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STATUTORY INSTRUMENTS

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**2005 No. 441**

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

**PART 3**

**SEGREGATED SCHEMES:**

**MULTI-EMPLOYER SECTIONS WITHOUT REQUIREMENT FOR  
PARTIAL WIND UP ON WITHDRAWAL OF PARTICIPATING EMPLOYER**

**Application and effect**

**14.**—(1) This paragraph applies to a multi-employer section of a segregated scheme the rules of which do not provide for the partial winding up of the section when an employer in relation to the section ceases to participate in the scheme in circumstances where—

- (a) an insolvency event occurs in relation to more than one of the employers in relation to the section at a time when those employers are the only employers in relation to that section; or
- (b) the trustees or managers of the scheme become aware that more than one of the employers in relation to the section are unlikely to continue as a going concern and meet the requirements prescribed under subsection (1)(b) of section 129 of the Act (applications and notifications for the purposes of section 128) at a time when those employers are the only employers in relation to that section.

(2) This paragraph applies to a multi-employer section of a segregated scheme the rules of which do not provide for the partial winding up of the section where an employer in relation to the section ceases to participate in the scheme in circumstances where—

- (a) an insolvency event occurs in relation to one or more of the employers in relation to the section of the scheme at a time when an insolvency event has occurred in relation to all other employers in relation to that section and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers; or
- (b) the trustees or managers of the scheme become aware that one or more of the employers in relation to the section are unlikely to continue as a going concern and meet the requirements prescribed under subsection (1)(b) of section 129 of the Act (applications and notifications for the purposes of section 128) at a time when an insolvency event has occurred in relation to all other employers in relation to that section and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers.

(3) Except as otherwise provided in this Part, in the case of a multi-employer section of a segregated scheme to which this regulation applies—

- (a) Part 2 of the Act, except Chapter 4, shall be read as if it contained the modifications provided for by this Part; and
- (b) references in Part 2 of the Act, except in Chapter 4, to—

- (i) “scheme rules” shall be read as if they were references to “scheme rules relating to the section”;
  - (ii) “the scheme” shall be read as if they were references to “the section”;
  - (iii) “the employer” shall be read as if they were references to “an employer in relation to the section”; and
  - (iv) “trustees or managers of the scheme” shall, in relation to a 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”.
- (4) Paragraph (3) shall not have effect in relation to section 174 of the Act (initial levy).

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

**15.**—(1) Section 120 of the Act (duty to notify insolvency events in respect of employers) shall be modified so that it shall be read as if, in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies—

- (a) for subsection (1), there were substituted the following subsection—

“(1) This section applies where, in the case of 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”), an insolvency event occurs in relation to any employer in relation to that section.”; and

- (b) after subsection (2), there were inserted the following subsection—

“(2A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from an insolvency practitioner under subsection (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) Section 122 of the Act (insolvency practitioner’s duty to issue notices confirming status of scheme) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) for subsection (1), there were substituted the following subsection—

“(1) This section applies where an insolvency event has occurred in relation to any employer in relation to a multi-employer section of a segregated scheme.”;

- (b) in subsection (2)—

(i) for the words “the employer”, there were substituted the words “each employer”;

(ii) after the words “a scheme rescue is not possible” in paragraph (a), there were inserted the words “in relation to the relevant section of the scheme”; and

(iii) after the words “a scheme rescue has occurred” in paragraph (b), there were inserted the words “in relation to the relevant section of the scheme”;

- (c) for the words “the employer” in paragraph (a) of subsection (3), there were substituted the words “an employer”;

- (d) in subsection (4)—

(i) for the words “the employer”, there were substituted the words “an employer”; and

(ii) for the words “in relation to the scheme”, there were substituted the words “in relation to the section”;

- (e) for the words “in relation to an occupational pension scheme” in paragraphs (a) and (b) of subsection (5), there were substituted the words “in relation to a multi-employer section of a segregated scheme”;

