
STATUTORY RULES OF NORTHERN IRELAND

2015 No. 309

The Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015

PART 3

CHAPTER 1

GOVERNANCE OF RELEVANT SCHEMES

Definition of “relevant scheme”

- 14.** In regulation 1 of the Administration Regulations (interpretation)—
- (a) in paragraph (2) before the definition of “scheme year” insert—
““relevant scheme” means an occupational pension scheme which provides money purchase benefits other than—
 - (a) an executive pension scheme;
 - (b) a relevant small scheme;
 - (c) a scheme that does not fall within paragraph 1 of Schedule 1 to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 ^{M1} (description of schemes);
 - (d) a public service pension scheme ^{M2} which—
 - (i) falls within regulation 4(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 (limitations on application to certain public service pension schemes); or
 - (ii) does not fall within regulation 4(2) of those Regulations but is a public service pension scheme within the meaning of the 2005 Order ^{M3}; or
 - (e) a scheme which provides no money purchase benefits other than benefits which are attributable to additional voluntary contributions;”;
 - (b) after paragraph (2ZA) ^{M4} insert—
“(2ZB) For the purposes of the definition of “relevant scheme”—
“executive pension scheme” means a scheme—
 - (a) in relation to which a company is the only employer and the sole trustee; and
 - (b) the members of which are either current or former directors of the company and include at least one-third of the current directors;“relevant small scheme” means a scheme with fewer than 12 members, where—
 - (a) all the members are trustees of the scheme and either—

- (i) the provisions of the scheme provide that any decision made by the trustees is made by the unanimous agreement of the trustees who are members of the scheme; or
- (ii) the scheme has a trustee who is independent in relation to the scheme for the purposes of Article 23^{M5} (power to appoint independent trustees), and is registered in the register maintained by the Authority^{M6} in accordance with regulations made under Article 23(4); or
- (b) all the members are directors of a company which is the sole trustee of the scheme and either—
 - (i) the provisions of the scheme provide that any decision made by the company in its capacity as a trustee is made by the unanimous agreement of the directors who are members of the scheme; or
 - (ii) one of the directors of the company is independent in relation to the scheme for the purposes of Article 23 and is registered in the register maintained by the Authority in accordance with regulations made under Article 23(4).”.

Marginal Citations

- M1** S.R. 2014 No. 79
- M2** See section 1 of the Pension Schemes (Northern Ireland) Act 1993
- M3** See the definition of “public service pension scheme” in Article 2 of the Pensions (Northern Ireland) Order 2005 as inserted by paragraph 2(3) of Schedule 4 to the [Public Service Pensions Act \(Northern Ireland\) 2014 \(c. 2 \(N.I.\)\)](#). The definition of “the 2005 Order” was inserted by paragraph 5(2) of Schedule 3 to S.R. 2005 No. 568
- M4** Paragraph (2ZA) is inserted by regulation 21(b) of these Regulations
- M5** [Article 23](#) was substituted by Article 32(3) of the Pensions (Northern Ireland) Order 2005
- M6** The definition of “the Authority” in Article 121(1) of the Pensions (Northern Ireland) Order 1995 was substituted by Article 6(2)(b) of the Pensions (Northern Ireland) Order 2005

Appointment of service providers

- 15.**—(1) The Administration Regulations are amended in accordance with paragraphs (2) and (3).
- (2) For the heading to Part II substitute “ ADVISERS AND SERVICE PROVIDERS ”.
- (3) After regulation 6 (duty to disclose information) insert—

“Appointment of service providers in respect of relevant schemes

- 6A.**—(1) The trust deed or scheme rules must not contain a provision that—
- (a) requires that the administrative, fund management, advisory or other services in respect of the scheme are provided by a person identified in any document; or
 - (b) restricts the choice of person who may be appointed to provide such services.
- (2) Paragraph (1) overrides any provision of a relevant scheme to the extent that it conflicts with that paragraph.
- (3) In relation to a relevant scheme which is not a money purchase scheme, this regulation applies only in relation to services which are provided in connection with the provision of money purchase benefits.”.

