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STATUTORY RULES OF NORTHERN IRELAND

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**2005 No. 91**

**The Pension Protection Fund (Multi-employer Schemes)  
(Modification) Regulations (Northern Ireland) 2005**

**PART IV**

**SEGREGATED SCHEMES: NON-SEGREGATED MULTI-EMPLOYER  
SECTIONS OF SEGREGATED SCHEMES WITH REQUIREMENT FOR  
PARTIAL WIND UP ON WITHDRAWAL OF PARTICIPATING EMPLOYER**

**Application and effect**

**28.**—(1) This regulation applies to a non-segregated multi-employer section of a segregated scheme in circumstances where –

- (a) an insolvency event occurs in relation to an employer in relation to that section; or
- (b) the trustees or managers of the scheme become aware that an employer in relation to that section is unlikely to continue as a going concern and meets the requirements prescribed under Article 113(1)(b) (applications and notifications for the purposes of Article 112).

(2) Where –

- (a) in relation to an employer in relation to a section of a scheme to which this regulation applies, an event described in paragraph (1)(a) or (b) occurs; and
- (b) the requirement in the scheme rules relating to that section for the trustees or managers of the scheme to segregate such part of the assets of the section as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members of the section by reference to an employer in relation to the section (“the segregation requirement”) would be triggered when an employer in relation to the section ceases to participate in the scheme,

the segregation requirement shall, in relation to the employer referred to in sub-paragraph (a), be deemed to have been triggered immediately after the occurrence of the event described in paragraph (1)(a) or (b) and a segregated part of the section shall be deemed to have been created for and in respect of any period after the occurrence of that event where a withdrawal event within the meaning of Article 133(2) has not occurred in relation to the segregated part.

(3) In this Part –

“non-segregated multi-employer section” means a multi-employer section of a segregated scheme where, under the scheme rules relating to that section, the trustees or managers of the scheme are required, in circumstances where an employer in relation to that section ceases to participate in the scheme, to segregate such part of the assets of the section as are attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members of the section by reference to that employer; and

“segregated part” means a section of a non-segregated multi-employer section which is created when a segregation requirement in the scheme rules relating to that multi-employer section of the scheme has been triggered.

- (4) Except as otherwise provided in this Part, in a case where this regulation applies –
- (a) Part III of the Order, except Chapter 4, shall be read as if it contained the modifications provided for by this Part; and
  - (b) references in Part III of the Order, except in Chapter 4, to –
    - (i) “scheme rules” shall be read as if they were references to “rules of the scheme which apply to the segregated part”;
    - (ii) “the scheme” shall be read as if they were references to “the segregated part”;
    - (iii) “the employer” shall be read as if they were references to “the employer in relation to the segregated part”, and
    - (iv) “trustees or managers of the scheme” shall, in relation to a non-segregated multi-employer section of a segregated scheme, be read as if they were references to “trustees or managers with ultimate responsibility for the administration of the section”.
- (5) Paragraph (4) shall not have effect in relation to Article 157 (initial levy).

**Notification of insolvency events, confirmation of scheme status etc.**

**29.**—(1) Article 104 (duty to notify insolvency events in respect of employers) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) for paragraph (1) there were substituted the following paragraph –

“(1) This Article applies where an insolvency event occurs in relation to an employer in relation to a section of a multi-employer scheme which is divided into two or more sections (“a segregated scheme”) with at least two employers in relation to that section of the scheme (“a multi-employer section”) under the rules of which the trustees or managers are required, in circumstances where an employer in relation to that section of the scheme ceases to participate in the scheme, to segregate such part of the assets of the section as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members of the section by reference to that employer (“the segregated part”).”; and
- (b) after paragraph (2) there were inserted the following paragraph –

“(2A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme to which this Article applies receive a notice from an insolvency practitioner under paragraph (2), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

(2) Article 106 (insolvency practitioner’s duty to issue notices confirming status of scheme) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) for paragraph (1) there were substituted the following paragraph –

“(1) This Article applies where an insolvency event has occurred in relation to an employer in relation to a multi-employer section of a segregated scheme and a segregated part of the section is created.”;
- (b) in paragraph (2) –

