PENSION SCHEMES BILL [HL]

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Pension Schemes Bill [HL] as introduced in the House of Lords on 19 October 2016 (HL Bill 65).

- These Explanatory Notes have been prepared by the Department for Work and Pensions in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

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These Explanatory Notes relate to the Pension Schemes Bill [HL] as introduced in the House of Lords on 19 October 2016 (HL Bill 65)

Overview of the Bill

1 The Bill's focus is on protecting savers and maintaining confidence in pension savings.

2 The introduction of automatic enrolment into workplace pension schemes under the Pensions Act 2008 made it compulsory for employers to automatically enrol eligible workers into a qualifying workplace pension scheme.

3 The pensions market has responded to this and the Master Trust market has developed. This Bill aims to ensure that those saving into a Master Trust scheme, a form of multi-employer occupational pension scheme which employers are able to select for their workers rather than needing to set up their own pension scheme, are protected.

4 The Bill also amends existing legislation to support the Government's intention to cap early exit charges and ban member-borne commission charges in certain occupational pension schemes.

5 The Bill covers:

- Master Trust Authorisation
- Administration charges

Policy background

6 The Pension Schemes Bill aims to build on recent pension reforms such as automatic enrolment in workplace pensions.

7 Once automatic enrolment is fully rolled out in 2018, is the Government estimate that ten million people will be newly saving or saving more for their retirement[1]. This Bill seeks to ensure that these savers are appropriately protected, regardless of the sort of pension scheme they are saving in, by increasing the regulation of Master Trusts which account for over 4 million members and £8.5bn assets in 84 schemes (as at January 2016).

8 Following the coming into force of the pension freedoms in April 2015, many members of pension schemes aged 55 and over were able to access their retirement savings more flexibly. The government sought to protect these people from excessive exit fees through the Bank of England Act 2016, which gave the Financial Conduct Authority powers in this respect, from April 2017. This Bill seeks to provide members of occupational pension schemes with a level of protection equivalent to that of members of personal pension schemes.

Master Trust Authorisation

9 The Bill provides that:

[1] DWP (2016) Workplace pensions: Update of analysis on Automatic Enrolment 2016 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/560356/workplace-pensions-update-analysis-auto-enrolment-2016.pdf

- An authorisation and supervision regime for Master Trusts will be introduced, so that Master Trusts would have to demonstrate to the Pensions Regulator that they meet certain key criteria on establishment, and then continue to do so.
- Existing Master Trusts will be brought into the regime and required to meet the new criteria.
- Requirements will be placed on trustees to act in certain ways in the event of wind up or closure of a Master Trust to protect members in those circumstances.
- The Pensions Regulator is provided with greater powers to take action where the key criteria are not met.

10 The authorisation regime and criteria aim to target specific areas of risk that arise from the structures and dynamics in Master Trusts compared to other occupational pension schemes - including employer engagement with the scheme, the profit motive for most Master Trusts, and the volume of savers involved in these schemes, and the potential impact on confidence in pension savings should a scheme fail and exit not managed. The provisions in the Bill focus on the authorisation regime process and the Pension Regulator's powers to operate it, the authorisation criteria, and the introduction of measures intended to ensure an orderly exit where a scheme fails or otherwise choses to leave the market. The focus on an orderly exit is aimed at providing continuity of member saving and support to employers in continuing to fulfil their automatic enrolment duties where applicable.

Administration Charges (cap on early exit charges and ban on member-borne commission charges)

11 The Bill amends existing legislation to allow regulations to be made which override terms of certain contracts which conflict with the regulations. This seeks to support the government's intention to introduce a cap on early exit charges in certain occupational pension schemes.

12 This change will also support the commitment the government made in March 2014 to ban member-borne commission charges arising under existing arrangements in certain occupational pension schemes. Member-borne commission charges under new arrangements were banned from April 2016.

Legal background

13 The following notes give a brief overview of significant existing legislation in private pensions that is referenced by this Bill. Further explanation, where required, is given in the clause-by-clause commentary.

14 The Pension Schemes Act 1993 is a consolidation Act that sets out various provisions in relation to classification of pension schemes, contracting out, early leavers (including preservation, revaluation and the right to take a transfer), the Pensions Ombudsman and other miscellaneous requirements.

15 The Pensions Act 1995 contains provisions relating to the Pensions Regulator, as well as provisions relating to the role and responsibilities of trustees, professionals and employers. It also provides requirements in respect of scheme administration, indexation of pensions in payment, protection against detrimental modifications, employer debt and winding up.

