

ISA Reform

In the Autumn Statement, the government announced ISA reform from the 6 April 2024.

Mandatory Change

Increase of age eligibility

From 6 April 2024, there are changes in the ISA regulations around how old you need to be to open a cash ISA. To open a new cash ISA, you need to be either 18 years of age or over or to be covered by the transitional arrangements for those aged 16 or 17 (as of the 5 April 2024) in place until 5 April 2026. ISA providers are not obliged to offer the transitional arrangements.

However, as you already need to be aged 18 years or over to apply for a **first direct** cash or stocks and shares ISA, this change does not impact **first direct** customers.

Optional Changes

The government also announced some optional changes outlined below. While we are not in a position to implement these changes from the 6 April 2024, we will consider implementing them in the future.

Partial transfer of current tax year subscriptions:

Although the ISA regulations will allow you to make partial transfers of current tax year subscriptions from 6 April 2024, this will not be possible with us. If you would like to transfer current tax year subscriptions into or out of a first direct cash ISA, they must be transferred in full.

Subscribe to multiple ISAs of the same type:

The maximum amount you can deposit in an ISA is subject to annual subscription limits. The annual subscription limit for tax year 2024/25 is £20,000. From 6 April 2024, for customers aged 18 and over, ISA regulations allow this to be saved in multiple cash ISAs, multiple stocks and shares ISAs, multiple innovative finance ISAs or up to £4,000 into one lifetime ISA with either the same or different providers in the same tax year. Customers aged 16 or 17 on 5 April 2024 will be able to subscribe to a single cash ISA in the same tax year.

first direct does not offer Innovative Finance ISAs or Lifetime ISAs.

Customers aged 18 or over, will only be able to subscribe to one cash ISA and/or one stocks and shares ISA in the same tax year with **first direct** or HSBC. However, even if you subscribe to an ISA with **first direct** (or HSBC) you will still be able to subscribe to ISAs (including the same type(s) of ISAs) with other ISA providers (subject to eligibility and availability).

Restart subscriptions to an existing ISA following a tax year with no subscriptions made:

From 6 April 2024, ISA regulations will allow you to restart subscriptions in this instance without making a fresh application. However, individual ISA providers are not obliged to accept subscriptions without first requiring an application. At **first direct**, we will still require an application before you can make subscriptions into your ISA.

While we are not in a position to implement these changes from the 6 April 2024, we will consider implementing them in the future.

ISA Reform FAQs

General

What are the changes to the ISA regulations that will impact first direct products from 6 April 2024?

The following ISA regulations will come into effect:

Mandatory Changes:

- Increase of age eligibility: To open a new cash ISA, you need to be 18 years of age or over. However, as you already need to be aged 18 years or over to apply for a **first direct** cash or stocks and shares ISA, this change does not impact **first direct**.

Optional Changes:

- You can subscribe to multiple ISAs of the same type in each tax year.

However, you must remain within the overall annual subscription limit across all the ISAs you hold, which for the current tax year is £20,000. This can be saved in multiple cash ISAs, multiple stocks and shares ISAs, multiple innovative finance ISAs* or up to £4,000 into one lifetime ISA* with either the same or different providers in the same tax year.

***first direct** do not currently offer an innovative finance ISA or a lifetime ISA.

- You can make partial transfers of current tax years' subscriptions
- You can restart subscriptions to an ISA without having to complete an application form

What changes are first direct going to make and why?

As you already need to be aged 18 years or over to apply for a **first direct** cash or stocks and shares ISA, we won't be making any changes yet. We are, however, considering whether to introduce the optional changes in the future and will let you know if we decide to make any change in the future.

What are other providers are doing?

As most of the changes are optional, each individual provider may be approaching the changes differently.

Optional Change: Partial transfers of current tax year subscriptions

If I have an ISA with another provider, can I transfer part of my current tax year(s) subscriptions to first direct?

No. If you wish to transfer subscriptions made in the current tax year then you must transfer in full.

Can I transfer part of my current tax year(s) subscription from first direct to another provider?

No. If you wish to transfer subscriptions made in the current tax year then you must transfer in full.

Can I transfer part of my current tax year(s) subscription from one first direct or HSBC stocks and shares or cash ISA product to another first direct or HSBC stocks and shares or cash ISA product?

No. If you wish to transfer subscriptions made in the current tax year then you must transfer in full.

Can I transfer part of my previous tax year(s) subscriptions to first direct?

Yes, we can accept these transfers. The changes to the regulations do not change this process.

Optional Change: Subscribe to multiple ISAs of the same type, in the same tax year

How much can I subscribe in tax year 2024/25?