- (i) in sub-paragraph (a) after “a scheme rescue is not possible” there were inserted “in relation to the relevant segregated part of a multi-employer section of the scheme”, and
    - (ii) in sub-paragraph (b) after “a scheme rescue has occurred” there were inserted “in relation to the relevant segregated part of a multi-employer section of the scheme”;
  - (c) in paragraph (4) –
    - (i) in sub-paragraph (a) after “a scheme rescue is not possible” there were inserted “in relation to the relevant segregated part”, and
    - (ii) in sub-paragraph (b) after “a scheme rescue has occurred” there were inserted “in relation to the relevant segregated part”;
  - (d) in paragraph (5) –
    - (i) in sub-paragraph (a) for “in relation to an occupational pension scheme” there were substituted “in relation to a segregated part of a multi-employer section of a segregated scheme”, and
    - (ii) in sub-paragraph (b) for “in relation to such a scheme” there were substituted “in relation to such a part”; and
  - (e) after paragraph (6) there were inserted the following paragraph –

“(6A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a notice from an insolvency practitioner or former insolvency practitioner under paragraph (6), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.
- (3) Article 107 (approval of notices issued under Article 106) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –
- (a) for paragraph (1) there were substituted the following paragraph –

“(1) This Article applies where the Board receives a notice under Article 106(6) (“the Article 106 notice”) in relation to an employer in relation to a segregated part of a multi-employer section of a segregated scheme.”; and
  - (b) after paragraph (4) there were inserted the following paragraph –

“(4A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a determination notice issued by the Board under paragraph (4), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.
- (4) Article 108 (Board’s duty where there is a failure to comply with Article 106) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –
- (a) in paragraph (1) for “in relation to an occupational pension scheme” there were substituted “in relation to a segregated part of a multi-employer section of a segregated scheme”; and
  - (b) after paragraph (4) there were inserted the following paragraph –

“(4A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a notice issued by the Board under Article 106 by virtue of this Article, they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

(5) Article 109 (binding notices confirming status of scheme) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if after paragraph (3) there were inserted the following paragraph –

“(3A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (3) together with a copy of the binding notice, they must send a copy of the notice and the binding notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

### **Eligible schemes**

**30.**—(1) Except as otherwise provided in this Part, for the purposes of Part III of the Order, except Chapter 4, as it applies in the case of a segregated part to which regulation 28 applies, references to an “eligible scheme” shall be read as if they were references to a segregated part of a multi-employer section of a segregated scheme in circumstances where that segregated part, if it were a scheme, would not be –

- (a) a money purchase scheme; or
  - (b) a scheme which is a prescribed scheme or a scheme of a prescribed description under Article 110(1)(b).
- (2) Paragraph (1) shall not apply for the purposes of Articles 157 to 164 (the levies).

### **Duty to assume responsibility for schemes**

**31.**—(1) Article 111 (duty to assume responsibility for schemes following insolvency event) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if in paragraph (2)(a) after “at the relevant time” there were inserted “as determined by the Board’s valuation of the section as a whole under Article 127”.

(2) Article 112 (duty to assume responsibility for schemes following application or notification) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if in paragraph (2)(a) after “at the relevant time” there were inserted “as determined by the Board’s valuation of the section as a whole under Article 127”.

(3) Article 113 (applications and notifications for the purposes of Article 112) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) after paragraph (1) there were inserted the following paragraph –

“(1A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme make an application to the Board under paragraph (1), they must issue a notice to that effect as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”; and

- (b) after paragraph (5) there were inserted the following paragraph –

“(5A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (5), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

### **Board’s duty where application or notification received under Article 113**

**32.** Article 114 (Board’s duty where application or notification received under Article 113) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (2) after “a scheme rescue is not possible” there were inserted “in relation to a segregated part of a multi-employer section of a segregated scheme”;
- (b) in paragraph (3) after “a scheme rescue has occurred” there were inserted “in relation to that segregated part”;
- (c) after paragraph (4) there were inserted the following paragraph –
  - “(4A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a notice from the Board under paragraph (4), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”;
- (d) in paragraph (5) –
  - (i) in sub-paragraph (a) for “in relation to an occupational pension scheme” there were substituted “in relation to a segregated part of a multi-employer section of a segregated scheme”, and
  - (ii) in sub-paragraph (b) for “in relation to such a scheme” there were substituted “in relation to such a part”; and
- (e) after paragraph (7) there were inserted the following paragraph –
  - “(7A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (7) together with a copy of the binding notice, they must send a copy of the notice and the binding notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