16 The Welfare Reform and Pensions Act 1999 makes provision for pension sharing on divorce.

17 The Pensions Act 2004 makes provision with regard to the Pensions Regulator and the Pension Protection Fund. It also makes provision in relation to scheme funding, and contains other miscellaneous provisions applying to pension schemes including internal controls, pension protection where there is a TUPE transfer and employer consultation requirements.

18 The Pensions Act 2008 makes provision for automatic enrolment, under which employers are required to enrol qualifying employees into a suitable pension scheme and to make pension contributions on their behalf.

19 The Public Service Pensions Act 2013 makes provision for the reform of public sector pensions.

20 The Pensions Act 2014 makes provision for restricting charges and imposing requirements in relation to pension schemes.

21 The Pension Schemes Act 2015 makes provision allowing members to access their pension savings flexibly on retirement. It also makes provision in relation to defined ambition schemes and collective benefits (yet to be commenced).

Territorial extent and application

22 The matters in this Bill are Great Britain-only measures. Northern Ireland will bring forward parallel legislation.

23 The Bill does not contain any provision which gives rise to the need for a Legislative Consent Motion in the Scottish Parliament, the National Assembly for Wales, or the Northern Ireland Assembly. There is a convention that Westminster will not normally legislate with regard to matters that are within the legislative competence of any of these legislatures without the consent of the legislature concerned. If there are amendments relating to such matters that fall within the convention, the consent of the Scottish Parliament, National Assembly for Wales or Northern Ireland as appropriate will be sought for them.

Commentary on provisions of Bill

Part 1: Master Trusts

Chapter 1: Definition of a Master Trust Scheme

Clause 1 Master Trust schemes: definition

Clause 2 Relevant public service pension schemes

24 These clauses define in legislation a type of occupational pension scheme, known as a 'Master Trust scheme'.

25 Clause 1 sets out the criteria that must be met by an occupational pension scheme for it to constitute a Master Trust scheme. The scheme must provide money purchase benefits (whether alone or in conjunction with other benefits), as defined in the Pension Schemes Act 1993. Money purchase benefits are generally derived from a pot of contributions, together with any investment returns on those contributions.

26 Under subsection (1) (b) the scheme must be used by, or be intended to be used by, two or more employers. Employer for these purposes is defined in subsection (4) as a person who employs or engages persons who are, or are entitled to become, members of the scheme.

27 Subsection (1)(c) excludes from the definition of Master Trust scheme any scheme which is used, or intended to be used, only by employers that are connected to each other. Subsection (3) sets out the circumstances in which an employer is connected to another employer. An employer will be connected to another employer if they are, or have been, "group undertakings" in relation to each other within the meaning of section 1161(5) of the Companies Act 2006. Two employers will also be connected if they are connected in a way specified in regulations made by the Secretary of State. Subsection (1) (d) excludes public service pension schemes from the Master Trust scheme definition.

28 Subsection (2) sets out that where a Master Trust scheme provides money purchase benefits and other benefits, it is only insofar as the scheme relates to money purchase benefits that it falls under the provisions in the Bill. This is subject to a couple of exceptions as set out in clause 39(2) and (3). Clause 39(2) provides that references to scheme accounts are to the accounts of the scheme as a whole. Clause 39(3) makes provision so that where a scheme provides money purchase benefits and other benefits and has no power to wind up the part of the scheme that relates to money purchase benefits only, references to winding up the scheme are to be read as references to that part of the scheme ceasing to operate.

29 Clause 2 defines public service pension schemes by reference to existing legislation in the Pensions Schemes Act 1993, Pensions Act 2004 and Public Service Pension Schemes Act 2013.

Chapter 2: Authorisation: applications etc.

Clause 3 Prohibition on operating a Master Trust scheme unless authorised

Clause 4 Application for authorisation

Clause 5 Decision on application

Clause 6 Referral to Tribunal of refusal to grant authorisation

30 Clause 3 sets out the prohibition - that a person cannot operate a Master Trust scheme unless that scheme is authorised. To become authorised the Pensions Regulator must be satisfied that the scheme meets certain criteria which are set out in clause 5(3). A scheme is considered to be

operating in the market when it takes pension contributions from employers and employees, receives fees or enters into contracts with employers (subsection (5)). An example of this is where a scheme agrees to provide a scheme for Automatic Enrolment purposes to an employer.

31 Clause 3(2) provides that if an individual does operate a Master Trust scheme that is not authorised, they may be subject to a civil penalty under Section 10 of the Pensions Act 1995.

32 Subsections (3) and (4) of Clause 3 provide that where the Regulator becomes aware that a Master Trust scheme is operating without authorisation, it is required to issue a notice to the Trustees of the scheme. This notice must set out that the scheme is not authorised and as a result there has been a triggering event (see clause 21) and the scheme is required to pursue the first continuity option (see clause 24).

