
STATUTORY INSTRUMENTS

1993 No. 1848

PENSIONS

**The Local Government Superannuation
(Investments) Regulations 1993**

<i>Made</i>	- - - -	<i>21st July 1993</i>
<i>Laid before Parliament</i>		<i>30th July 1993</i>
<i>Coming into force</i>	- -	<i>20th August 1993</i>

The Secretary of State, in exercise of the powers conferred on him by sections 7 and 12 of the Superannuation Act 1972⁽¹⁾ and of all other powers enabling him in that behalf, after consultation with such associations of local authorities as appeared to him to be concerned, the local authorities with whom consultation appeared to him to be desirable and such representatives of other persons likely to be affected by the Regulations as appeared to him to be appropriate, hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Local Government Superannuation (Investments) Regulations 1993 and shall come into force on 20th August 1993, but paragraphs (b)(i) and (d)(i), (ii) and (iii) of regulation 2 shall have effect as from 1st January 1993.

Use and investment of superannuation fund's moneys

2. Regulation P3 of the Local Government Superannuation Regulations 1986⁽²⁾ shall be amended as follows:

(a) in paragraph (2)—

(i) by substituting for sub-paragraph (a) the following sub-paragraph:

“(a) any contract entered into in the course of dealing in financial futures or traded options;”;

and

(ii) by adding at the end the words “and

(d) a stocklending arrangement.”;

(1) 1972 c. 11; section 12 was amended by section 10 of the Pensions (Miscellaneous Provisions) Act 1990 (c. 7).

(2) S.I.1986/24; relevant amending instruments are S.I. 1987/2110, 1989/371, 1990/503, 1990/2480, 1993/366.

- (b) in paragraph (4)—
- (i) in sub-paragraph (b) by substituting for paragraph (iii) the following paragraph:
- “(iii) a deposit with a relevant body;”
- and
- (ii) by adding at the end the words
- “or
- (f) enter into a stocklending arrangement so as to bring the total value of the securities transferred, or agreed to be transferred, by the authority pursuant to stocklending arrangements to an amount which exceeds 25 per cent of the value at the time of all investments of fund moneys.”;
- (c) by inserting after paragraph (7) the following paragraph:
- “(7A) An administering authority shall enter into a stocklending arrangement under paragraph (2)(d) only if it complies with the provisions of regulation 5.58 and 5.60 of Section L of the Financial Services (Regulated Schemes) Regulations 1991 and, for this purpose,—
- (a) the reference in paragraph 1 c (iii) of regulation 5.58 to the Guidance of the Board shall be taken to be a reference to Guidance Release 4/91 issued by the Securities and Investments Board in June 1991,
- (b) any reference to the trustee shall be taken to be a reference to the administering authority, and
- (c) any other expressions used in those provisions shall have the same meaning as in those Regulations.”
- (3); and
- (d) in paragraph (10)—
- (i) by inserting after the definition of “companies” the following definitions:
- ““home-regulated investment business”, “European authorised institution” and “European institution” have the same meaning as in the Banking Coordination (Second Council Directive) Regulations 1992;(4)
- (ii) by inserting in the definition of “investment manager” after sub-paragraph (b) the following sub-paragraph: or
- “(c) who is a European institution carrying on home-regulated investment business in the United Kingdom;”;
- (iii) by inserting after the definition of “proper advice” the following definition:
- ““a relevant body” means—
- (a) the Bank of England;
- (b) an institution authorised under Part 1 of the Banking Act 1987; or
- (c) a person for the time being specified in Schedule 2 to the Banking Act 1987; or

(3) The Financial Services (Regulated Schemes) Regulations 1991 are made under sections 52, 81, 85, 86(3), 87(4), 88(10) and 90 of the Financial Services Act 1986 (c. 60). The power of the Secretary of State to make regulations under these provisions was transferred to the Securities and Investments Board under the Financial Services Act 1986 (Delegation) Order 1987, S.I. 1987/942, and the Companies Act 1989 (Commencement No. 3, Transitional Provisions and Transfer of Functions under the Financial Services Act 1986) Order 1990, S.I. 1990/354.

(4) S.I. 1992/3218.

- (d) a European authorised institution which has lawfully established a branch in the United Kingdom for the purpose of accepting deposits;⁽⁵⁾ and”
- (iv) by adding at the end the following definitions:
- ““stocklending arrangement” means an arrangement such as is mentioned in subsection (1) or (2) of section 129 of the Income and Corporation Taxes Act 1988;
- “traded option” means an option which is for the time being quoted on a recognised stock exchange within the meaning of section 841 of the Income and Corporation Taxes Act 1988 or on the London International Financial Futures Exchange.⁽⁶⁾”

Signed by authority of the Secretary of State

21st July 1993

David Curry
Minister of State,
Department of the Environment

⁽⁵⁾ Banking Act 1987 c. 22.

⁽⁶⁾ Income and Corporation Taxes Act 1988 c. 1.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of these Regulations)

These Regulations amend regulation P3 of the Local Government Superannuation Regulations 1986 (use and investment of local government superannuation fund's moneys). They permit local authorities, as part of the investment of fund moneys, to enter into stocklending arrangements subject to a limit of 25 per cent of the value of the fund and compliance with certain provisions in the Financial Services (Regulated Schemes) Regulations 1991 and Guidance Release 4/91 issued by the Securities and Investments Board. Copies of the 1991 Regulations and the Guidance Release are available from the Securities and Investment Board, Gavrelle House, 2–14 Bunhill Road, London EC1Y 8RA.

These Regulations also amend regulation P3, with effect from 1st January 1993. They are consequential upon the implementation by the Banking Coordination (Second Council Directive) Regulations 1992 of the Second Council Directive [89/646/EEC](#) on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions (OJNo. L386, 30.12.89, p.1). The current limit on the amount of investments which may be held in the form of a deposit with certain European institutions is removed, and the category of European institutions which may be an investment manager of superannuation funds is widened.

A minor amendment is also made to the definition of “investment” for the purposes of regulations P2 (management of superannuation fund) and P3.