STATUTORY RULES OF NORTHERN IRELAND

2000 No. 178

PENSIONS

Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000

Made - - - -	*19th May 2000*
Coming into operation	*1st August 2000*

The Department of the Environment, in exercise of the powers conferred on it 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 Association of Local Authorities of Northern Ireland, 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:—

Preliminary

Citation and commencement

1. These Regulations may be cited as the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000, and shall come into operation on 1st August 2000.

General definitions

2. In these Regulations—

"the 2000 regulations" means the Local Government Pension Scheme Regulations (Northern Ireland) 2000(**3**);

"the Committee" has the same meaning as in Schedule A1 to the 2000 regulations;

"European authorised institution" and "European institution" have the same meanings as in the Banking Co-ordination (Second Council Directive) Regulations 1992(**4**);

(**1**) S.I. 1972/1073 (N.I. 10); Article 14 was amended by Article 12 of the Pensions (Miscellaneous Provisions) (Northern Ireland) Order 1990 (S.I. 1990/1509 (N.I. 13))
(**2**) S.R.& O. (N.I.) 1973 No. 504Art. 7(1); S.I. 1976/424 (N.I. 6)
(**3**) S.R. 2000 No. 177
(**4**) S.I. 1992/3218

"FSAVC scheme" is a scheme approved by virtue of section 591(2)(*h*) of the Income and Corporation Taxes Act 1988(**5**);

"the fund" means the superannuation fund established under the Local Government (Superannuation) Regulations (Northern Ireland) 1950(**6**);

"fund money" means money in the fund;

"home-regulated investment business" has the same meaning as in the Banking Co-ordination (Second Council Directive) Regulations 1992;

"limited partner" means a person who is not liable for the debts or obligations of a partnership beyond the amount he contributed at the time he became a partner;

"member" has the same meaning as in Article 121(1) of the Pensions (Northern Ireland) Order 1995(**7**);

"proper advice", in relation to the Committee, means the advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters (including any suitable officer of the Committee);

"recognised stock exchange" has the same meaning as in section 841(1) of the Income and Corporation Taxes Act 1988;

"relevant institution" means—

(a) the Bank of England,

(b) an institution authorised under Part I of the Banking Act 1987(**8**) (regulation of deposit-taking business),

(c) a person to whom the restriction on acceptance of deposits in section 3 of that Act does not apply because he is specified in Schedule 2 to that Act (central banks etc.), or

(d) a European authorised institution which has lawfully established a branch in the United Kingdom for the purpose of accepting deposits;

"securities" includes shares, stock and debentures;

"statement of investment principles" means the statement referred to in regulation 10(1) or any revision of it, as appropriate;

"stock lending arrangement" means an arrangement such as is mentioned in section 263B of the Taxation of Chargeable Gains Act 1992(**9**);

"sub-underwriting contract" means a contract with a person who is underwriting a share issue to acquire the shares from him if he requires it;

"traded option" means an option quoted on a recognised stock exchange or on the London International Financial Futures Exchange;

"unquoted securities investment partnership" means a partnership for investing in securities which are normally not quoted on a recognised stock exchange when the partnership buys them.

Definition of "investment"

3.—(1) Subject to paragraphs (2) to (9), in these Regulations "investment" and similar expressions have their normal meaning.

(**5**) 1988 c. 1
(**6**) S.R.& O.(N.I.) 1950 No.103
(**7**) S.I. 1995/3213 (N.I. 22)
(**8**) 1987 c. 22
(**9**) 1992 c. 12

(2) The following provisions of this regulation specify things which count as investments for these Regulations, although they might not otherwise do so, and exclude things which might otherwise count.

(3) A contract entered into in the course of dealing in financial futures or traded options is an investment.

(4) An insurance contract is an investment if and only if the contract is made with a person within paragraph (5) for whom making the contract is business within class III or class VII in Schedule 1 to the Insurance Companies Act 1982(**10**) (linked long term and fund management business).

(5) The persons within this paragraph are—

(a) a person whom that Act permits to carry on such business, and

(b) an insurance company which, because it has its head office in a member State, is permitted under the law of such a State to carry on insurance business of a similar sort.

(6) A stock lending arrangement is an investment if and only if, in respect of it, the conditions in regulations 5.58 and 5.60 of Section L of the Financial Services (Regulated Schemes) Regulations 1991 are complied with, modified as specified in paragraph (7).

(7) The modifications referred to in paragraph (6) are—

(a) for the references in regulation 5.58 to section 129 of the Income and Corporation Taxes Act 1988 substitute a reference to section 263B of the Taxation of Chargeable Gains Act 1992;

(b) delete paragraphs 1a, 1c(ii) and 2b ;

(c) for the references in both those regulations to the trustee, substitute a reference to the Committee; and

(d) for the reference in paragraph 1c(iii) of regulation 5.58 to Guidance of the Board, substitute a reference to Guidance Release 4/91 issued by the Securities and Investments Board in June 1991.

(8) It is an investment to contribute to a limited partnership in an unquoted securities investment partnership.

(9) A sub-underwriting contract is an investment.

Definition of "investment manager"

4.—(1) This regulation describes those persons who count as an "investment manager" for the purposes of these Regulations.

(2) A person is an investment manager if he is authorised under the Financial Services Act 1986(**11**) to manage the assets of occupational pension schemes.

(3) A person is also an investment manager if he—

(a) does not transact investment business (within the meaning of that Act) from a permanent place of business maintained by him in the United Kingdom;

(b) has a head office situated outside the United Kingdom in a member State;

(c) is recognised by the law of that State as a national of a member State;

(d) is authorised under that law to engage in one or more of the activities specified in Part II of Schedule 1 to the Financial Services Act 1986 (which lists different sorts of investment business); and

(**10**) 1982 c. 50
(**11**) 1986 c. 60

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

(4) A European institution carrying on home-regulated investment business in the United Kingdom is also an investment manager.

Management of the fund

Management of the fund

5.—(1) This regulation specifies the sums which the Committee must pay or credit to and may pay from the fund it administers.

(2) The Committee must pay or credit to the fund, in addition to any other sum the 2000 regulations specify must be paid or credited to the fund—

(a) the amounts payable by it or paid to it for the credit of the fund by employing authorities under regulations L5 to L7 of the 2000 regulations (employers' contributions),

(b) all members' contributions except contributions payable under regulation C24 of the 2000 regulations (additional voluntary contributions),

(c) all income arising during the year from investment of the fund,

(d) all capital money deriving from such investment, and

(e) all additional payments received by it under the 2000 regulations.

(3) Interest under regulations L5 to L7 of the 2000 regulations must be credited and paid to the fund.

(4) Any costs, charges and expenses incurred in administering the fund (except those incurred in connection with a FSAVC scheme) may be paid from it.

Choice of investment managers

6.—(1) Instead of managing and investing fund money itself, the Committee may appoint one or more investment managers to manage and invest the fund money for it.

(2) The Committee may only appoint an investment manager if it complies with paragraphs (3) to (6).

(3) The Committee must reasonably believe that the investment manager is suitably qualified by his ability in and practical experience of financial matters to make investment decisions for it.

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

(5) The Committee must be satisfied—

(a) that the fund is managed by an adequate number of investment managers; and

(b) that the value of the fund money to be managed by any one investment manager will not be excessive.

(6) The Committee must have taken proper advice.

Terms of appointment of investment managers

7.—(1) Investment managers must, if appointed, be appointed on the terms set out in paragraphs (2) to (7).

(2) The Committee must be able to terminate the appointment by not more than one month’s notice.

(3) The investment manager must report to the Committee at least once every three months on the action he has taken for it.