Appointment of chair of trustees or managers

- 16.**—(1) The Administration Regulations are amended in accordance with paragraphs (2) and (3).
- (2) In regulation 1(2) (interpretation)—
- (a) after the definition of “business days” insert—
- ““chair” means—
- (a) the person appointed as chair of the trustees or managers of a relevant scheme, in accordance with regulation 22;
- (b) the person appointed as chair of the trustees of a relevant scheme by someone other than the trustees, in accordance with the trust deed or scheme rules; or
- (c) in the case of a scheme established under section 67 of the Pensions Act 2008 ^{M7} (duty to establish a pension scheme), the person appointed as chair of the trustee corporation established under section 75 of that Act;”;
- (b) after the definition of “money purchase scheme”^{M8} insert—
- ““professional trustee body” means a body which—
- (a) was not established by an employer in relation to the scheme;
- (b) is remunerated for its services as a trustee by one or more schemes;
- (c) has arranged a policy of indemnity insurance in relation to the exercise of its functions as a trustee of the scheme; and
- (d) is carrying out its functions as a trustee of the scheme in the ordinary course of a profession or business which consists of, or includes, providing and holding itself out as providing services in connection with the management or administration of trusts or any particular aspect of such management or administration, whether or not such services relate to a particular kind of trust;”.
- (3) After regulation 21 (circumstances where notice of non-payment of any amount payable to a scheme need not be given) add—

“PART V

GOVERNANCE OF RELEVANT SCHEMES

CHAPTER 1

GENERAL

Duty to appoint a chair of the trustees or managers

- 22.**—(1) Where a relevant scheme which is a trust scheme does not have a chair appointed, the trustees must appoint a chair of the trustees in accordance with this regulation.
- (2) The chair of the trustees must be—
- (a) an individual who is a trustee of the scheme;
- (b) a professional trustee body which is a trustee of the scheme;
- (c) where a company which is not a professional trustee body is a trustee of the scheme, an individual who is a director of that company and through whom the company exercises its functions as a trustee of the scheme, or a professional trustee body which is a director of that company; or

(d) in the case of a scheme established under section 67 of the Pensions Act 2008 (duty to establish a pension scheme), a member of the trustee corporation established under section 75 of that Act.

(3) Where a relevant scheme is not a trust scheme, the managers must appoint one of their number to be the chair of the managers.

(4) Subject to paragraph (6), the first chair of a relevant scheme must be appointed before the end of the period of 3 months beginning with the date on which the scheme is established.

(5) Where the chair ceases to hold office as chair for any reason, the trustees or managers must appoint a replacement in accordance with the provisions of this regulation, before the end of the period of 3 months beginning with the date on which the chair ceases to hold that office.

(6) Paragraph (4) does not apply to a relevant scheme which was established before 6th April 2015 and, if the scheme has no chair on that date, the first chair must be appointed before the end of the period of 3 months beginning with that date.”.

(4) In regulation 3(1) of the Register of Occupational and Personal Pension Schemes Regulations (Northern Ireland) 2005^{M9} (registrable information) after sub-paragraph (d) insert—

“(da) in the case of an occupational pension scheme which is a relevant scheme within the meaning of the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997^{M10}, the name of the person for the time being appointed as the chair within the meaning of regulation 1(2) of those Regulations;”.

