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2 November 2020

Dear Janice

Pension Schemes Bill

During the Departmental briefing on the Pension Schemes Bill at the Committee meeting on 22 October, officials undertook to provide further clarification in relation to the provision of scheme accounts (clause 4(2)(a)) and the meaning of connected persons (clause 7(4)(b)).

Scheme accounts

Under clause 3, a person cannot operate a Master Trust without authorisation. Clause 4(2) sets out documents which the trustees must include with an application for authorisation. These include the latest scheme accounts (clause 4(2)(a)). The deputy Chair sought clarification on how this would apply in the case of a new Master Trust. Where there is an existing pension scheme which wishes to become a Master Trust, the Regulator would require the latest annual accounts for that existing scheme. Where there is no existing scheme, the Regulator will focus on the financial backing for the scheme (the scheme funder) to ensure that it is satisfied as to the financial sustainability of the scheme. Once a scheme is authorised, there is an ongoing duty on both the scheme and scheme funder to submit their annual accounts to the Regulator to enable the Regulator to be satisfied that the scheme remains financially sustainable (clause 14).

Connected persons

Under clause 7, the Regulator must decide if key persons in the scheme are fit and proper to act in their roles. In assessing whether a person is a fit and proper person to act in a particular

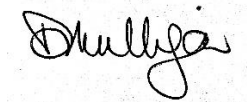
capacity, the Regulator may take into account matters relating to persons connected with that person. The deputy Chair sought clarification in relation to the meaning of connected person, in particular, whether it included a spouse etc. In summary, a person is connected to another person if -

- (a) they are an “associate” of the other person;
- (b) where the other person is a company, they are a director or shadow director of that company (or an associate of a director or shadow director of that company);
- (c) in the case of a trustee, the other person is a beneficiary (or an associate of a beneficiary) of the trust, or the trustee could exercise a power for the benefit of that person (or an associate of that person).

The term “associate” holds the same meaning as in the Insolvency (NI) Order 1989. It includes a husband, wife or civil partner or a relative (a sibling, aunt, uncle, nephew, niece, lineal ancestor or lineal descendant).

I hope this is helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Diane Mulligan', is positioned above the typed name.

Diane Mulligan
Departmental Assembly Liaison Officer
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