

SCHEDULE 6

Regulation 29

Continuity Option 1: transfer out and winding up

Definitions

1.—(1) In this Schedule—

“arrangement” has the meaning given in section 152 of the Finance Act 2004⁽¹⁾;

“beneficiary” in relation to the collective money purchase scheme means—

- (a) a member of the scheme, or
- (b) a person who has survived a member of the scheme and has an entitlement to benefits, or a right to future benefits, under the scheme rules in respect of the member;

“default arrangement” has the meaning given in regulation 3 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015⁽²⁾;

“default discharge option” means the way the trustees propose to discharge the scheme’s liability to a beneficiary in respect of the beneficiary’s accrued rights to benefits under the scheme, unless the beneficiary specifies otherwise in accordance with paragraph 14;

“discharge time” in relation to a beneficiary under the scheme means the time that the scheme’s liability to the beneficiary in respect of the value of the beneficiary’s accrued rights to benefits under the scheme is discharged;

“final quantification” means the final quantification carried out immediately prior to the discharge time, in accordance with paragraph 5(1)(f);

“income withdrawal” has the meaning given in paragraph 7 of Schedule 28 to the Finance Act 2004⁽³⁾;

“initial quantification” means the initial quantification carried out in accordance with paragraph 5(1)(c);

“member’s flexi-access drawdown fund” has the meaning given in paragraph 8A of Schedule 28 to the Finance Act 2004⁽⁴⁾;

“pensioner beneficiary”, in relation to the collective money purchase scheme, means a person who is entitled to the present payment of pension or other benefits under the scheme;

“penultimate quantification” means the quantification carried out not less than one month before the proposed discharge time, in accordance with paragraph 5(1)(e);

“periodic income” means a payment made by a scheme under paragraph 7, which is not the payment of a benefit (including pension) under the scheme;

“quantification” means the quantification of the amount that represents the value of each beneficiary’s accrued rights to benefits under the scheme;

“winding-up commencement time” means the time, determined in accordance with these Regulations and the scheme rules, that winding-up is taken to begin for the purposes of continuity option 1;

“winding-up period” means the period beginning with the winding-up commencement time and ending when the winding-up of the scheme is completed;

(1) 2004 c. 12. Section 152 was amended by paragraphs 1 and 2 of Schedule 5 to the Finance Act 2021 (c. 26).

(2) S.I. 2015/879. Regulation 3 was amended by S.I. 2015/889.

(3) Paragraph 7 was substituted by paragraphs 2 and 5 of Schedule 16 to the Finance Act 2011 (c. 11) and amended by section 1 and paragraphs 5 and 19 of Schedule 1 to the Taxation of Pensions Act 2014 (c. 39).

(4) Paragraph 8A was inserted by section 1 of and paragraph 3 of Schedule 1 to the Taxation of Pensions Act 2014 (c. 39).

“winding-up quantification” means the quantification carried out after the Regulator notifies the trustees that the implementation strategy is approved, in accordance with paragraph 5(1)(d).

- (2) Notices given under this Schedule must be sent—
 - (a) in writing, by post or email;
 - (b) to the addressee’s last known address; and
 - (c) in accordance with any further requirements set out in a Code.
- (3) For the purposes of sub-paragraph (2), a person’s email address is—
 - (a) any email address provided for the time being by that person as an address for contacting that person; or
 - (b) if no such address has been provided, any email address by means of which the sender reasonably believes that the notice will come to the attention of that person or (where that person is a body corporate) any director or other officer of that body corporate.
- (4) A notice under this Schedule sent to a person by email is taken to have been received by that person 48 hours after it is sent.

Alternative ways of discharging the scheme’s liability

2.—(1) For the purposes of section 36(2)(b) of the Act (continuity option 1: discharge of liabilities and winding up), the ways of discharging a collective money purchase scheme’s liability to each beneficiary in respect of the beneficiary’s accrued rights to benefits under the scheme (the “transferring scheme”) are—

- (a) transferring the value of those rights to an occupational pension scheme (the “receiving scheme”) where an employer in relation to the transferring scheme is or is connected with a controlling employer or a principal employer of the receiving scheme;
- (b) transferring the value of those rights to a member’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the beneficiary to income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.).