- (f) for the words “the employer” in subsection (6) there were substituted the words “an employer”; and
  - (g) after subsection (6), there were inserted the following subsection—
    - “(6A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice issued by an insolvency practitioner or former insolvency practitioner under subsection (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) Section 123 of the Act (approval of notices issued under section 120) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—
- (a) for subsection (1), there were substituted the following subsection—
    - “(1) This section applies where the Board receives a notice under section 122(6) (“the section 122 notice”) in relation to an employer in relation to a multi-employer section of a segregated scheme at a time when the Board has previously received such a notice in relation to all the other employers in relation to that section of the scheme.”;
  - (b) for subsection (2), there were substituted the following subsection—
    - “(2) The Board must determine whether to approve the section 122 notice received in relation to that employer.”; and
  - (c) after subsection (4) there were inserted the following subsection—
    - “(4A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a determination notice issued by the Board under subsection (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) Section 124 of the Act (Board’s duty where there is a failure to comply with section 122) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—
- (a) for the words “This section applies where in relation to an occupational pension scheme” at the beginning of subsection (1), there were substituted the words “This section applies where in relation to a section of a segregated scheme with at least two employers in relation to that section”;
  - (b) for the words “the employer” in paragraphs (a) and (b) of subsection (1), there were substituted the words “an employer”;
  - (c) in subsection (4)—
    - (i) for the words “the employer” in paragraph (d), there were substituted the words “an employer”; and
    - (ii) for the words “in relation to the employer, the employer” in paragraph (e), there were substituted the words “in relation to an employer, that employer”; and
  - (d) after subsection (4), there were inserted the following subsection—
    - “(4A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a notice issued by the Board under section 122 by virtue of this section, 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) Section 125 of the Act (binding notices confirming status of scheme) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2)

of regulation 14 applies so that it shall be read as if, after subsection (3), there were inserted the following subsection—

“(3A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (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**

**16.**—(1) Except as otherwise provided in this Part, for the purposes of Part 2 of the Act, except Chapter 4, as it applies in the case of a section of a multi-employer scheme to which paragraph (1) or (2) of regulation 14 applies, references to an “eligible scheme” shall be read as if they were references to a multi-employer section of a segregated scheme in circumstances where that section, 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 section 126(1)(b) of the Act.

(2) Paragraph (1) above shall not apply for the purposes of sections 174 to 181 of the Act (the levies).

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

**17.**—(1) Section 127 of the Act (duty to assume responsibility for schemes following insolvency event) shall only have effect in relation to a multi-employer section of a segregated scheme in the circumstances described in regulation 14(1) and (2) and, for those purposes, shall be modified so that it shall be read as if—

- (a) in its application to a multi-employer section of a segregated scheme to which paragraph (1) of regulation 14 applies—

- (i) for subsection (1) there were substituted the following subsection—

- “(1) This section applies where a qualifying insolvency event has occurred in relation to more than one of the employers in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme at a time when those employers are the only employers in relation to that section of the scheme.”;

- (ii) for subsection (3), there were substituted the following subsection—

- “(3) For the purposes of this section, an insolvency event (“the current event”) in relation to an employer in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme is a qualifying insolvency event if—

- (a) it occurs simultaneously in relation to more than one employer at a time when those employers are the only employers in relation to the scheme,
      - (b) it occurs on or after the day appointed under section 126(2), and
      - (c) it—
        - (i) is the first insolvency event to occur in relation to that employer on or after that day, or

- (ii) does not occur within an assessment period (see section 132) in relation to that section of the scheme which began before the occurrence of the current event.”; and
- (b) in its application to a multi-employer section of a segregated scheme to which paragraph (2) of regulation 14 applies—

- (i) for subsection (1) there were inserted the following subsection—

“(1) This section applies where a qualifying insolvency event has occurred in relation to one or more of the employers in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme at a time when an insolvency event has occurred in relation to all other employers in relation to that section of the scheme and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers”; and

- (ii) for subsection (3), there were substituted the following subsection—

“(3) For the purposes of this section, an insolvency event (“the current event”) in relation to an employer in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme is a qualifying insolvency event if—

- (a) it occurs—

- (i) simultaneously in relation to one or more of the employers at a time when that or those employers are the only employers in relation to the scheme, or

- (ii) in relation to an employer at a time when an insolvency event has also occurred in relation to all other employers in relation to that section of the scheme and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers,

- (b) it occurs on or after the day appointed under section 126(2), and

- (c) it—

- (i) is the first insolvency event to occur in relation to that employer on or after that day, or

- (ii) does not occur within an assessment period (see section 132) in relation to that section of the scheme which began before the occurrence of the current event.”.