### **Protected liabilities**

**33.** Article 115 (protected liabilities) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if for paragraph (1) there were substituted the following paragraph –

- “(1) Except as otherwise provided, for the purposes of this Chapter the protected liabilities, in relation to a segregated part which is, for the purposes of this Part, an eligible scheme, at a particular time (“the relevant time”) are –
  - (a) the cost of securing benefits for and in respect of members of the segregated part of a multi-employer section of a segregated scheme which correspond to the compensation which would be payable, in relation to the segregated part, in accordance with the pension compensation provisions (see Article 146) if the Board assumed responsibility for the segregated part in accordance with this Chapter,
  - (b) a proportion of the liabilities of the scheme as a whole as calculated in the Board’s valuation under Article 127, which are not liabilities to, or in respect of, members, and
  - (c) the estimated cost of winding up the segregated part.”.

### **Assessment periods**

**34.** Article 116 (assessment periods) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if in paragraph (2) after “an assessment period” there were inserted “in relation to a segregated part of a multi-employer section of a segregated scheme”.

## Directions

**35.** Article 118 (directions) shall be modified in its application to a non-segregated multi-employer section to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (2) –
  - (i) for “the scheme’s protected liabilities do not exceed its assets” there were substituted “the protected liabilities of the segregated part do not exceed its assets”;
  - (ii) for “in relation to the scheme” there were substituted “in relation to the segregated scheme in question”, and
  - (iii) in sub-paragraph (a) for “the investment of the scheme’s assets” there were substituted “the investment of the assets of the section”; and
- (b) in paragraph (3)(a) for head (i) there were substituted the following head –
  - (i) any trustees or managers of the scheme in relation to which the segregated part relates.”.

## Restrictions on winding up, discharge of liabilities etc., and power to validate contraventions of Article 119

**36.—**(1) Article 119 (restrictions on winding up, discharge of liabilities etc.) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (2) after “the winding up of the scheme” there were inserted “under or by virtue of the scheme rules”; and
- (b) after paragraph (4) there were inserted the following paragraph –

“(4A) Where an assessment period has begun in relation to a segregated part of a multi-employer section of a segregated scheme, the trustees or managers of the scheme shall not, without the prior approval of the Board, take any action to discharge or transfer any of the assets in that part or any assets that may be assigned to that part.”.

(2) Article 120 (power to validate contraventions of Article 119) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if after paragraph (2) there were inserted the following paragraph –

“(2A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a notice from the Board under paragraph (2), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all employers in relation to the scheme.”.

## Board to act as creditor of the employer

**37.** Article 121 (Board to act as creditor of the employer) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (2) after “due to them by the employer” there were inserted “in respect of the protected liabilities that are included in the segregated part”; and
- (b) after paragraph (3) there were added the following paragraph –

“(3A) Where an amount is paid to the trustees or managers of a multi-employer scheme in respect of any debt owed to the scheme by the employer in relation to a segregated part of a multi-employer section of the scheme which does not relate to the employer’s liabilities to or in respect of members of the scheme who are not designated to that segregated part, that amount shall be applied by the trustees or managers of the scheme towards the liabilities of the scheme as a whole.”.

## Valuation of assets

**38.**—(1) Article 127 (Board’s obligation to obtain valuation of assets and protected liabilities) shall be modified in its application to a segregated part to which regulation 28 applies, so that it shall be read as if –

- (a) for paragraph (1) there were substituted the following paragraph –
  - “(1) This Article applies in a case within paragraph (1) of Article 111 or 112 which relates to a segregated part of a multi-employer section of a segregated scheme.”;
- (b) in paragraph (2) for “the scheme” there were substituted “the section as a whole and of the segregated part”;
- (c) in paragraph (7) for “the scheme’s liabilities” there were substituted “the liabilities of the scheme or the segregated part”; and
- (d) in paragraph (11) –
  - (i) in sub-paragraph (a) for ““actuarial valuation”, in relation to the scheme, means a written valuation of the assets and protected liabilities of the scheme” there were substituted ““actuarial valuation”, in relation to the section as a whole and the segregated part, means a written valuation of the assets and protected liabilities of the section as a whole and the segregated part”;
  - (ii) at the end of sub-paragraph (c)(ii) the word “and” were omitted, and
  - (iii) after sub-paragraph (d) there were inserted the following sub-paragraph –
    - “(e) “protected liabilities” means, in relation to a multi-employer section of a segregated scheme, the cost of securing benefits for and in respect of members of the section which correspond to the compensation which would be payable, in relation to the section, in accordance with the pension compensation provisions (see Article 146) if the Board assumed responsibility for the section in accordance with this Chapter.”.

