STATUTORY RULES OF NORTHERN IRELAND

2003 No. 433

LOCAL GOVERNMENT

Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations (Northern Ireland) 2003

Made - - - -	*6th October 2003*
Coming into operation	*17th November 2003*

The Department of the Environment, in exercise of the powers conferred by Article 9 of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972(**1**) and now vested in it(**2**) and of every other power enabling it in that behalf and after consultation with the Northern Ireland Local Government Association, the Northern Ireland Local Government Officers' Superannuation Committee and such representatives of other persons likely to be affected by the Regulations as appeared to it to be appropriate, hereby makes the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations (Northern Ireland) 2003.

(2) These Regulations shall come into operation on 17th November 2003.

Amendment of Regulations

2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000(**3**), ("the principal Regulations") shall be amended in accordance with regulations 3 to 7.

General definitions

3. In regulation 2 –

(a) the existing provision shall be renumbered as paragraph (1);

(b) the definitions of "European authorised institution" and "European institution" shall be omitted;

(**1**) S.I. 1972/1073 (N.I. 10)
(**2**) S.R. & O. (N.I.) 1973 No. 504Art. 7 (1); S.I. 1976/424 (N.I. 6)
(**3**) S.R. 2000 No. 178; relevant amending regulations are S.R. 2001 No. 62

(c) the definition of "home-regulated investment business" shall be omitted;

(d) for the definition of "relevant institution" there shall be substituted –

""relevant institution" means –

(a) a person who has permission under Part IV of the Financial Services and Markets Act 2000(**4**) to accept deposits;

(b) an EEA firm of the kind mentioned in paragraph 5 (b) of Schedule 3 to that Act which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to accept deposits; or

(c) a person who is an exempt person in respect of accepting deposits as a result of an order made under section 38(1) of that Act;";

(e) after paragraph (1) as so renumbered there shall be inserted –

"(2) The definition of "relevant institution" in paragraph (1), together with regulations 3(4) to (5A) and 4(2) and paragraph 4 of Part I of the Schedule, must be read with –

(a) section 22 of the Financial Services and Markets Act 2000;

(b) any relevant order under that section; and

(c) Schedule 2 to that Act.".

Definition of "investment"

4. In regulation 3 –

(1) for paragraphs (4) and (5) there shall be substituted –

"(4) A contract of insurance is an investment if and only if it is a contract of a relevant class, and is entered into with a person within paragraph (5) for whom entering into the contract constitutes the carrying on of a regulated activity (within the meaning of the Financial Services and Markets Act 2000).

(5) The persons within this paragraph are –

(a) a person who has permission under Part IV of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance of a relevant class;

(b) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to that Act, which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect or carry out contracts of insurance of a relevant class; or

(c) a person who does not fall within sub-paragraph (a) or (b) and who, because he has his head office in an EEA State (within the meaning of that Act) other than the United Kingdom, is permitted by the law of that State to effect or carry out contracts of insurance of a relevant class.

(5A) A contract of insurance is of a relevant class for the purposes of paragraphs (4) and (5) if it is –

(a) a contract of insurance on human life or a contract to pay an annuity on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified); or

(**4**) 2000 c. 8

(b) a contract to manage the investments of pension funds, whether or not combined with contracts of insurance covering either conservation of capital or payment of a minimum interest.".

(2) For paragraphs (6) and (7) there shall be substituted –

"(6) A stock lending arrangement is an investment if and only if, in respect of it, the conditions in rules 5.14.4R and 5.14.6R in the Collective Investment Scheme Sourcebook are complied with.

(7) For the purposes of paragraph (6) –

(a) references in rules 5.14.4R and 5.14.6R to the trustee must be read as if they were references to the Committee; and

(b) the "Collective Investment Scheme Sourcebook" means the Collective Investment Scheme Sourcebook made by the Financial Services Authority under Part X of the Financial Services and Markets Act 2000.".

Definition of "investment manager"

5. In regulation 4 for paragraphs (2) to (4) there shall be substituted –

"(2) A person is an investment manager if –

(a) he has permission under Part IV of the Financial Services and Markets Act 2000 to manage investments and may lawfully manage the assets of occupational pension schemes;

(b) he is an EEA firm of the kind mentioned in sub-paragraph (a), (b) or (c) of paragraph 5 of Schedule 3 to that Act, 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 may lawfully manage the assets of occupational pension schemes; or

(c) he is a person –

(i) who does not carry on regulated activities (within the meaning of that Act) from a permanent place of business maintained by him in the United Kingdom;

(ii) whose head office is situated in an EEA State (within the meaning of that 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 that Act); and

(v) who is not prevented by that law from managing the assets of occupational pension schemes or assets belonging to another person.".

Statement of investment principles

6. In regulation 10 –

(a) after paragraph (3) there shall be inserted the following paragraph –

"(3A) A statement published after 19th January 2004 must also –

(a) state the extent to which the Committee complies with the ten principles of investment practice set out in the document published in April 2002 by CIPFA, the Chartered Institute of Public Finance and Accountancy, and called