(2) Section 128 of the Act (duty to assume responsibility for schemes following application or notification) shall be modified so that it shall be read as if, in its application to a multi-employer section of a segregated scheme to which—

- (a) paragraph (1) of regulation 14 applies, for subsection (1) there were substituted the following subsection—

“(1) This section applies where, in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme, the trustees or managers of the scheme—

- (a) make an application under subsection (1) of section 129 (“a section 129 application”) in relation to more than one employer in relation to that section of the scheme at a time when those employers are the only employers in relation to that section of the scheme, or

- (b) receive a notification from the Board under subsection (5)(a) of that section (“a section 129 notification”) in relation to more than one employer in relation that

section of the scheme at a time when those employers are the only employers in relation to that section of the scheme.”;

- (b) paragraph (2) of regulation 14 applies, for subsection (1) there were substituted the following subsection—

“(1) This section applies where, in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme, the trustees or managers of the scheme—

- (a) make an application under subsection (1) of section 129 (“a section 129 application”) in relation to one or more of the employers in relation to that section of the scheme at a time when an insolvency event has occurred in relation to all other employers in relation to that section of the scheme and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers, or
- (b) receive a notification from the Board under subsection (5)(a) of that section (“a section 129 notification”) in relation to one or more of the employers in relation to that section of the scheme at a time when an insolvency event has occurred in relation to all other employers in relation to that section of the scheme and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers.”.

(3) Section 129 of the Act (applications and notifications for the purposes of section 128) shall be modified so that it shall be read as if, in its application to a multi-employer section of a segregated scheme to which—

- (a) paragraph (1) of regulation 14 applies—

- (i) for subsection (1) there were substituted the following subsection—

“(1) Where the trustees or managers of a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme become aware that—

- (a) more than one employer in relation to that section of the scheme is unlikely to continue as a going concern at a time when those employers are the only employers in relation to that section of the scheme, and
- (b) the prescribed requirements are met in relation to those employers,

they must make an application to the Board for it to assume responsibility for the section under section 128.”;

- (ii) after subsection (1), there were inserted the following subsection—

“(1A) Where the trustees or managers of a multi-employer section of a segregated scheme make an application to the Board under subsection (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

- (iii) after subsection (5), there were inserted the following subsection—

“(5A) Where the trustees or managers of a section of a segregated scheme receive a notice from the Board under subsection (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.”;

- (b) paragraph (2) of regulation 14 applies—

- (i) for subsection (1) there were substituted the following subsection—

“(1) Where the trustees or managers of a multi-employer section of a segregated scheme which is, for the Purposes of this Part, an eligible scheme become aware that—

(a) one or more employers in relation to that section of the scheme is unlikely to continue as a going concern at a time when an insolvency event has occurred in relation to all other employers in relation to that section of the scheme and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers, and

(b) the prescribed requirements are met in relation to those employers,

they must make an application to the Board for it to assume responsibility for the section under section 128.”;

(ii) after subsection (1), there were inserted the following subsection—

“(1A) Where the trustees or managers of a multi-employer section of a segregated scheme make an application to the Board under subsection (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

(iii) after subsection (5), there were inserted the following subsection—

“(5A) Where the trustees or managers of a section of a segregated scheme receive a notice from the Board under subsection (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 section 129**

**18.** Section 130 of the Act (Board’s duty where application or notification received under section 129) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) after the words “a scheme rescue is not possible” in subsection (2), there were inserted the words “in relation to a multi-employer section of a segregated scheme”;

(b) after the words “a scheme rescue has occurred” in subsection (3), there were inserted the words “in relation to that section”;

(c) for the words “in relation to an occupational pension scheme” in paragraphs (a) and (b) of subsection (5), there were inserted the words “in relation to a multi-employer section of a segregated scheme”;

(d) after subsection (4), there were inserted the following subsection—

“(4A) Where the trustees or managers of a section of a segregated scheme receive a copy of a notice from the Board under subsection (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.”; and

(e) after subsection (7), there were inserted the following subsection—

“(7A) Where the trustees or managers of a section of a segregated scheme receive a notice from the Board under subsection (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**

**19.** Section 131 of the Act (protected liabilities) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, for subsection (1), there were substituted the following subsection—

“(1) For the purposes of this Chapter the protected liabilities, in relation to a multi-employer section of a segregated scheme 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 section which correspond to the compensation which would be payable, in relation to the section, in accordance with the pension compensation provisions (see section 162) if the Board assumed responsibility for the section in accordance with this Chapter,
- (b) a portion of the liabilities of the scheme as a whole as calculated in the Board’s valuation of the relevant section of the scheme under section 143, which are not liabilities to, or in respect of, members,
- (c) the estimated cost of winding up the section.”.

