SCHEDULE 2

FINANCIAL SUSTAINABILITY REQUIREMENT

PART 1

Matters which the Regulator must take into account

1. The Regulator must take account of the following matters in deciding whether it is satisfied, for the purposes of section 8(2)(a) of the Act (financial sustainability requirement), that the business strategy relating to a Master Trust scheme is sound—

(a) the structure of the scheme and its target market, including any plans to acquire or merge with other schemes;

(b) the objectives for the scheme and the strategy for achieving them, including delivery milestones;

(c) the robustness and prudence of the assumptions in the scheme's business plan about membership, contributions, income, and costs;

(d) the scheme's requirements for planned expenditure, its purpose, and how it will be funded;

(e) the terms, security and affordability of loans and other funding provided to the scheme, and the identity of each associated lender;

(f) information about the market in which the scheme operates or is to operate;

(g) the experience and professional competence of the individuals involved in running the scheme;

(h) any revisions to the business plan as a result of a significant change of information;

(i) whether the scheme has a scheme funder which is not a participating employer in the scheme;

(j) where regulation 28(1) does not apply to the scheme and the scheme has a scheme funder which is engaged in activities which do not relate directly to the scheme, the scheme's position in any corporate group and any associated impact on the scheme's financial sustainability;

(k) where the scheme has no scheme funder, the scheme's strategy for meeting the costs mentioned in section 8(3) of the Act;

(l) any provision made by the trustees and each scheme funder to fund contingent liabilities in respect of the scheme.