(2) Article 128 (approval of valuation) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (1) for “obtains a valuation in respect of a scheme under Article 127” there were substituted “obtains a valuation or a further valuation in respect of the section as a whole and of the segregated part under Article 127”; and
- (b) after paragraph (2) there were inserted the following paragraph –
  - “(2A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a valuation from the Board under paragraph (2), they must send a further copy of that valuation as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

(3) Article 129 (binding valuations) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (1) for “a valuation obtained under Article 127 is not binding” there were substituted “a valuation or a further valuation obtained under Article 127 of the section as a whole and of the segregated part is not binding”;
- (b) in paragraph (2) for “in relation to a scheme” there were substituted “in relation to a multi-employer section of a segregated scheme in relation to which there is a segregated part”; and
- (c) after paragraph (3) there were inserted the following paragraph –

“(3A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (3) together with a copy of the binding valuation, they must send a copy of the notice and the binding valuation as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

### **Refusal to assume responsibility for a scheme**

**39.—(1)** Article 130 (schemes which become eligible schemes) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

(a) for paragraph (1) there were substituted the following paragraph –

“(1) Regulations may provide that where the Board is satisfied that a multi-employer section of a segregated scheme, or a segregated part of such a section, is not, for the purposes of this Part, an eligible scheme throughout such period as may be prescribed, the Board must refuse to assume responsibility for that section under this Chapter.”;

(b) in paragraph (2) for “a scheme” there were substituted “a section of the scheme”;

(c) after paragraph (2) there were inserted the following paragraph –

“(2A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a withdrawal notice from the Board under paragraph (2), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”; and

(d) after paragraph (4) there were inserted the following paragraph –

“(4A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (4) together with a copy of the binding notice, they must send a copy of the notice and the binding notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

(2) Article 131 (new schemes created to replace existing schemes) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

(a) for paragraph (1) there were substituted the following paragraph –

“(1) The Board must refuse to assume responsibility for a segregated part of a multi-employer section of a segregated scheme (“the new scheme”) under this Chapter where it is satisfied that –

- (a) the new scheme was established during such a period as may be prescribed,
- (b) the employer in relation to the segregated part was, at the date of establishment of the new scheme, also the employer in relation to another scheme (“the old scheme”) or another section of the scheme (“the old section”) established before the new scheme,
- (c) the assignment of scheme assets made to the new scheme has been made in respect of any rights of members under the old scheme, and
- (d) the main purpose or one of the main purposes of establishing the new scheme and making the transfer or transfers, or transfer payment or transfer payments, was to enable those members to receive compensation under the pension compensation provisions in respect of their rights under the new section in circumstances where, in the absence of the transfer or transfers, regulations under Article 130 would have operated to prevent such payments in respect of their rights under the old scheme or the old section.”;



- (b) after paragraph (2) there were inserted the following paragraph –
- “(2A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a withdrawal notice from the Board under paragraph (2), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”; and
- (c) after paragraph (4) there were inserted the following paragraph –
- “(4A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (4) together with a copy of the binding notice, they must send a copy of the notice and the binding notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.
- (3) Article 132 (withdrawal following issue of Article 106(4) notice) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –
- (a) after paragraph (5) there were inserted the following paragraph –
- “(5A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a withdrawal notice from the Board under paragraph (5), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”; and
- (b) after paragraph (7) there were inserted the following paragraph –
- “(7A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (7) together with a copy of the binding notice, they must send a copy of the notice and the binding notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

## **Reconsideration**

**40.**—(1) Article 135 (application for reconsideration) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if in paragraph (8) in the definition of “protected benefits quotation” for the words from ““protected benefits quotation”, in relation to a scheme, means” to “from the reconsideration time” there were substituted –

““protected benefits quotation”, in relation to a segregated part of a multi-employer section of a segregated scheme, means a quotation for one or more annuities from one or more insurers, being companies willing to accept payment in respect of the members of the segregated part from the trustees or managers of the scheme, which would provide in respect of each member of the segregated part from the reconsideration time”.