**Assessment periods**

**20.** Section 132 of the Act (assessment periods) shall be modified so that it shall be read as if, in its application to a multi-employer section of a segregated scheme to which—

- (a) paragraph (1) of regulation 14 applies—
  - (i) in subsection (2)—
    - (aa) for the words “in relation to an eligible scheme”, there were substituted the words “in relation to a multi-employer section of an eligible scheme which is, for the purposes of this Part, an eligible scheme”;
    - (bb) for the words “the employer” there were substituted the words “an employer”; and
    - (cc) after the words “an assessment period”, there were inserted the words “in relation to the section”; and
  - (ii) for the words “in relation to an eligible scheme, an application is made under section 129(1) or a notification is received under section 129(5)(a)” in subsection (4), there were substituted the words “in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme, an application is made under section 129(1) or a notification is received under section 129(5)(a) in respect of more than one employer at a time when those employers are the only employers in relation to that section of the scheme”; and
- (b) paragraph (2) of regulation 14 applies—
  - (i) in subsection (2)—
    - (aa) for the words “in relation to an eligible scheme”, there were substituted the words “in relation to a multi-employer section of an eligible scheme which is, for the purposes of this Part, an eligible scheme”;
    - (bb) for the words “the employer”, there were substituted the words “an employer”; and
    - (cc) after the words “as assessment period”, there were inserted the words “in relation to a multi-employer section of an eligible scheme”; and



- (ii) for the words “in relation to an eligible scheme, an application is made under section 129(1) or a notification is received under section 129(5(a))” in subsection (4), there were substituted the words “in relation to a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme, an application is made under section 129(1) or a notification is received under section 129(5(a)) in respect of one or more of the employers at a time when an insolvency event has occurred in relation to all other employers in relation to that section of the scheme and, where applicable, an insolvency practitioner is still required by law to be appointed to act in relation to each of those employers.”.

### **Directions**

**21.** Section 134 of the Act (directions) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) in subsection (2)—
  - (i) for the words “the scheme’s protected liabilities do not exceed its assets” there were substituted the words “the protected liabilities of the section do not exceed its assets”; and
  - (ii) for the words “in relation to the scheme” there were substituted the words “in relation to the segregated scheme in question”; and
- (b) for the words “the trustees or managers” in paragraph (a)(i) of subsection (3), there were substituted the words “any trustees or managers”.

### **Restrictions on winding up, discharge of liabilities etc and power to validate contraventions of section 135**

**22.—**(1) Section 135 of the Act (restrictions on winding up, discharge of liabilities etc) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, after subsection (2), there were inserted the following subsection—

“(2A) An employer in relation to a multi-employer section of a segregated scheme must not cease to participate in the scheme during an assessment period.”.

(2) Section 136 of the Act (power to validate contraventions of section 135) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) for the words “in relation to the employer, or if there is no such insolvency practitioner, the employer” in paragraph (d) of subsection (2), there were substituted the words “in relation to an employer, or if there is no such insolvency practitioner, that employer”; and
- (b) after subsection (2), there were inserted the following subsection—

“(2A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a notice from the Board under subsection (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.”.

### **Valuation of assets**

**23.—**(1) Section 143 of the Act (Board’s obligation to obtain valuation of assets and protected liabilities) shall be modified in its application to a multi-employer section of a segregated scheme to

which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, for the words “the scheme” in subsection (2), there were substituted the words “the relevant section of the scheme”.

