
STATUTORY INSTRUMENTS

1995 No. 1019

The Local Government Pension Scheme Regulations 1995

PART L

PENSION FUNDS AND PAYMENTS BY AUTHORITIES

Management and investment of funds

Restrictions on investments

- L6.** Subject to the following provisions of this regulation, an administering authority may not—
- (a) make any investment in unlisted securities of companies so as to cause the total value of such investments to exceed the permitted percentage,
 - (b) make any investment so as to result—
 - (i) in more than the permitted percentage being represented by a single holding, or
 - (ii) in more than the permitted percentage being represented by investments in units or other shares of the investments subject to the trusts of unit trust schemes managed by any one body,
 - (c) make any deposit with a relevant body (within the meaning of paragraph (4)) so as to cause the aggregate amount of fund money deposited with any one bank, institution or person (other than the National Savings Bank) to exceed the permitted percentage,
 - (d) lend, use as mentioned in regulation L5(5)(b), or deposit with a person specified in paragraph 12 or 13 of Schedule 2 to the Banking Act 1987(1), any or any additional fund money so as to cause the aggregate amount of all fund money so lent, used or deposited to exceed the permitted percentage,
 - (e) make any contract falling within regulation L5(5)(c) under which the total amount so contracted exceeds the permitted percentage,
 - (f) enter into a stocklending arrangement so as to cause the total value of the securities transferred, or agreed to be transferred, by the authority pursuant to stocklending arrangements to exceed the permitted percentage, or
 - (g) contribute to a partnership so as to cause the total value of contributions by the authority—
 - (i) to that partnership, or
 - (ii) to such partnerships in general,to exceed the permitted percentage.
- (2) For the purposes of this regulation “the permitted percentage” in relation to any time means—
- (a) in the case of paragraphs (1)(a), (b)(i), (c) and (d), 10 per cent.,
 - (b) in the case of paragraphs (1)(b)(ii), (e) and (f), 25 per cent.,

- (c) in the case of paragraph (1)(g)(i), 2 per cent., and
- (d) in the case of paragraph (1)(g)(ii), 5 per cent., of the value at the time of all investments of fund money.

(3) The total value of investments referred to in paragraph (1)(a) does not include the value of such investments made in accordance with a scheme under section 11 of the Trustee Investments Act 1961(2).

(4) Paragraph (1)(b) does not apply—

- (a) to an investment made in accordance with such a scheme,
- (b) to an investment falling within paragraph 1 of Part I or paragraph 1 or 2 of Part II of Schedule 1 to that Act, or
- (c) to a deposit with a relevant body;

and in this paragraph “relevant body” means—

- (i) the Bank of England,
- (ii) an institution authorised under Part I of the Banking Act 1987(3),
- (iii) a person for the time being specified in Schedule 2 to that Act, or
- (iv) a European authorised institution which has lawfully established a branch in the United Kingdom for the purpose of accepting deposits.

(5) Paragraph (1)(b)(i) does not apply if—

- (a) the investment is made by an investment manager appointed under regulation L8, and
- (b) the single holding comprises only investments in units or other shares of the investments subject to the trusts of any one unit trust scheme.

(6) Paragraph (1)(d) does not apply if the loan is—

- (a) to Her Majesty’s Government in the United Kingdom, or
- (b) to the Government of the Isle of Man;

and for the purposes of that paragraph money is not lent if it is—

- (i) invested in registered securities to which section 1 of the Stock Transfer Act 1963(4) applies or in listed securities, or
- (ii) deposited with the Bank of England, an institution authorised under Part I of the Banking Act 1987 or a person for the time being specified in paragraphs 1 to 11 of Schedule 2 to that Act.

(7) In this regulation—

“companies” includes companies established under the law of any territory outside the United Kingdom;

“European authorised institution” has the same meaning as in the Banking Co-ordination (Second Council Directive) Regulations 1992(5);

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- (2) 1961 c. 62; section 11 was amended by the [Greater London Council \(General Powers\) Act 1967 \(c.xx\)](#), section 10(1), Superannuation Act 1972 (c. 11), Schedule 6, paragraph 40, Local Government Act 1985 (c. 51), Schedule 14, paragraph 38, Schedule 17, Financial Services Act 1986 (c. 60), Schedule 16, paragraph 2, Norfolk and Suffolk Broads Act 1988 (c. 4), Schedule 6, Water Act 1989 (c. 15), Schedule 25, paragraph 29, Local Government (Wales) Act 1994 (c. 19), Schedule 16, paragraph 19(1), Police and Magistrates’ Courts Act 1994 (c. 29), Schedule 4, paragraph 4; section 11 was repealed in part by the London Government Act 1963, Schedule 8, Local Government Act 1972 (c. 70), Schedule 30, Education Reform Act 1988 (c. 40), Schedule 13.
 - (3) 1987 c. 22.
 - (4) 1963 c. 18; section 1 was amended by virtue of the Companies Consolidation (Consequential Provisions) Act 1985 (c. 9), section 30, Schedule 2, the Building Societies Act 1986 (c. 53), section 120, Schedule 18, Part I, the Post Office Act 1969 (c. 45), section 103(1)(f), the Finance Act 1964 (c. 49), section 26(7), Schedule 9 and the Financial Services Act 1986 (c. 60), section 212, Schedule 16, paragraph 4.
 - (5) S.I. 1992/3218.

“listed securities” means securities quoted on a recognised stock exchange and “unlisted securities” shall be construed accordingly;

“securities” includes shares, stock and debentures;

“single holding” means investments—

- (a) in securities of, or in loans to or deposits with, any one body, other than investments in unit trust schemes,
- (b) in units or other shares of the investments subject to the trust of any one unit trust scheme,
- (c) in the acquisition, development or management or in any advance of money upon the security of any one piece of land, or
- (d) in the acquisition of any one chattel;

“recognised stock exchange” and “stocklending arrangement” have the same meaning as in regulation L5;

and the value at any time of all investments of fund money is to be taken to include the amount of any fund money used as mentioned in regulation L5(5)(b) and for the time being not repaid.