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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Pensions (Northern Ireland) Order 2005 (“the Order”). Regulation 2 inserts Article 226A which implements the requirement in Article 14(1) of the European Union Directive on the activities and supervision of institutions for occupational retirement provision (Directive [2003/41/EC](#)) (“the Directive”) that the trustees or managers of an occupational pension scheme must have adequate internal control mechanisms.

Article 226A(1) imposes a duty on the trustees or managers to establish and operate internal controls. Paragraph (2) of that Article provides that the duty established by paragraph (1) does not affect any other obligation on the trustees or managers, whether statutory or otherwise, to establish and operate internal controls. Paragraph (3) lists the occupational pension schemes to which the requirements of that Article do not apply. But paragraph (4) provides that, despite paragraph (3), those requirements do apply to any scheme that is undertaking cross-border activities within the European Union. Paragraph (5) provides for interpretation.

Regulation 3 provides that the Pensions Regulator must issue a code of practice relating to the duty imposed by Article 226A(1).

The Pensions (2005 Order) (Commencement No. 6) Order (Northern Ireland) 2005 ([S.R. 2005 No. 411 \(C. 32\)](#)) provides for the coming into operation of Article 85(2)(k), one of the enabling provisions under which these Regulations are made, on 14th November 2005.

As these Regulations, in so far as they are made under the Order, are made before the end of the period of six months beginning with the coming into operation of the provisions of the Order by virtue of which they are made, the requirement to consult under Article 289(1) of the Order does not apply by virtue of paragraph (2)(c) of that Article.

The transposition of Article 14(1) of the Directive is detailed in the Transposition Note, a copy of which has been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Note are available from the Department for Social Development, Social Security Policy and Legislation Division, Level 1, James House, 2-4 Cromac Avenue, Gasworks Business Park, Ormeau Road, Belfast BT7 2JA.

An assessment of the cost to business of these Regulations is detailed in a Regulatory Impact Assessment, copies of which have been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Assessment are available from the Department for Social Development, Social Security Policy and Legislation Division at the above address.