win: (i) having them paid directly to their bank/building society account) (ii) reinvested into more Premium Bonds – if they have less than the maximum £50,000 invested (iii) sent through the post as a warrant, like a cheque. More than nine out of ten customers choose to have their prizes paid directly into their nominated account or reinvested into more Premium

Bonds. As it is a savings institution, National Savings and Investments (NS&I) is unable to give financial advice to customers. However, should customers wish to invest their prizes they are able to change their preferences for how they receive prizes at any time by logging into their account online or by calling NS&I's customer support team.

You also presented several suggestions regarding Individual Savings Accounts (ISA) policy. Specifically, you proposed that grandparents be permitted to open Junior ISAs (JISA) for their grandchildren. HMRC specifies who can open and manage a JISA account to prevent error and to ensure that there is a single point of contact for the giving of instructions. Given the nature of the role, the ISA rules require this to be someone with parental responsibility for the child. However, grandparents who do not have parental responsibility of the child can still add funds to the account, up to the value of £9,000 a year. This allows grandparents to contribute to the financial futures of their grandchildren while minimising the risk of errors.

Finally, you proposed reforms to the ISA regime to encourage greater domestic investment. ISAs incentivise greater saving and investment by helping people save for their future goals and build greater financial resilience. As I set out above, the Government wants to see more consumers participate in capital markets and the Financial Services Growth & Competitiveness Strategy specifically identified that increasing retail participation in capital markets could support long-term sustainable growth within the sector and the wider economy. The Government is considering the feedback provided to the Call for Evidence and continues to keep all aspects of ISA policy under review.

I hope that this letter has been helpful. The Government is committed to encouraging consumers to engage with the world of investing in the appropriate way, and I offer my sincere thanks for your continued championing of retail investment. A copy of this letter has been copied to those who spoke during the debate and a copy has been placed in the library.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S. Livermore', written in a cursive style.

Lord Livermore

FINANCIAL SECRETARY TO THE TREASURY