EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement the new authorisation and supervisory regime for Master Trust pension schemes under the provisions of the Pension Schemes Act (Northern Ireland) 2021 ("the Act").

Regulation 3 sets out when one employer is treated as connected with another employer for the purpose of section 1(3)(b) of the Act.

Regulation 4 sets out the information to be included in a Master Trust scheme's application for authorisation by the Pensions Regulator ("the Regulator") under section 4 of the Act, and specifies the application fee payable to the Regulator.

Regulation 5 introduces Schedule 1, which sets out the matters that the Regulator must take into account in assessing whether a person involved in a Master Trust scheme is a fit and proper person.

Regulation 6 introduces Schedule 2, which sets out the matters that the Regulator must take into account in deciding whether it is satisfied that a Master Trust scheme is financially sustainable.

Regulation 7 and Schedule 3 contain requirements in relation to the business plan which a Master Trust scheme must submit to the Regulator under section 9 of the Act.

Regulation 8 sets out the requirements on scheme funders which are applying for exemption from the requirement, in section 10(3) of the Act, that they should only carry out activities that relate directly to Master Trust schemes that they are, or will be, funding.

Regulation 9 contains requirements in respect of a scheme funder's accounts and auditing, and requirements in respect of any undertaking funding a scheme funder.

Regulation 10 introduces Schedule 4, which sets out the matters that the Regulator must take into account in deciding whether it is satisfied that the systems and processes used in running a Master Trust scheme are sufficient to ensure that it is run effectively.

Regulation 11 contains requirements in respect of the section of a Master Trust scheme's continuity strategy which sets out the levels of administration charges imposed by the scheme. (The continuity strategy is a document addressing how members' interests will be protected if a triggering event occurs in relation to the scheme.)

Regulation 12 specifies the information which the continuity strategy must contain, and how it must be prepared.

Regulation 13 sets out the information which the Regulator may require to be included in the supervisory return (a document which it may require schemes to submit in writing).

Regulation 14 lists the significant events in relation to the scheme which must be notified to the Regulator.

Regulation 15 sets out the fixed and escalating penalties that the Regulator can impose on a person that has not complied with a request for information.

Regulation 16 contains the matters which the trustees of a scheme must notify to employers who use the scheme when a triggering event occurs in relation to the scheme.

Regulation 17 sets the deadlines for a scheme's implementation strategy to be submitted when it requires approval by the Regulator (the implementation strategy is a document setting out how members' interests are to be protected after a triggering event has occurred in relation to the scheme).

Regulation 18 states how a scheme's administration charges must be calculated and set out in the implementation strategy.

Regulation 19 stipulates what a scheme's implementation strategy must contain and how it must be prepared and made available to employers.

Regulation 20 introduces Schedule 5, which sets out the procedure to be followed when a triggering event has occurred and the scheme's trustees are pursuing continuity option 1, under which members' accrued rights and benefits are transferred out of the scheme and the scheme is wound up.

Regulation 21 prescribes the deadline for a scheme's trustees to notify the Regulator when they believe that a triggering event has been resolved.

Regulation 22 prescribes the deadline for a scheme's trustees to submit their first periodic report to the Regulator during a triggering event period, and specifies the information which reports must contain in addition to that required by the Act.

Regulation 23 modifies various Articles of the Pensions (Northern Ireland) Order 2005 on fraud compensation, as they apply to Master Trust schemes or other schemes to which Part 1 of the Act applies. Consequential modifications are also made to the Occupational Pension Schemes (Fraud Compensation Payments and Miscellaneous Amendments) Regulations (Northern Ireland) 2005.

Regulation 24 modifies section 95 of the Pension Schemes (Northern Ireland) Act 1993 (trustees' duties) as it applies to a Master Trust scheme in respect of which the Regulator has made a pause order under section 31 of the Act. Consequential modifications are also made to the Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996.

Regulation 25 sets out the types of costs that must not be included in the administration charges that apply in relation to the members of a Master Trust.

Regulation 26 provides that the authorisation and regulatory regime in Part 1 of the Act does not apply to hybrid schemes whose membership is limited to members or former members of a statutory pension scheme and which are closed to new members.

Regulation 27 provides that the regime in Part 1 of the Act does not apply to schemes whose only member is employed by 2 or more employers; to small self-administered schemes; or to schemes where the only money purchase benefits provided are those attributable to additional voluntary contributions made by non-money purchase members or to transfers from other schemes in respect of those members.

Regulation 28 modifies Part 1 of the Act to disapply certain requirements relating to scheme funders in respect of existing hybrid schemes which have more than one scheme funder, each of which is a participating employer.

Regulation 29 provides that 2 or more pension schemes under common control are treated as a single Master Trust scheme for the purposes of Part 1 of the Act if they are money purchase or hybrid schemes, each of which is used by one employer or multiple connected employers, or if they comprise a Master Trust scheme and its associated decumulation-only scheme.

Regulation 30 amends the Companies Act 2006 to exclude scheme funders of Master Trust schemes from the less stringent regime available to small and medium-sized companies, and certain subsidiaries, under that Act.

Regulation 31 amends the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 to exclude scheme funders which are limited liability partnerships from the less stringent regime available to small and medium-sized LLPs, and certain subsidiaries, under those Regulations.

Regulation 32 amends the Overseas Companies Regulations 2009 to exclude scheme funders of Master Trust schemes which are registered outside the UK from the less stringent accounting requirements which would otherwise apply to such overseas companies.

The Pension Schemes (2021 Act) (Commencement No. 2) Order (Northern Ireland) 2022 (S.R. 2022 No. 110 (C. 13)) provides for the coming into operation of Part 1 of the Act, in so far as not already in operation, which contains some of the enabling provisions under which these Regulations are made, for the purpose only of authorising the making of regulations on 16th March 2022, and for all other purposes on 6th April 2022.

An assessment of the impact of this legislation is included in the Regulatory Impact Assessment which accompanied the Act, a copy of which has been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Assessment are available from the Department for Communities, Social Security Policy, Legislation and Decision Making Services, Level 6, Causeway Exchange, 1-7 Bedford Street, Belfast BT2 7EG or from the website: https://www.communities-ni.gov.uk/articles/pension-information.