(2) For the purposes of section 36(2)(c) of the Act, the way of discharging a collective money purchase scheme’s liability to each beneficiary in respect of the beneficiary’s accrued rights to benefits under the scheme is securing the payment of benefits by the purchase of one or more policies from one or more insurers authorised by the Financial Conduct Authority for carrying on long-term insurance business in the United Kingdom.

(3) In this paragraph—

“controlling employer” in relation to a scheme is the employer that has the power to act on behalf of all employers in the scheme in relation to the scheme rules;

“principal employer” in relation to a scheme is the principal employer for the purposes of the scheme in accordance with the scheme rules.

Requirements of rules of scheme

3.—(1) The rules of a collective money purchase scheme must make provision about how continuity option 1 is to be given effect in the event that the trustees are required or decide to pursue continuity option 1.

(2) The rules must include the following—

- (a) the time when the winding-up is to be taken to begin for the purposes of continuity option 1, taking account of the requirements of paragraph 4;
 - (b) how the value of the available assets of the scheme is to be determined;
 - (c) how the amount that represents the value of each beneficiary's accrued rights to benefits under the scheme is to be quantified for the purposes of the initial quantification, the winding-up quantification and any subsequent quantification (including the penultimate quantification) carried out prior to the final quantification;
 - (d) how the amount that represents the value of each beneficiary's accrued rights to benefits under the scheme is to be quantified for the purposes of the final quantification;
 - (e) how the amount or rate of periodic income payable during the winding-up period is to be calculated and adjusted from time to time.
- (3) Rules for determining how the amount that represents the value of each beneficiary's accrued rights to benefits under the scheme is to be quantified must apply to all beneficiaries of the scheme without variation.

Winding-up commencement time

4.—(1) Where the trustees of a collective money purchase scheme are required to pursue continuity option 1 because a triggering event which is an item 1 or 2 triggering event has occurred in relation to the scheme, the winding-up commencement time must be on the date the decision to withdraw authorisation becomes final for the purposes of Part 1 of the Act (collective money purchase benefits).

(2) Where the trustees of a collective money purchase scheme are required to pursue continuity option 1 because a triggering event which is an item 3 triggering event has occurred in relation to the scheme, the winding-up commencement time must be on the date on which the Regulator gives a notification under section 7(3) of the Act (authorisation of collective money purchase schemes).

(3) Subject to sub-paragraphs (1) and (2), the winding-up commencement time shall be determined in accordance with subsections (3A) to (3D) of section 124 of the 1995 Act⁽⁵⁾ (Interpretation of Part 1).

Quantification of the value of beneficiaries' accrued rights to benefits

5.—(1) The quantification of the value of each beneficiary's accrued rights to benefits under the scheme must be carried out—

- (a) in accordance with these Regulations and with the scheme rules;
- (b) on an actuarial basis;
- (c) as an initial estimate before the end of 28 days beginning with the date of the winding-up commencement time;
- (d) as a subsequent estimate within the period of six months beginning with the date on which the Regulator notifies the trustees that the implementation strategy is approved;
- (e) as a final estimate not less than one month before the proposed discharge time; and
- (f) as a final figure immediately prior to the discharge time in relation to the beneficiary.

(2) The quantification must be carried out by reference to the realisable value of the available assets of the scheme.

⁽⁵⁾ Subsections (3A) to (3D) were inserted by section 49(2) of the Child Support, Pensions and Social Security Act 2000 (c. 19) and amended by paragraphs 34 and 69 of Schedule 12 to the 2004 Act.

(3) The amount that represents the value of a beneficiary’s accrued rights to benefits under the scheme for the purposes of the final quantification must be reduced to take account of any periodic income received by that beneficiary in accordance with paragraph 7.

Winding-up period

6.—(1) Subject to sub-paragraph (5), no new members may be admitted to the scheme during the winding-up period.

(2) No further contributions by or on behalf or in respect of members of the scheme may be paid towards the scheme (other than those due to be paid before the beginning of the winding-up period) during the winding-up period.

(3) No benefits may accrue to or in respect of members of the scheme during the winding-up period.

(4) Subject to sub-paragraph (6), no pension or other benefits may be paid by the scheme to or in respect of beneficiaries during the winding-up period.

(5) Where a person is entitled to a pension credit derived from another person’s shareable rights under the scheme nothing in this Schedule prevents the trustees of the scheme discharging their liability in respect of the credit under Chapter 1 of Part 4 of the Welfare Reform and Pensions Act 1999⁽⁶⁾ (sharing of rights under pension arrangements) by conferring appropriate rights under the scheme on that person.

