EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, in certain circumstances, give the Board of the Pension Protection Fund ("the Board") rights that are normally exercised by a pension scheme's trustees or managers where they are creditors. Where the trustees or managers lose their rights as a result the Board is required to consult with them.

Regulation 2 applies when a moratorium under Part A1 of the Insolvency Act 1986 (c. 45) is or has been in force in relation to a company, Limited Liability Partnership ("LLP") or Charitable Incorporated Organisation ("CIO") which is, or has been at some point while the moratorium has been in force, an employer in respect of an eligible pension scheme. It gives the Board the right, instead of the trustees or managers, to participate in decisions as to whether to extend the moratorium and decisions in relation to a challenge to the directors' actions. The Board must consult the trustees or managers before exercising those rights.

Regulation 3 applies when a restructuring plan (a compromise or arrangement) is proposed under Part 26A of the Companies Act 2006 (c. 46) in relation to a company or LLP which is an employer in respect of an eligible pension scheme and the trustees or managers of the scheme are a creditor of that company or LLP to whom the compromise or arrangement is proposed. It gives the Board, in addition to the trustees or managers, the rights exercisable by the trustees or managers as creditors under Part 26A. It gives the Board, instead of the trustees or managers, the right to vote on a compromise or arrangement and the Board must consult the trustees or managers before exercising this right.

A full impact assessment has not been produced for this instrument as no impact, or no significant impact on the private, public or voluntary sectors is foreseen.