Marginal Citations

M7 2008 c. 30; section 67 was amended by section 30(2) of the Finance (No. 3) Act 2010 (c. 33)

M8 The definition of “money purchase scheme” was inserted by paragraph 16(2)(a) of the Schedule to S.R. 1997 No. 160

M9 S.R. 2005 No. 93; regulation 3 was amended by regulation 4 of S.R. 2006 No. 297

M10 S.R. 1997 No. 94; the definitions of “relevant scheme” and “chair” are inserted by regulations 14(a) and 16(2)(a) of these Regulations

Annual statement regarding governance

17.—(1) After regulation 22 of the Administration Regulations (duty to appoint a chair of the trustees or managers) add—

“Annual statement regarding governance

23.—(1) Subject to paragraph (3), the trustees or managers of a relevant scheme must prepare a statement within 7 months of the end of each scheme year and that statement must—

(a) in relation to the default arrangement—

(i) include the latest statement prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations (Northern Ireland) 2005^{M11} (additional requirements in relation to default arrangement);

(ii) describe any review undertaken during the scheme year in accordance with paragraph (2) of that regulation;

(iii) explain any changes resulting from such a review; and

(iv) where no review was undertaken during the scheme year, give the date of the last review;

- (b) describe how the requirements of regulation 24^{M12} have been met during the scheme year;
- (c) in relation to the charges and transaction costs which the trustees or managers are required to calculate in accordance with regulation 25(1)(a)—
 - (i) state the level of charges and transaction costs applicable to the default arrangement during the scheme year or, where the scheme has more than one default arrangement, state the range of the levels of charges and transaction costs applicable to those arrangements;
 - (ii) state the range of the levels of charges and transaction costs applicable to all funds which are not part of the default arrangement and in which assets relating to members are invested during the scheme year;
 - (iii) indicate any information about transaction costs which the trustees or managers have been unable to obtain and explain what steps are being taken to obtain that information in the future; and
 - (iv) explain the trustees' or managers' assessment, in accordance with regulation 25(1)(b), of the extent to which the charges and transaction costs represent good value for members;
- (d) describe how the requirements of Articles 224 and 225^{M13} of the 2005 Order (requirements for knowledge and understanding: individual trustees and corporate trustees) have been met during the scheme year and explain how the combined knowledge and understanding of the trustees or managers, together with the advice which is available to them, enables them properly to exercise their functions as trustees or managers of the scheme; and
- (e) be signed on behalf of the trustees or managers by the chair.

(2) Where the first statement required to be prepared by the trustees or managers of a relevant scheme in accordance with this regulation relates to a scheme year which ends before 5th April 2016, this regulation applies to that statement as if references to “the scheme year” in sub-paragraphs (a) to (d) of paragraph (1) were references to “the part of the scheme year beginning on 6th April 2015”.

(3) Where the circumstances in paragraph (2) apply and the period to be covered by the first statement is 3 months or less, paragraph (1) does not apply to that scheme year, but the statement required to be prepared in relation to the following scheme year must include information relating to the period of 3 months or less of the previous scheme year.

(4) In this regulation “default arrangement”^{M14} has the same meaning as in the Occupational Pension Schemes (Investment) Regulations (Northern Ireland) 2005.”.

(2) In Schedule 3 to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 (information to be given on request) after paragraph 33 add—

“34. Where the scheme is a relevant scheme within the meaning of the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997, the statement which the trustees or managers are required to prepare by regulation 23 of those Regulations (annual statement regarding governance).”.

Marginal Citations

M11 S.R. 2005 No. 569; regulation 2A is inserted by regulation 20(3) of these Regulations

M12 Regulations 24 and 25 are inserted by regulations 18 and 19 of these Regulations

M13 Article 225 was amended by paragraph 252(9) of Schedule 1 to S.I. 2009/1941

M14 The definition of “default arrangement” is inserted by regulation 20(2)(a) of these Regulations

Requirements for processing financial transactions

18. After regulation 23 of the Administration Regulations (annual statement regarding governance) add—

“Requirements for processing financial transactions

24.—(1) The trustees or managers of a relevant scheme must secure that core financial transactions are processed promptly and accurately.

(2) A “core financial transaction” includes (but is not limited to)—

- (a) investment of contributions to the scheme;
- (b) transfers of assets relating to members into and out of the scheme;
- (c) transfers of assets relating to members between different investments within the scheme;
- (d) payments from the scheme to, or in respect of, members.