(6) Nothing in this Schedule prevents the exercise of any right or power conferred by Chapter 2 of Part 4ZA of the 1993 Act⁽⁷⁾ (early leavers: cash transfer sums and contribution refunds) or the discharge of any duty imposed by that Chapter.

(7) The requirements mentioned in sub-paragraph (8) cease to apply during the winding-up period and the trustees are discharged from any liability to carry out these requirements in respect of the winding-up period.

(8) The requirements are—

- (a) obtaining actuarial valuations in accordance with section 20 of the Act (actuarial valuations);
- (b) determining the rate or amount of benefits under the scheme, under scheme rules in accordance with section 18 of the Act (calculation of benefits); and
- (c) providing qualifying benefits including the payment of a pension or other benefits under the scheme, as provided for in section 3 of the Act (qualifying schemes).

(9) In sub-paragraph (5)—

“appropriate rights” has the same meaning as in paragraph 5 of Schedule 5 to the Welfare Reform and Pensions Act 1999 (pension credits: mode of discharge);

“shareable rights” has the meaning given in section 27(2) of that Act (scope of mechanism).

Periodic income

7.—(1) Where a person was a pensioner beneficiary of the scheme immediately prior to the beginning of the winding-up period, or would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule, the trustees must pay that person a periodic income under and in accordance with this paragraph.

⁽⁶⁾ 1999 c. 30.

⁽⁷⁾ Chapter 2 of Part 4ZA was inserted by section 264 of the 2004 Act and its heading was substituted by paragraphs 3 and 4 of Schedule 4 to the Pension Schemes Act 2015 (c. 8).

(2) A payment of periodic income by a scheme under this paragraph is not a payment of benefits (including pension) under the scheme.

(3) The periodic income is payable to a person who was a pensioner beneficiary of the scheme immediately prior to the beginning of the winding-up period during the period beginning with the date of the winding-up commencement time and continuing until the earlier of the date of the discharge time in relation to that person or the date that person would otherwise have ceased to be a pensioner beneficiary.

(4) The periodic income is payable to a person who would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule during the period beginning with the date that person would have become a pensioner beneficiary and continuing until the earlier of the date of the discharge time in relation to that person or the date that person would otherwise have ceased to be a pensioner beneficiary.

(5) In the case of a person who was a pensioner beneficiary immediately prior to the beginning of the winding-up period, payments of periodic income before the initial quantification has been carried out must be made—

- (a) on the same date that a payment of pension would have been due to be made to that person had the winding-up of the scheme not commenced; and
- (b) at the same rate or amount as the last payment of pension made to that person before the beginning of the winding-up period.

(6) In the case of a person who would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule, payments of periodic income before the initial quantification has been carried out must—

- (a) be made on the same date that a payment of pension would have been due to be made to that person had the winding-up of the scheme not commenced; and
- (b) be calculated by reference to the last actuarial valuation carried out before the beginning of the winding-up period.

(7) After the initial quantification has been carried out, the amount or rate of the periodic income payable to a person must—

- (a) be calculated by reference to the amount that represents the value of the person's accrued rights to benefits under the scheme;
- (b) until the winding-up quantification has been carried out, be calculated and paid on the basis of the initial estimate;
- (c) after the winding-up quantification has been carried out, be calculated and paid on the basis of the latest of the winding-up quantification or any subsequent quantification;
- (d) be adjusted from time to time to take account of any subsequent quantification carried out up to and including the penultimate quantification.

Information about periodic income

8.—(1) The information mentioned in sub-paragraph (2) must be given in accordance with the provisions of this paragraph to each person who was a pensioner beneficiary of the scheme immediately prior to the beginning of the winding-up period and to each person who would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule.

