
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations replace, with amendments, the Occupational Pension Schemes (Investment) Regulations 1996, which are now revoked. The Regulations supplement changes made to the Pensions Act 1995 (c. 26) (“the 1995 Act”) by the Pensions Act 2004 (c. 35). They include provisions to implement certain requirements of the Directive [2003/41/EC](#) (OJ L235, 23.09.2003 p10) of the European Parliament and of the Council on the activities and supervision of institutions for occupational retirement provision, in particular of Articles 12 and 18.

The Regulations impose requirements on trustees of occupational pension schemes in relation to the statement of investment principles required under section 35 of the 1995 Act and in relation to the choosing of investments. They impose restrictions on borrowing and the giving of guarantees by trustees and in respect of employer-related investments.

Regulation 2 sets out requirements in respect of the statement of investment principles required under section 35 of the Pensions Act 1995.

Regulation 3 sets out modified requirements in respect of such statements for schemes in relation to which there is more than one employer.

Regulation 4 sets out requirements in respect of choosing investments.

Regulation 5 sets out restrictions in respect of borrowing and guarantees.

Regulations 6 to 9 disapply section 35 of the 1995 Act and disapply or modify certain requirements of regulations 2 to 5, in respect of certain schemes.

Regulation 10 defines the expressions “connected persons” and “associated persons” as they apply in these Regulations.

Regulations 11 to 16 prescribe certain investments as employer-related investments in addition to those specified in section 40(2) of the Pensions Act 1995 and set out the restrictions on employer-related investments. They also prescribe investments to which the restrictions do not apply.

Special provision is made as regards the application of the restrictions to schemes in relation to which there is more than one employer.

Regulation 17 makes special provision in the case of a scheme undertaking cross-border activities. Revocations are made by regulation 18 and the Schedule.

An assessment of the impact on business, charities or the voluntary sector of the provision in these regulations was included in the Regulatory Impact Assessment relating to the implementation of Directive [2003/41/EC](#) on the activities and supervision of institutions for occupational retirement provision. A copy of that assessment has been placed in libraries of both Houses of Parliament. Copies may be obtained from the Department for Work and Pensions, Regulatory Impact Unit, level 3, Adelphi, 1-11 John Adam Street, London WC2N 6HT.

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Investment) Regulations 2005.