SCHEDULE 4

Methods of securing shortfall in cases of serious underprovision

Preliminary

1.—(1) In this Schedule—

"relevant institution" means—

(a) an institution authorised under the Banking Act 1987(**1**);

(b) a building society incorporated under the Building Societies Act 1986(**2**);

(c) a European deposit-taker within the meaning of regulation 82(3) of the Banking Coordination (Second Council Directive) Regulations 1992(**3**);

"Article 60 shortfall", in relation to a scheme, means the increase in the value of the scheme assets required by Article 60(2) as the result of a serious shortfall valuation, less any payment made to the trustees or managers by or on behalf of the employer since the valuation to secure the whole or part of that increase;

"Article 75(1) shortfall", in relation to a scheme, means so much of the amount treated by Article 75(1) as a debt due from the employer to the trustees or managers at the applicable time (as defined in Article 75(3)) as is attributable to the value of the scheme assets falling short of the amount of the scheme liabilities by more than 10 per cent;

"the shortfall period", in relation to a scheme, means the period beginning with the signing of a serious shortfall valuation for the scheme and ending with the signing of a minimum funding valuation which is not a serious shortfall valuation.

(2) If, in the case of a scheme in relation to which there is more than one employer, an amount is secured by one of the employers, or by 2 or more acting jointly (but not by all of the employers), in a manner specified in paragraph 2, 3 or 4, references in this Schedule to a relevant insolvency event occurring in relation to the employer are references to such an event occurring in relation to that employer, or, as the case may be, to one of the employers who are acting jointly, and not to such an event occurring in relation to any of the other employers.

(**1**) 1987 c. 22
(**2**) 1986 c. 53
(**3**) S.I.1992/3218