(2) The information is—

- (a) that during the winding-up period pensions and other benefits cease to be payable under the scheme and instead the scheme must make payments of periodic income to persons who were and to persons who would have become pensioner beneficiaries;
 - (b) when payment of the periodic income to the person will commence or, if a payment of periodic income has already been made, when the payments commenced;
 - (c) an explanation that payment of the periodic income from the scheme will cease at the earlier of the date of the discharge time in relation to the person or the date the person would otherwise have ceased to be a pensioner beneficiary;
 - (d) details of when and how the periodic income is to be or is being paid;
 - (e) the amount that the person's periodic income will be following the initial quantification, where this is known;
 - (f) an explanation of how the amount of the periodic income is calculated;
 - (g) that the amount may be adjusted during the winding-up period, and that the amount may reduce following an adjustment;
 - (h) how and when notice of any adjustment will be given to the person;
 - (i) that the value of the person's accrued rights to benefits under the scheme at the discharge time will be reduced to take account of the periodic income payments made to the person during the winding-up period.
- (3) In the case of a person who was a pensioner beneficiary under the scheme immediately prior to the beginning of the winding-up period, the information must be given as soon as practical and in any event no more than one month after the date of the winding-up commencement time.
- (4) In the case of a person who would have become a pensioner beneficiary under the scheme during the winding-up period but for the provisions of this Schedule, the information must be given as soon as practical and in any event no more than one month after the date the person would have become a pensioner beneficiary.

Scheme to continue to be a CMPS during winding-up

9.—(1) A “collective money purchase scheme” for the purposes of Part 1 of the Act (collective money purchase benefits) includes a scheme or section of a scheme during the winding-up period where the scheme or section was a collective money purchase scheme immediately before the winding-up commencement time.

(2) Sub-paragraph (1) applies irrespective of the fact that in accordance with the requirements of this Schedule the scheme or section has, during the winding-up period—

- (a) ceased to make payments of benefits including payments of pension under the scheme; and
- (b) commenced payments of periodic income under paragraph 7(1).

Trustees' notice to employers

10.—(1) The trustees of a collective money purchase scheme that is pursuing continuity option 1 must send a notice to each employer and relevant former employer in relation to the scheme containing the information mentioned in sub-paragraph (2), in accordance with sub-paragraph (3).

(2) The information is—

- (a) details of the default discharge options identified in respect of beneficiaries and details of which option will apply to different descriptions of beneficiary including the name of any scheme which has been identified as a default discharge option for beneficiaries of the scheme;

- (b) that if a beneficiary does not specify an alternative in accordance with the requirements of this Schedule, the scheme's liability to the beneficiary will be discharged in accordance with the relevant default discharge option;
 - (c) the beneficiary's rights under Chapter 2 of Part 4ZA of the 1993 Act (early leavers: cash transfer sums and contribution refunds);
 - (d) the timetable for future communication with beneficiaries and employers;
 - (e) that the notice is for information only.
- (3) A notice under this paragraph must be sent before the end of 14 days beginning with—
- (a) the date on which the trustees identify the default discharge options; or
 - (b) if later, the date on which the Regulator notifies the trustees that the implementation strategy is approved.

Notification to receiving scheme

11.—(1) The trustees of a collective money purchase scheme that is pursuing continuity option 1 must send a notice to the trustees or managers of any occupational pension scheme to which they propose to transfer the value of beneficiaries' accrued rights to benefits under the scheme under a default discharge option, the trustees or managers of which are able and willing to accept the transfer.

(2) The notice sent under this paragraph must state that the scheme has been selected as a default discharge option for the purposes of section 36 of the Act (continuity option 1: discharge of liabilities and winding up), for the transfer of the value of beneficiaries' accrued rights to benefits.

- (3) The notice must be sent before the end of 14 days beginning with—
- (a) the date on which the trustees identify the scheme as a default discharge option for those purposes; or
 - (b) if later, the date on which the Regulator notifies the trustees that the implementation strategy is approved.

Trustees' first notice to beneficiaries in respect of discharge options

12.—(1) The trustees of a collective money purchase scheme that is pursuing continuity option 1 must send a notice to each beneficiary of the scheme containing the information mentioned in sub-paragraph (2), in accordance with sub-paragraph (3).

- (2) The information is—
- (a) details of the default discharge option for the beneficiary;
 - (b) where the beneficiary can obtain information and guidance about the default discharge option;
 - (c) details of the beneficiary's right to choose whether the value of the beneficiary's accrued rights to benefits under the scheme are discharged by—
 - (i) the default discharge option proposed by the trustees; or
 - (ii) an alternative option specified by the beneficiary;
 - (d) details of the alternative options available to the beneficiary in accordance with paragraph 14(2);
 - (e) details of the beneficiary's rights under Chapter 2 of Part 4ZA of the 1993 Act (early leavers: cash transfer sums and contribution refunds);
 - (f) next steps and the timetable for future communications with the beneficiary.