(2) Section 144 of the Act (approval of valuation) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) for the words “obtains a valuation in respect of a scheme” in subsection (1), there were substituted the words “obtains a valuation in respect of the relevant section of the scheme”;
- (b) for the words “in relation to the employer or, if there is no such insolvency practitioner, the employer” in paragraph (b)(iii) of subsection (2), there were substituted the words “in relation to an employer or, if there is no such insolvency practitioner, that employer”;
- (c) after subsection (2), there were inserted the following subsection—

“(2A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a valuation from the Board under subsection (2), they must send a 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) Section 145 of the Act (binding valuations) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) for the words “in relation to a scheme” in subsection (2), there were substituted the words “in relation to the relevant section of the scheme”; and
- (b) for the words “in relation to the employer or, if there is no such insolvency practitioner, the employer” in paragraph (c) of subsection (3), there were substituted the words “in relation to an employer or, if there is no such insolvency practitioner, that employer”;
- (c) after subsection (3), there were inserted the following subsection—

“(3A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (3) together with a copy of a 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**

**24.**—(1) Section 146 of the Act (schemes which become eligible schemes) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) for subsection (1), there were substituted the following subsection—

“(1) Regulations may provide that where the Board is satisfied that any multi-employer section of a segregated scheme 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 subsection (2)—

- (i) for the words “a scheme”, there were substituted the words “a section of the scheme”;
- and

- (ii) for the words “in relation to the employer or, if there is no such insolvency practitioner, the employer” in paragraph (b)(iii), there were substituted the words “in relation to an employer or, if there is no such insolvency practitioner, that employer”;

- (c) after subsection (2), there were inserted the following subsection—

“(2A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a withdrawal notice from the Board under subsection (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.”;

- (d) for the words “in relation to the employer or, if there is no such insolvency practitioner, the employer” in paragraph (c) of subsection (4), there were substituted the words “in relation to an employer or, if there is no such insolvency practitioner, that employer”; and
- (e) after subsection (4), there were inserted the following subsection—

“(4A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (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) Section 147 of the Act (new schemes created to replace existing schemes) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

- (a) for subsection (1), there were substituted the following subsection—

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

- (a) the new section was established during such period as may be prescribed,
  - (b) an employer in relation to the new section was, at the date of establishment of that section, also the employer in relation to another scheme (“the old scheme”) or another section of the scheme (“the old section”) established before the new section,
  - (c) a transfer or transfers of, or a transfer payment or transfer payments in respect of, any rights of members under the old scheme or the old section has or have been made to the new section, and
  - (d) the main purpose or one of the main purposes of establishing the new section 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 section 146 would have operated to prevent such payments in respect of their rights under the old scheme or the old section.”;
- (b) for the words “in relation to the employer or, if there is no such insolvency practitioner, the employer” in paragraph (b)(iii) of subsection (2), there were substituted the words “in relation to an employer or, if there is no such insolvency practitioner, that employer”;
  - (c) after subsection (2), there were inserted the following subsection—

“(2A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a withdrawal notice from the Board under subsection (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.”;

- (d) for the words in relation to the employer or, if there is no such insolvency practitioner, the employer” in paragraph (c) of subsection (4), there were substituted the words “in relation to an employer or, if there is no such insolvency practitioner, that employer”; and
- (e) after subsection (4), there were inserted the following subsection—

“(4A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (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) Section 148 of the Act (withdrawal following issue of section 122(4) notice) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) for the words “the employer” in paragraph (c) of subsection (5), there were substituted the words “any employer”;

(b) after subsection (5), there were inserted the following subsection—

“(5A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a withdrawal notice issued by the Board under this section, 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) for the words “the employer” in paragraph (c) of subsection (7), there were substituted the words “any employer”; and

(d) after subsection (7), there were inserted the following subsection—

“(7A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (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, closed schemes and requirement to wind up schemes with sufficient assets to meet protected liabilities**

**25.**—(1) Section 151 of the Act (application for reconsideration) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, in the definition of “protected benefits quotation” in subsection (8), for the words from ““protected benefits quotation” in relation to a scheme means” to the words “from the reconsideration time” there were substituted the following words—

““protected benefits quotation”, in relation to a 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 section from the trustees or managers of the scheme, which would provide in respect of each member of the section from the reconsideration time—”.

