
SCOTTISH STATUTORY INSTRUMENTS

2010 No. 233

The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010

Investment managers

Definition of “investment manager”

7. For the purposes of regulations 8 to 10, an “investment manager” is—
- (a) someone who has permission under Part 4 of the 2000 Act (permission to carry on regulated activities) to manage investments and may lawfully manage the assets of occupational pension schemes;
 - (b) an EEA firm of the kind mentioned in sub-paragraph (a), (b) or (c) of paragraph 5 of Schedule 3 to that Act⁽¹⁾ (EEA passport rights), which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to manage investments and lawfully manage the assets of occupational pension schemes; or
 - (c) a person—
 - (i) who does not carry on regulated activities (within the meaning of the 2000 Act) from a permanent place of business maintained by that person in the United Kingdom;
 - (ii) whose head office is situated in an EEA State (within the meaning of the 2000 Act) other than the United Kingdom;
 - (iii) who is recognised by the law of that EEA State as a national of that or another EEA State;
 - (iv) who is authorised under that law to carry on one or more regulated activities (within the meaning of the 2000 Act); and
 - (v) who is not prevented by that law from managing the assets of occupational pension schemes or assets belonging to another person.

Choice of investment managers

8.—(1) Instead of managing and investing fund money for itself, an administering authority may appoint one or more investment managers to manage and invest fund money, or any part of such money, on its behalf.

(2) But the authority may only appoint an investment manager if the authority complies with paragraphs (3) to (6).

(3) The authority must reasonably believe that the investment manager’s ability in and practical experience of financial matters makes that investment manager suitably qualified to make investment decisions for it.

(4) The investment manager must not be an employee of the authority.

(1) Amended by [S.I. 2003/1473](#), [S.I. 2006/3221](#) and [S.I. 2007/126](#).

- (5) The authority must be satisfied—
 - (a) that the fund, or the relevant part of it, is managed by an adequate number of investment managers; and
 - (b) that where there is more than one investment manager, the value of fund money to be managed by any one of them will not be disproportionate in comparison with the value of fund money managed by other investment managers.
- (6) The authority must have taken proper advice in relation to the appointment.

Terms of appointment of investment managers

- 9.—(1) An investment manager must be appointed on the terms set out in paragraphs (2) to (7).
- (2) The administering authority must be able to terminate the appointment by giving not more than one month's notice.
- (3) The investment manager must report to the authority at least once every three months on the action the investment manager has taken on behalf of the authority.
- (4) The investment manager must comply with all of the authority's instructions, except in circumstances permitted by the investment manager's terms of appointment.
- (5) In managing the fund the investment manager must take into account—
 - (a) that fund money must be invested in a wide variety of investments;
 - (b) the suitability for the fund of particular types of investment, or of any particular investment; and
 - (c) the administering authority's statement of investment principles.
- (6) But paragraph (5)(a) does not apply where the investment manager only manages part of the fund and the terms of the investment manager's appointment provide that it does not apply.
- (7) The investment manager must not make investments which would contravene the authority's statement of investment principles or regulation 14.
- (8) In determining the investment manager's terms of appointment, the authority must take proper advice.

Review of investment manager's performance

- 10.—(1) Where an administering authority has appointed an investment manager it must keep the investment manager's performance under review.
- (2) At least once every three months the authority must review the investments which the investment manager has made for the fund and any other action that has been taken by the manager in relation to it.
- (3) Periodically the authority must consider whether or not to retain the investment manager.
- (4) In reviewing an investment manager's decisions and appointment, the authority must take proper advice—
 - (a) if regulation 9(5)(a) applies, about the variety of investments the investment manager has made; and
 - (b) about the suitability of those investments for the fund generally and as investments of their type.