(2) Article 136 (duty to assume responsibility following reconsideration) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

(a) for paragraph (1) there were substituted the following paragraph –

“(1) This Article applies where an application is made in respect of a segregated part of a multi-employer section of a segregated scheme in accordance with Article 135.”;

(b) for paragraph (2) there were substituted the following paragraph –

“(2) The Board must assume responsibility in accordance with this Chapter for a segregated part of a multi-employer section of a segregated scheme if it is satisfied that the value of the assets of the segregated part at the reconsideration time is less than the aggregate of –

- (a) the amount quoted in the protected benefits quotation accompanying the application,
  - (b) a proportion of the amount of the liabilities of the scheme as a whole at that time, as calculated in the Board’s valuation referred to in paragraph (2) of Article 135, which are not liabilities to, or in respect of, members of the scheme, and
  - (c) the estimated costs of winding up the segregated part at that time.”;
- (c) after paragraph (3) there were inserted the following paragraph –
- “(3A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a copy of a determination notice from the Board under paragraph (3), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”; and
- (d) after paragraph (7) there were inserted the following paragraph –
- “(7A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (7) together with a copy of the binding determination notice, they must send a copy of the notice and the binding notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

#### **Closed schemes and requirements to wind up schemes with sufficient assets**

**41.—**(1) Article 137 (closed schemes) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (1) for “(scheme rescue not possible but scheme has sufficient assets to meet the protected liabilities)” there were substituted “(scheme rescue not possible in relation to a segregated part of a multi-employer section of a segregated scheme but segregated part has sufficient assets to meet the protected liabilities)”;
- (b) in paragraph (2) for “a closed scheme” there were substituted “a closed section of a scheme”;
- (c) in paragraph (5) for “a closed scheme” there were substituted “a closed section of a scheme”;
- (d) after paragraph (6) there were inserted the following paragraph –
 

“(6A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (6), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”; and
- (e) in paragraph (7) for the definition of “full buy-out quotation” there were substituted the following definition –
 

““full buy-out quotation”, in relation to a segregated part of a multi-employer section of a segregated scheme, means a quotation for one or more annuities from one or more insurers (being companies willing to accept payment in respect of members of the segregated part from the trustees or managers of the scheme) which would provide in respect of each of those members, from a relevant date, benefits in accordance with the member’s entitlement or accrued rights, including pension credit rights, under the scheme rules (other than entitlement or rights in respect of money purchase benefits).”.

(2) Article 138 (requirement to wind up schemes with sufficient assets to meet protected liabilities) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraph (2)(a) for “(scheme rescue not possible but scheme has sufficient assets to meet the protected liabilities)” there were substituted “(scheme rescue not possible in relation to a segregated part of a multi-employer section of a segregated scheme but segregated part has sufficient assets to meet the protected liabilities)”;
- (b) in paragraph (6) for “a scheme is wound up” there were substituted “a segregated part of a multi-employer section of a segregated scheme is wound up”;
- (c) in paragraph (11) for “winding up of a scheme” there were substituted “winding up of a segregated part of a multi-employer section of a segregated scheme”; and
- (d) in paragraph (12) for “in relation to a scheme” there were substituted “in relation to a segregated part of a multi-employer section of a segregated scheme”.

(3) Article 139 (treatment of closed schemes) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) for paragraph (1) there were substituted the following paragraph –

“(1) In this Article “closed scheme” means a segregated part of a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme which is authorised under Article 137 to continue as a closed section of the scheme.”; and

- (b) in paragraph (2) after “The provisions mentioned in paragraph (3)” there were inserted “as they apply to a segregated part of a multi-employer section of a segregated scheme”.

(4) Article 140 (valuations of closed schemes) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) in paragraphs (1) and (2)(a) for “closed schemes” there were substituted “a closed segregated part of a multi-employer section of a segregated scheme”; and
- (b) in paragraph (5) for “a closed scheme” there were substituted “a closed segregated part of a multi-employer section of a segregated scheme”.

(5) Article 141 (applications and notifications where closed schemes have insufficient assets) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if after paragraph (4) there were inserted the following paragraph –

“(4A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a notice from the Board under paragraph (4), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”.