33 Clause 4 makes provision regarding the application for authorisation, which is to be made to the Pensions Regulator, and the information which must be included in the application. The clause also provides a power for the Secretary of State to make regulations setting out other information to be provided in an application and setting the application fee payable to the Pensions Regulator. In order for a Master Trust to become authorised, the trustees will need to apply for authorisation according to the process specified by the Pensions Regulator. This could, for example be through a standard application pack or an online portal.

34 Subsection (3) provides that after an application has been made, the Pensions Regulator may, if it considers it appropriate to do so, take into account additional information or changes to information made in the application.

35 Clause 5 sets out that where the Pensions Regulator receives an application from a Master Trust to be authorised, it must make its' decision regarding authorisation within six months of receiving the application. The Pensions Regulator will need to decide if it is satisfied that the Master Trust has met the five authorisation criteria set out in subsection (3), which are further expanded in later clauses of the Bill. The criteria relate to: the individuals who are involved in the scheme; the scheme's financial position; requirements on the scheme funder; the scheme's systems and processes; and its strategy if the scheme withdraws from the market or fails. All of the authorisation criteria must be met for a Master Trust to be authorised, and they must continue to be met for the Master Trust to remain authorised. Clauses 7 to 12 set out further detail about each of the criteria and the matters that the Pensions Regulator must take into account when satisfying itself as to whether the scheme meets the criteria.

36 Where the Pensions Regulator is satisfied that the criteria have been met, it is required to authorise the scheme and notify the trustees of its decision. The scheme will also be included on the Pensions Regulator's published list of authorised Master Trusts (see clause 13).

37 If the Pensions Regulator is not satisfied that the criteria have been met, it is required to refuse authorisation of the scheme and to notify the trustees of its decision, the reasons for it and the right of referral to the First-tier or Upper Tribunal.

38 Clause 6 sets out the process whereby a refusal to grant authorisation by the Pensions Regulator can be appealed to the First Tier or Upper Tier Tribunal in accordance with the Tribunal Procedure Rules.

39 A referral to the Tribunal can be made by the trustees of the scheme, or any other person that the Tribunal considers is directly affected by the Pensions Regulator's decision not to grant authorisation.

Chapter 3: Authorisation criteria

Clause 7 Fit and proper persons requirement

40 Clause 7 sets out a requirement that the Pensions Regulator must decide if key individuals in the scheme are fit and proper to act in their roles. These roles are; the person who establishes the scheme, trustee of the scheme, individuals who have the power to appoint and remove trustees and individuals who have the power to amend the scheme's trust deed; scheme funder and the scheme strategist. Additional roles subject to a fit and proper test may be added by regulations under subsection (2) (h).

41 In addition, subsection (3) enables the Pensions Regulator to determine the fitness and propriety of further individuals where it considers it is appropriate to do so. Under this provision the regulator may assess individuals who promote or market a Master Trust scheme and other roles that may be set out in regulations made under (3)(b).

42 Under subsection (4), when the Pensions Regulator makes its assessment, it must take into account any matters that are specified in regulations made by the Secretary of State (subsection (4) (a)).

43 Under subsection (4)(b) in assessing whether the person is meets the criteria, the Pensions Regulator must take into account any matters specified in regulations, and may take into account other matters, including matters relating to a person who is connected with that person. Persons are considered to be connected in line with definitions set out in sections 251 and 453 of the Insolvency Act 1986. Subsection (5) sets out the circumstances in which persons can be considered to be connected with each other, for example, individuals who are directors, or shadow directors, of the same company or where a trustee is able to exercise a power under the trust to benefit a specific individual.

Clause 8 Financial sustainability requirement

44 Clause 8 provides that the Pensions Regulator must be satisfied that a Master Trust has sound business strategy and sufficient financial resources to meet the costs of setting up and running the scheme, and to comply with requirements to protect members where an event occurs that may lead to the scheme closing or winding up (see clause 21 Triggering Events and clause 23 Continuity options).

45 Subsection (4) provides a power for the Secretary of State to make regulations on matters that the Pensions Regulator must take into account in deciding if it is satisfied that a Master Trust meets the financial sustainability authorisation criteria. These regulations may include, but are not limited to, the information the Pensions Regulator must take into account (such as the schemes' business plan and accounts and financial requirements to be met by the scheme or the scheme funder (see clause 38(1)).