- (3) A notice under this paragraph must be sent before the end of 14 days beginning with—
- (a) the date on which the trustees identify the default discharge option in relation to the beneficiary; or
 - (b) if later, the date on which the Regulator notifies the trustees that the implementation strategy is approved.

Trustees' second notice to beneficiaries in respect of discharge options

13.—(1) The trustees of a collective money purchase scheme that is pursuing continuity option 1 must send a second notice to each beneficiary of the scheme containing the information mentioned in sub-paragraph (2), in accordance with sub-paragraph (3).

- (2) The information is—
- (a) the proposed discharge time;
 - (b) an estimate of the amount that represents the value of the beneficiary's accrued rights to benefits under the scheme based on the latest quantification in relation to the beneficiary;
 - (c) details of the default discharge option for the beneficiary including the nature of the arrangement it is proposed will be used to discharge the scheme's liability to the beneficiary and the name of the scheme or insurers the trustees propose to use;
 - (d) that the scheme's liability to the beneficiary in respect of the value of the beneficiary's accrued rights to benefits under the scheme will be discharged by the default discharge option unless the beneficiary specifies otherwise;
 - (e) where the beneficiary can obtain information and guidance about the default discharge option;
 - (f) details of the beneficiary's right to choose whether the value of the beneficiary's accrued rights to benefits under the scheme are discharged by—
 - (i) the default discharge option proposed by the trustees; or
 - (ii) an alternative option specified by the beneficiary;
 - (g) the requirement for a beneficiary who wishes to specify an alternative option to send the trustees of the collective money purchase scheme a notice in accordance with paragraph 14;
 - (h) details of the alternative options available to the beneficiary in accordance with paragraph 14(2);
 - (i) details of the beneficiary's rights under Chapter 2 of Part 4ZA of the 1993 Act (early leavers: cash transfer sums and contribution refunds);
 - (j) details of where the beneficiary can obtain information and guidance about the alternative options available to the beneficiary;
 - (k) next steps and the timetable for future communications with beneficiaries.

(3) A notice under this paragraph must be sent before the end of the period of one month beginning with the date on which the winding-up quantification was completed.

Beneficiaries' response to trustees

14.—(1) A beneficiary who has received notice from the trustees under paragraph 13 may give notice to the trustees requiring them to discharge the scheme's liability to the beneficiary in respect of the value of the beneficiary's accrued rights to benefits under the scheme—

- (a) in the way set out in the default discharge option; or

- (b) in an alternative way specified by the beneficiary.
- (2) The alternative ways which may be specified by the beneficiary are—
 - (a) transferring the value of the beneficiaries' accrued rights to benefits under the scheme to an authorised collective money purchase scheme or an authorised Master Trust scheme;
 - (b) transferring the value of those rights to a personal pension scheme or an occupational pension scheme which is registered under Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes);
 - (c) transferring the value of those rights to a member's flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the beneficiary to income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc);
 - (d) securing the payment of benefits by the purchase of one or more policies from one or more insurers authorised by the Financial Conduct Authority for carrying on long-term insurance business in the United Kingdom.
- (3) Where the alternative way specified by the beneficiary is that the value of the beneficiary's accrued rights to benefits should be transferred to an alternative pension scheme, the scheme must be one which is able and willing to accept the transfer.
- (4) A notice under this paragraph—
 - (a) must be sent before the end of the period of three months beginning with the day when the beneficiary received notice from the trustees under paragraph 13; and
 - (b) must contain sufficient information about the alternative way specified by the beneficiary, including bank account details, to enable the trustees to comply with paragraph 15.

Notice of expected discharge time

15. Not less than one month before the date of the expected discharge time, the trustees of a collective money purchase scheme that is pursuing continuity option 1 must send a notice of the expected discharge time to—

- (a) each beneficiary of the scheme; and
- (b) the employers in relation to the scheme.

Trustees' powers

16.—(1) This paragraph applies where the trustees of a collective money purchase scheme that is pursuing continuity option 1 do not receive a notice from a beneficiary in accordance with paragraph 14.

(2) The trustees may discharge the scheme's liability to a beneficiary in respect of the beneficiary's accrued rights to benefits under the scheme in the way set out in the default discharge option for the beneficiary without the consent of the beneficiary.