(2) Section 152 of the Act (duty to assume responsibility following reconsideration) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) for subsection (2), there were substituted the following subsection—

“(2) The Board must assume responsibility in accordance with this Chapter for a multi-employer section of a segregated scheme if it is satisfied that the value of the assets of the section 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 valuation of the relevant section of the scheme referred

to in subsection (4) of section 151, which are not liabilities to, or in respect of, members of the scheme,

(c) the estimated costs of winding up the section at that time.”;

(b) after subsection (3), there were inserted the following subsection—

“(3A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a determination notice from the Board under subsection (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

(c) after subsection (7), there were inserted the following subsection—

“(7A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (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.”.

(3) Section 153 of the Act (closed schemes) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) for the words “a closed scheme” in subsection (2), there were substituted the words “a closed section of the scheme”;

(b) for the words “a closed scheme” in subsection (5), there were substituted the words “a closed section of the scheme”; and

(c) after subsection (6), there were inserted the following subsection—

“(6A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a copy of a determination notice from the Board under subsection (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.”.

(4) Section 154 of the Act (requirement to wind up schemes with sufficient assets to meet protected liabilities) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) for the words “(scheme rescue not possible but scheme has sufficient assets to meet the protected liabilities)” in paragraph (a) of subsection (2), there were substituted the words “(scheme rescue not possible in relation to a multi-employer section of a segregated scheme but section has sufficient assets to meet the protected liabilities)”;

(b) for the words “scheme is wound up” in subsection (6), there were substituted the words “a multi-employer section of a segregated scheme is wound up”;

(c) for the words “winding up of a scheme” in subsection (11), there shall be substituted the words “winding up of a multi-employer section of a segregated scheme”; and

(d) for the words “in relation to a scheme” in subsection (12), there were substituted the words “in relation to a multi-employer section of a segregated scheme”.

(5) Section 155 of the Act (treatment of closed schemes) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, for subsection (1), there were substituted the following subsection—

“(1) In this section “closed scheme” means a multi-employer section of a segregated scheme which is, for the purposes of this Part, an eligible scheme which is authorised under section 153 to continue as a closed section of the scheme.”.

(6) Section 157 of the Act (applications and notifications where closed schemes have sufficient assets) shall be modified in its application to a multi-employer section of a segregated scheme to

which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, after subsection (4), there were inserted the following subsection—

“(4A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a notice from the Board under subsection (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**

**26.**—(1) Section 160 of the Act (transfer notice) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) for the words “required to assume responsibility for a scheme” in subsection (1), there were substituted the words “required to assume responsibility for a multi-employer section of a segregated scheme”;

(b) after subsection (2) there were inserted the following subsection—

“(2A) Where the trustees or managers of a multi-employer section of a segregated scheme receive a transfer notice from the Board under subsection (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) for subsection (6) there were substituted the following subsection—

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

(a) the Regulator, and

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

(2) Section 161 of the Act (effect of Board assuming responsibility for a scheme) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if—

(a) after the word “obligations” in paragraph (a) of subsection (2), there were inserted the words “to or in respect of members of that section”; and

(b) after the words “to or in respect of persons” in paragraph (a) of subsection (4), there were inserted the words “who are or were members of that section”.

(3) Paragraph 1 of Schedule 6 to the Act (transfer of property, rights and liabilities to the Board) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, for the words “an occupational pension scheme”, there were substituted the words “a multi-employer section of a segregated multi-employer scheme”.

### **The pension compensation provisions**

**27.**—(1) Section 162 of the Act (the pension compensation provisions) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that subsection (1) shall be read as if—

(a) for the words “in relation to a scheme”, there were substituted the words “in relation to a multi-employer section of a segregated scheme”;

(b) after the word “members” in paragraphs (a) and (b), there were added the words “of that section”;

(c) after the word “payable” in paragraph (c), there were added the words “to or in respect of members of that section”;

(d) at the end of paragraph (d), there were added the words “payable to or in respect of members of that section”.

(2) Section 163 of the Act (adjustments to be made where the Board assumes responsibility for a scheme) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, after the words “to any member” in paragraph (a) of subsection (2), there were inserted the words “of that section”.

(3) Section 166 of the Act (duty to pay scheme benefits unpaid at assessment date etc) shall be modified in its application to a multi-employer section of a segregated scheme to which paragraph (1) or (2) of regulation 14 applies so that it shall be read as if, for the words “assumes responsibility for a scheme” in subsection (1), there were substituted the words “assumes responsibility for a multi-employer section of a segregated scheme”.