EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in relation to the payment by the Board of the Pension Protection Fund of fraud compensation under Chapter 4 of Part 2 of the Pensions Act 2004 (c. 35) ("the Act"). Fraud compensation is payable from 1st September 2005 where an employer in relation to an occupational pension scheme is insolvent, or unlikely to continue as a going concern, and the scheme has suffered a loss as a result of an act or omission which qualifies as an offence prescribed under regulation 3 of these Regulations.

Regulation 2 specifies the schemes and types of schemes which cannot apply for fraud compensation payments.

Regulation 3 provides that the prescribed offence for the purpose of section 182 of the Act is any offence involving dishonesty.

Regulation 4 provides for the conditions which must be satisfied by an employer, who is an employer in relation to a scheme which is not an eligible scheme, and is unlikely to continue as a going concern.

Regulation 5 specifies who may make an application for fraud compensation and what information an application must contain.

Regulation 6 specifies what must be contained in a notice confirming that a scheme status notice has become binding.

Regulation 7 sets out how the Board will calculate amounts paid as fraud compensation.

Regulation 8 sets out the liabilities in respect of which interim fraud compensation payments can be made. It also makes other provision with regard to the making of interim payments.

Regulation 9 provides for the effect of determinations under section 184 of the Act (settlement date and recoveries of value) for the purpose of any reviews under Chapter 6 of Part 2 of the Act (reviews, appeals and maladministration).

Regulation 10 provides that where the loss is attributable to a section or part of a hybrid scheme, fraud compensation payments should be added to the assets of that section or part.

Regulation 11 provides for where an unsecured part of a partially guaranteed scheme suffers a loss and an application is made for fraud compensation payments.

Regulation 12 provides that, for the purposes of these Regulations, the approved part of a partially approved scheme is to be treated as if it were a scheme in its own right.

Regulation 13 modifies the application of sections 182, 183 and 185 of the Act where a stakeholder pension scheme, established under trust, does not have an employer.

Regulations 14 to 20 provide for where multi-employer schemes suffer a loss and an application is made for fraud compensation payments.

Regulations 21, 22 and 23 make consequential amendments to the Pension Protection Fund (Reviewable Matters) Regulations 2005 (S.I. 2005/600), the Pension Protection Fund (Review and Reconsideration of Reviewable Matters) Regulations 2005 (S.I. 2005/669) and the Pension Protection Fund (Provision of Information) Regulations 2005 (S.I. 2005/674).

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the Act by virtue of which they are made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.

Changes to legislation:
There are currently no known outstanding effects for the The Occupational Pension Schemes (Fraud Compensation Payments and Miscellaneous Amendments) Regulations 2005.