(3) Where the default discharge option for a beneficiary is the way referred to in paragraph 2(2) and the scheme discharges its liability to the beneficiary in this way without the beneficiary's consent, the beneficiary is deemed to have entered into an agreement with the insurer.

Trustees' duty to transfer

17.—(1) If the trustees of a collective money purchase scheme that is pursuing continuity option 1 receive notice from a beneficiary in accordance with paragraph 14, they must arrange for the

scheme's liability to the beneficiary in respect of the beneficiary's accrued rights to benefits under the scheme to be discharged as specified in the notice.

(2) If the trustees do not receive notice from a beneficiary in accordance with paragraph 14, they must arrange for the scheme's liability to the beneficiary in respect of the beneficiary's accrued rights to benefits under the scheme to be discharged in accordance with the default discharge option.

(3) When the trustees have arranged for the scheme's liability to a beneficiary to be discharged in accordance with sub-paragraph (1) or (2) they must notify the beneficiary of—

- (a) the value of the beneficiary's accrued rights to benefits under the scheme;
- (b) any reductions made in accordance with paragraph 5(3); and
- (c) who has or will become liable for the payment of benefits to the beneficiary when the scheme's liability to the beneficiary in respect of the value of the beneficiary's accrued rights to benefits under the scheme is discharged.

Administration charges

18.—(1) This paragraph applies to the trustees or managers of any occupational pension scheme (the "proposed receiving scheme") to which the trustees of a collective money purchase scheme that is pursuing continuity option 1 (the "transferring scheme") propose to transfer the value of beneficiaries' accrued rights to benefits under the scheme, under a default discharge option.

(2) The trustees of the proposed receiving scheme must provide to the Regulator, in accordance with this paragraph, a document setting out the level of administration charges that applies in relation to members of the proposed receiving scheme.

(3) The document must be provided before the end of 28 days beginning with the date on which the trustees of the proposed receiving scheme receive the notice under paragraph 11.

(4) The document must set out for each charge structure all levels of administration charges (including any discounted levels)—

- (a) for each arrangement, including a default arrangement, and any different levels in relation to any one arrangement;
- (b) for any additional charges, and the reason for imposing them;
- (c) for any third-party charges, and the reason for imposing them; and
- (d) for any other type of administration charge in the scheme, and the reason for imposing it.

(5) Where the proposed receiving scheme is a Master Trust scheme the charges must be set out as at the most recent date, not falling within a triggering event period in relation to the transferring scheme, on which the receiving scheme submitted a continuity strategy to the Regulator.

(6) In all other cases the charges must be set out as at the date the triggering event occurred in relation to the transferring scheme as a result of which continuity option 1 is being pursued.

(7) The levels must be set out on an annualised basis.

(8) Where there is a discounted level, the reason for charging the lower level must also be set out.

(9) The document must include a statement explaining—

- (a) how the scheme will be in compliance with section 45(2) of the Act (prohibition on increasing charges etc during triggering event period);
- (b) whether the scheme is to be liable for the costs mentioned in section 45(4) of the Act; and
- (c) if the scheme is to be liable for those costs, how it is to meet them.

Trustee discharge

19. Where the trustees of a collective money purchase scheme that is pursuing continuity option 1 have discharged the scheme's liability in respect of a beneficiary's accrued rights to benefits under the scheme in accordance with the requirements of section 36 of the Act (continuity option 1: discharge of liabilities and winding up), the trustees cease to have any further obligation to provide benefits in relation to those rights.

Winding up

20. As soon as practicable after the trustees of a collective money purchase scheme that is pursuing continuity option 1 have, in accordance with section 36 of the Act, discharged the scheme's liability in respect of beneficiaries' accrued rights to benefits under the scheme, they must wind up the scheme.

Regulator's power to direct

21.—(1) The Regulator may direct the trustees of a collective money purchase scheme to do anything they are permitted or required to do by this Schedule where continuity option 1 is being pursued.

(2) The trustees of a collective money purchase scheme must comply with a direction issued by the Regulator requiring them to do anything permitted or required by this Schedule.

Civil penalties

22. Section 10 of the 1995 Act (civil penalties) applies to a person who fails to comply with a requirement imposed by this Schedule, including where the requirement is contained in a direction made under it.