
STATUTORY INSTRUMENTS

2000 No. 1403

The Stakeholder Pension Schemes Regulations 2000

PART II

CONDITIONS APPLYING TO STAKEHOLDER PENSION SCHEMES

Requirement applying to all stakeholder pension schemes as regards investments

8.—(1) For the purposes of section 1(1)(b), it shall be a condition of a scheme being a stakeholder pension scheme that the requirements of this regulation are complied with.

(2) Except where monies are held temporarily on deposit in the course of dealing in assets for the purposes of the scheme, the trustees or manager must ensure that there is derived, from any part of the funds of the scheme that are held on deposit, a return accruing on a daily basis that is, net of any fees or charges, not less than the base rate minus 2 per cent. per annum.

(3) Where the base rate is increased, paragraph (2) shall apply as if the reference to the base rate in that paragraph were—

- (a) within one calendar month of the date of the increase, a reference to the base rate immediately before the increase; and
- (b) after that calendar month has elapsed, a reference to the base rate as increased.

(4) The trustees or manager shall not have scheme assets that are represented by units or shares in a collective investment scheme (within the meaning of section 75 of the Financial Services Act 1986 (interpretation: definition of ‘collective investment scheme’)(**1**)) unless it is a requirement of the collective investment scheme that the purchase and sale price of those units or shares shall, at any given time, not differ from each other.

(5) The trustees or manager shall not have scheme assets that are represented by rights under a contract of insurance which are expressed as units or shares in funds held by the insurance company unless it is a requirement of the contract of insurance that the purchase and sale price of those units or shares shall, at any given time, not differ from each other.

(6) In this regulation—

“base rate” means the rate for the time being quoted by the reference banks as applicable to sterling deposits or, where there is for the time being more than one such base rate, the rate which, when the base rate quoted by each bank is ranked in a descending sequence of seven, is fourth in the sequence;

“contract of insurance” means a pension fund management contract within Part VII of Schedule 1 to the Insurance Companies Act 1982(**2**) (classes of long term business) carried out by a person authorised to do so under that Act;

“deposit” has the meaning given to it in section 5 of the Banking Act 1987(**3**);

(1) 1986 c. 60. Relevant amending instruments are S.I.1988/803, 1990/349, 1995/3275, 1996/2996 and 1997/32.

(2) 1982 c. 50.

(3) 1987 c. 22.

“reference banks” means the seven largest institutions for the time being which—

- (a) are authorised by the Financial Services Authority under the Banking Act 1987⁽⁴⁾;
- (b) are incorporated in the United Kingdom and carrying on within it a deposit-taking business (as defined in section 6, but subject to any order under section 7, of that Act)⁽⁵⁾; and
- (c) quote a base rate applicable to sterling deposits,

and for the purpose of this definition the size of an institution at any time is to be determined by reference to the gross assets denominated in sterling of that institution, together with any subsidiary (as defined in section 736 of the Companies Act 1985)⁽⁶⁾, as shown in the audited end of year accounts last published before that time.

⁽⁴⁾ 1987 c. 22, as amended by the Bank of England Act 1998 (c. 11).

⁽⁵⁾ Section 7 was amended by section 23(1) of, and paragraphs 1 and 4 of Schedule 5 to, the Bank of England Act 1998 (c. 11).

⁽⁶⁾ 1985 c. 6. Section 736 was substituted by section 144(1) of the Companies Act 1989 (c. 40).