The overall subscription limit remains at £20,000. This can be used with the same or multiple providers in a combination of cash ISAs and / or stocks and shares ISAs and/or innovative finance ISAs and/or one lifetime ISA (subject also to the £4,000 limit mentioned below). However, you can only subscribe to one of each type of ISA per tax year across **first direct** and HSBC.

HSBC do not offer an innovative finance ISA or a lifetime ISA, nor do we have plans to do so.

Who is responsible for ensuring that Annual Subscription Limits are not exceeded?

You are responsible for ensuring that you don't exceed your annual subscription limit of £20,000 per tax year, across your ISA products with multiple providers.

Optional Changes: Reactivation

Do I still have to reactivate my first direct ISA?

From the 6 April 2024, where you have not subscribed to your ISA for a whole tax year, ISA regulations will allow you to restart subscriptions without making a fresh application. However, this is optional and individual ISA providers are not obliged to accept subscriptions without first requiring an application.

first direct still requires an application from you to reactivate your ISA before you can make subscriptions into it.

Please note: the HSBC InvestDirect and **first direct** Shares Service Stocks and Shares ISAs are not impacted by this change as they require a new ISA application for each tax year that you intend to subscribe.

Cash ISA

Can I subscribe to more than one cash ISA with first direct and HSBC after 6 April 2024?

No. Although from 6th April 2024 ISA regulations will allow you to subscribe to multiple ISAs of the same type in a tax year, these changes are optional. **first direct** is not able to implement this from the 6 April 2024 but will consider implementing them in the future.

Therefore, at the moment, you can only subscribe to one type of cash ISA and one type of stocks and shares ISA in the same tax year across **first direct** and HSBC. However, if you subscribe to an ISA with **first direct** (or HSBC) you will still be able to subscribe to ISAs with other ISA providers (subject to eligibility and availability).

If I have subscribed to a cash ISA with first direct, can I subscribe to a cash ISA with another provider?

Yes, as long as the cash ISA isn't with HSBC you can do this (subject to the overall limits).

If I have subscribed to a cash ISA with another provider, can I open a cash ISA with first direct?

Yes, as long as your existing cash ISA isn't with HSBC.

If I want to open first direct Cash ISA will the application process be different?

No, you can still apply for a **first direct** Cash ISA via the App, online banking or by post.

Please note: the content of the cash ISA declarations have been updated to reflect the required changes.

Stocks & shares ISA

Which stocks and shares ISA products are offered by HSBC UK Bank Plc?

The stocks and shares ISA products offered by HSBC UK Bank Plc are as follows.

- **first direct** Shares Service Stocks and Shares ISA
- Global Investment Centre (GIC) Stocks and Shares ISA
- HSBC InvestDirect Stocks and Shares ISA
- Premier Investment Management Service (PIMS) Stocks and Shares ISA
- HSBC Global Private Banking Stocks and Shares ISA

Can I hold more than one HSBC stocks and shares ISA?

Yes, you can hold more than one stocks and shares ISA with HSBC UK Bank Plc, but you can only subscribe (pay into) to one HSBC UK Bank Plc stocks and shares ISA in a single tax year.

Can I subscribe to a stocks and shares ISA with both HSBC UK Bank Plc and another provider in the same tax year?

Yes, you can open and subscribe to more than one stocks and shares ISA in the same tax year from 6 April 2024.

You can do this with multiple providers or with the same provider (if the ISA provider chooses to allow this). The following examples may be helpful:

1: You could open and subscribe to one stocks and shares ISA with HSBC UK Bank Plc and also open and subscribe to another stocks and shares ISA with another provider.

2: You could open more than one stocks and shares ISAs with a provider (who allows multiple ISAs of the same type).

You can only subscribe to **one** stocks and shares ISA with HSBC UK Bank Plc in the same tax year.

Can I still subscribe to a stocks and shares ISA and a Cash ISA in the same tax year?

Yes, there are no changes relating to this.

If I subscribe to my HSBC UK Bank Plc stocks and shares ISA in tax year 2024/25 and then close it later within the same tax year, can I subscribe to another stocks and shares ISA with a different provider later in the same tax year?

Yes, subject to the overall limit of £20,000 i.e. allowing for any amounts you have already subscribed, including to the closed account.

If I subscribe to my HSBC UK Bank Plc stocks and shares ISA in tax year 2024/25 and then close it later within the same tax year, can I open and subscribe to a new stocks and shares ISA with HSBC UK Bank Plc in the same tax year?

No, if you have already subscribed to an existing HSBC UK Bank Plc stocks and shares ISA and then close it in the same tax year, you will not be able to open and subscribe to another HSBC UK Bank stocks and shares ISA for the current tax year with HSBC UK Bank Plc, although you may transfer your account at any time.

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