(3) In relation to a scheme which is not a money purchase scheme, this regulation applies only in relation to the provision of money purchase benefits.”.

Assessment of charges and costs

19. After regulation 24 of the Administration Regulations (requirements for processing financial transactions) add—

“Assessment of charges and transaction costs

25.—(1) The trustees or managers of a relevant scheme must, at intervals of no more than one year—

- (a) calculate—
 - (i) the charges; and
 - (ii) in so far as they are able to do so, the transaction costs, borne by members of the scheme; and
- (b) assess the extent to which those charges and transaction costs represent good value for members.

(2) In this regulation (and in regulation 23) “charges” and “transaction costs” have the meanings given in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015.

(3) In relation to a scheme which is not a money purchase scheme, this regulation applies only in relation to charges and transaction costs which relate to the provision of money purchase benefits.”.

Requirements relating to default arrangement

20.—(1) The Occupational Pension Schemes (Investment) Regulations (Northern Ireland) 2005 are amended in accordance with paragraphs (2) to (4).

(2) In regulation 1(2) (interpretation)—

- (a) after the definition of “collective investment scheme” insert—

““default arrangement”, means an arrangement, within the meaning of regulation 3 of the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015, which would be a default arrangement within the meaning of that regulation if that regulation were modified as follows—

- (a) in paragraph (1)(a)—
 - (i) omit “qualifying”;
 - (ii) for “relevant jobholders” substitute “ workers ”;
 - (b) in paragraph (2)(b) omit “subject to paragraph (3),”;
 - (c) omit paragraphs (3) and (4);
 - (d) in paragraph (9)—
 - (i) in the definition of “relevant date” omit the words after “regulation 1(2)”;
 - (ii) omit the definitions of “relevant jobholder” and “staging date”;
- (b) after the definition of “recognised stock exchange” insert—
- ““relevant scheme” has the same meaning as in the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997;”.
- (3) After regulation 2 (statement of investment principles) insert—

“Additional requirements in relation to default arrangement

2A.—(1) The trustees or managers of a relevant scheme must prepare a statement of the investment principles governing decisions about investments for the purposes of the default arrangement, and that statement must be in writing and must cover at least the following matters—

- (a) the aims and objectives of the trustees or managers in respect of such investments;
 - (b) their policies in relation to the matters mentioned in regulation 2(3)(b) in respect of the default arrangement, and
 - (c) an explanation of how the aims and objectives mentioned in sub-paragraph (a) and the policies mentioned in sub-paragraph (b) (together “the default strategy”) are intended to ensure that assets are invested in the best interests of the group of persons consisting of relevant members and relevant beneficiaries.
- (2) The trustees or managers must review both the default strategy and the performance of the default arrangement—
- (a) at least every three years, and
 - (b) without delay after any significant change in—
 - (i) investment policy, or
 - (ii) the demographic profile of relevant members.
- (3) The trustees or managers must, in particular, review the extent to which the return on investments relating to the default arrangement (after deduction of any charges relating to those investments) is consistent with the aims and objectives of the trustees or managers in respect of the default arrangement.
- (4) The trustees or managers must revise the statement prepared in accordance with paragraph (1) after every review unless they decide that no action is needed as a result of the review in paragraph (3).

(5) For the purposes of this regulation and regulation 4A, a person is a relevant member or a relevant beneficiary if assets relating to that member or, as the case may be, that beneficiary (as defined in regulation 4(11)), are invested in the default arrangement.”.

(4) After regulation 4 (investment by trustees) insert—

“Investments relating to a default arrangement

4A. Where regulation 4(2) does not apply ^{M15} to a relevant scheme, the assets allocated to the scheme's default arrangement must be invested—

- (a) in the best interests of relevant members and relevant beneficiaries, and
- (b) in the case of a potential conflict of interest, in the sole interest of those members and beneficiaries.”.

Marginal Citations

M15 See regulation 7 of S.R. [2005 No. 569](#)

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015, CHAPTER 1.