# Background

# Junior ISA accounts are tax advantaged accounts offered in the UK, beginning November 1, 2011, as investment vehicles to save for UK resident children under the age of 18. A child can open their own account from age 16 otherwise a person with parental responsibility can do it. Each Junior ISA account has a single registered contact, a person with parental responsibility. From age 16 a child can register to be their own contact and this registration cannot normally be reversed.

# The rules for the Junior ISA follow most of the same rules and reporting as the adult ISAs. However, Junior ISAs have distinct contribution limits and allow for distributions only under specific circumstances. Additionally, regulations call for Junior ISAs to become adult ISAs on the child’s 18th birthday.

# Revision History

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| --- | --- | --- |
| **Date** | **Description** | **Author** |
| 11/6/2011 | Creation of document |  |
|  |  |  |

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# Assumptions/Key Decisions

1. Account Strategy will NOT automatically change when a Junior ISA is converted to an adult ISA account. Any strategy change will be a manual process.
2. Account specific investment compliance rules will NOT automatically change when a Junior ISA is converted to an adult ISA account. Any account specific investment compliance rule change will be a manual process. However, PO/Firm rules which are specific to account type will look to the account type. as of trade date.Backdated transactions will NOT invoke prior account type investment compliance rules.
3. The process of associating Periodic and Real Time fee packages to an account will NOT change with the introduction of Junior ISAs. It will be a manual process to make any changes to an account’s fee packages after an account has been converted. If necessary ad hoc fees can be taken to collect fees applicable prior and post account type conversion.
4. Groupings for Fees, Statements, etc. do not change when an account is converted from a Junior ISA to an adult ISA. Any grouping change post conversion is a manual process.
5. Client communications do not change when an account is converted from a Junior ISA to an adult ISA. Any change post conversion is a manual process.
6. Since account owner birth date can change after the creation of the client and account, reporting is being enhanced to highlight any age exceptions to the age rules for Junior ISA and ISA. If an account type change is required, this is a manual process which requires the correct account type to be opened and the erroneous account type to be closed using the current GWP account open, asset transfer, if necessary, and account close procedures.
7. It is a manual process to insure compliance to HMRC regulations for cash disbursements due to death/illness of owner and for free movements due to full plan manager transfer.
8. Statements: The logic for choosing the latest account name on statements does NOT change with this FRAS. Additionally, there is no change in the display of free form transactions on statements. They are either displayed or not depending upon the specific statement design.

# Requirements

1. Enrollment Impacts
   1. **Add New Account Type**

For UK firms, display a new account type of “Stocks and Shares Junior ISA”

* 1. **Default Account Registration Name**

For account type=“Stocks and Shares Junior ISA”, default the account registration name using the following format: <Primary Owner First Name Middle Name Last Name> Stocks and Shares Junior ISA.

Example: John Alfred Smith Stocks and Shares Junior ISA

* 1. **Restrict Account Type**

Only display the option of account type of “Stocks and Shares Junior ISA” if the client type of the primary owner is ‘Individual’.

* 1. **Restrict Ownership Type**

For account type=“Stocks and Shares Junior ISA”, restrict the ownership type to ‘Individual’

* 1. **Set Platform Default**

Apart from the usual platform default being set for every account, forest the following platform defaults for account type=“Stocks and Shares Junior ISA”.

|  |  |
| --- | --- |
| **Field Name** | **Default** |
| FX Order Processing | Implicit |
| Allow Transaction Overrides | No |
| Taxable Status | Non Taxable |

* 1. **Calculate the Current Age of Primary Owner**

Calculate the current age of the primary owner of the account with account type=“Stocks and Shares Junior ISA” in the following scenarios:

* + 1. While creating a new WIP Account with account type=“Stocks and Shares Junior ISA” and the primary owner selected for the respective account contains a value for Date of Birth.
    2. Submitting an enrollment that contains one or more accounts with account type=“Stocks and Shares Junior ISA”.
       1. Do Not Create Account / Submit Enrollment

Do not allow the user to create account / / submit enrollment if the calculated current age of the user is equal to or greater than 18 years.

* 1. **Default Value for Tax ID Type= Unknown NINO**

For Tax ID Type= Unknown NINO and Tax Identifier Country=UK, set the following default Tax ID Values based on the age of the primary owner/client of the account-irrespective of the account type:

* + 1. If Primary Owner/client is under 18 set to ‘YY888888Y’ regardless of account type.
    2. If Primary Owner/client is over 18 set to ‘XX999999X’ regardless of account type.
       1. User shall not be allowed to change the defaulted values.
    3. If a value for date of birth of primary owner/client is not available, assume the age of the primary owner/client to be over 18 years and set the value to ‘XX999999X’.
       1. Automatically update the default to a value for the respective age, if needed, once the ‘date of birth’ of the primary owner/client is available to calculate the current age.
  1. **Create new account relationship of ‘Registered Contact”**

Account type of “Stocks and Shares Junior ISA” mandates a new account relationship of ‘Registered Contact’ to be created.

* + 1. Registered Contact can be created by creating a new registered contact entity or by either using an existing client or an existing third party on the platform.
    2. Registered Contact can either be an individual or an organization
    3. If the registered contact is also the primary owner of the account, validate that the age of the primary owner is at least 16 years.
       1. Do not save the account update if the age of the primary owner is less than 16 years and the registered contact is also the primary owner of the account.