### **Transfer notices and assumption of responsibility for a scheme**

**42.**—(1) Article 144 (transfer notice) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

- (a) after paragraph (1) there were inserted the following paragraph –

“(1A) This Article also applies where the Board is required to assume responsibility for a segregated part of a multi-employer section of a segregated scheme.”;

- (b) after paragraph (2) there were inserted the following paragraph –

“(2A) Where the trustees or managers of a segregated part of a multi-employer section of a segregated scheme receive a transfer notice from the Board under paragraph (2), they must send a copy of that notice as soon as practicable to the trustees or managers of each section of the scheme (if different) and to all the employers in relation to the scheme.”;

(c) after paragraph (4)(1) there were inserted the following paragraph –

“(4B) In a case where the Board is required to assume responsibility for a segregated part of a multi-employer section of a segregated scheme under Article 111, 112, 136 or 142, a transfer notice may not be given until the Board has obtained a further actuarial valuation of the assets and protected liabilities of the section as a whole and of the segregated part under Article 144A as at the date on which it is required to assume responsibility for the segregated part and that valuation has been approved by the Board and become binding.”; and

(d) for paragraph (6) there were substituted the following paragraph –

“(6) The Board must give a copy of the transfer notice under paragraph (2) to –

(a) the Regulator, and

(b) an insolvency practitioner acting in relation to the employer in relation to the segregated part of the multi-employer section of the segregated scheme in respect of which the transfer notice is issued.”.

(2) Article 145 (effect of Board assuming responsibility for a scheme) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if –

(a) in paragraph (2)(b) after “obligations” there were inserted “to or in respect of members of the segregated part”; and

(b) in paragraph (4)(a) after “to or in respect of persons” there were inserted “who are or were members of the segregated part”.

(3) In Schedule 5 to the Order (transfer of property, rights and liabilities to the Board) paragraph 1 shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if for “an occupational pension scheme” there were substituted “a segregated part of a multi-employer section of a segregated multi-employer scheme”.

### **Further actuarial valuation of segregated parts**

**43.** Part III of the Order shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if after Article 144 (transfer notice) there were inserted the following Article –

#### **“Further actuarial valuations of segregated parts**

**144A.**—(1) This Article applies in any case where the Board is required to obtain a further actuarial valuation under Article 144(4B).

(2) The Board must obtain a further actuarial valuation of the assets and protected liabilities of the section as a whole and of the segregated part as at the date on which the Board is required to assume responsibility for the segregated part.

(3) A valuation obtained by the Board under this Article shall have effect as if it were a valuation obtained by the Board under Article 127 (Board’s obligation to obtain valuation of assets and protected liabilities).

(4) For the purposes of this Article, paragraphs (3), (4), (6) to (8) and (11)(a) of Article 127 shall apply in relation to a valuation obtained under this Article as they apply in relation to a valuation of the section as a whole and of the segregated part obtained under Article 127.

(5) In the application of Article 127 by virtue of this Article –

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(1) See regulation 10(1)(a) of [S.R. 2005 No. 55](#)

- (a) paragraphs (5) and (11)(b) of that Article shall apply as if the references to “the relevant time” were to the date on which the Board is required to assume responsibility for the segregated part; and
- (b) references to “assets” do not include assets representing the value of any rights in respect of money purchase benefits under the scheme rules which apply to the segregated part.”.

### **The pension compensation provisions**

44.—(1) Article 146 (the pension compensation provisions) shall be modified in its application to a segregated part to which regulation 28 applies so that paragraph (1) shall be read as if –

- (a) for “in relation to a scheme” there were substituted “in relation to a segregated part of a multi-employer section of a segregated scheme”;
- (b) in sub-paragraphs (a) and (b) after “members” there were inserted “of that segregated part”;
- (c) in sub-paragraph (c) after “payable” there were inserted “to or in respect of members of that segregated part”; and
- (d) in sub-paragraph (d) at the end there were added “payable to or in respect of members of that segregated part”.

(2) Article 147 (adjustments to be made where the Board assumes responsibility for a scheme) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if in paragraph (2)(a) after “to any member” there were inserted “of that segregated part”.

(3) Article 150 (duty to pay scheme benefits unpaid at assessment date etc.) shall be modified in its application to a segregated part to which regulation 28 applies so that it shall be read as if in paragraph (1) for “assumes responsibility for a scheme” there were substituted “assumes responsibility for a segregated part of a multi-employer section of a segregated scheme”.