Clause 9 Financial sustainability resources requirement: business plan

46 Clause 9 provides that a Master Trust must have a business plan prepared by the scheme strategist (subsection (1)) approved by the scheme funder and the Trustees (subsection (5)). Subsection (2) provides a power for the Secretary of State to make regulations setting out information to be included, and other requirements, in relation to the business plan. The business plan must be reviewed by the scheme strategist at least annually and revised if appropriate, and must be revised at any time in the event of significant changes to the information set out in the plan.

47 Subsection (6) sets out that the business plan, and supporting documentation, must be provided to the Pensions Regulator by the scheme strategist or Trustees when the scheme applies for authorisation, and within three months of the plan being revised or on request by the Pensions Regulator.

Clause 10 Scheme funder requirements

48 Clause 10 makes provision about a Master Trust's scheme funder and the requirements that it must meet for authorisation.

49 Subsections (2) and (3) require that the scheme funder must be a separate legal entity, meaning it must be a legal person which only carries out activities that relate directly to the Master Trust for which it is the scheme funder.

50 Subsections (4) and (5) provide a power for the Secretary of State to make regulations that set out requirements in relation to the scheme funder's accounts.

Clause 11 Systems and processes requirement

51 This clause provides a power for the Secretary of State to make regulations in relation to the adequacy of a Master Trust's systems and processes. Having adequate systems and processes are one of the five authorisation criteria which a Master Trust must meet to be authorised, and to remain authorised. The Pensions Regulator must take into account the matters set out in these regulations when satisfying itself as to whether the scheme meets the systems and processes authorisation criterion.

52 The clause also provides a non-exhaustive list of the matters concerning systems and processes about which the Secretary of State may make regulations. These include, but are not limited to, the standards, functions and maintenance of IT systems, and processes relating to the appointment and removal of trustees.

Clause 12 Continuity strategy requirement

53 Clause 12 provides that the scheme strategist must prepare a continuity strategy which sets out how members will be protected if a Master Trust has a triggering event; the strategy must also include a section setting out the levels of administration charges that apply in relation to members of the scheme (subsection 4). The Pensions Regulator will need to determine if it is satisfied that the strategy is adequate as part of the authorisation decision (see clause 5). Triggering events are set out in Clause 21 and are events which are likely to lead to the scheme failing or being de-authorised. Subsection (6) provides a power for the Secretary of State to make regulations on other information that may be required, how the strategy must be prepared the detail to be included in relation to levels of administration charges (subsection 5).

54 The scheme strategist is also required to review the strategy and revise it as appropriate (subsection (7)). The strategy, and any revisions must be approved by the Trustees, any other scheme strategist and scheme funder (subsection (8)).

55 The continuity strategy must be submitted to the Pensions Regulator by the scheme strategist or Trustees; when applying for authorisation, and within three months of revising the strategy, or on request by the Pensions Regulator.

Chapter 4: On-going supervision of Master Trust schemes

Clause 13 List of authorised schemes

56 Clause 13 places a requirement on the Pensions Regulator to publish and maintain a list of Master Trusts that have been authorised. The list will include the name of the Master Trust and other information the Pensions Regulator considers appropriate.

Clause 14 Requirement to submit annual accounts

57 Clause 14 provides that the annual accounts of both the scheme funder and the Master Trust scheme must be submitted to the Pensions Regulator annually. Subsections (1) and (2) require the Trustees to send the schemes accounts to the Pensions Regulator no later than two months after they are obtained by the Trustees. Subsections (3) and (4) provide that the accounts of the scheme funder must also be submitted to the Pensions Regulator within nine months of the end of the year to which they relate or a period specified in regulation.

Clause 15 Requirement to submit supervisory return

58 This clause provides a requirement for a new, supervisory return to be submitted to the Pensions Regulator by the Trustees, on request. Subsection (4) specifies that the return may not be required more frequently than once a year. Subsection (5) provides that a civil penalty under Section 10 of the Pensions Act 1995 applies where there is a failure to submit the return.

59 Subsection (2) provides a power for the Secretary of State to set out the information to be included in the supervisory return.

Clause 16 Duty to notify Regulator of significant events

60 This clause creates a requirement for specified persons to notify the Pensions Regulator of significant events as soon as is reasonably practicable. Subsection (3) sets out that the Secretary of State must make regulations setting out the significant events that are required to be reported.

61 Subsection (2) sets out the people who are required to notify the Pensions Regulator of significant events and includes the majority of those who must be assessed under the fit and proper test (see clause 7) as well as those who provide legal, financial or actuarial advice to the scheme and the manager of the scheme's administration services.

Clause 17 Fixed penalty notice for failure to comply with request for information

62 Clause 17 gives the Pensions Regulator a power to impose a fixed penalty on any person who has failed to provide information requested for the purpose of the Pension Regulator's authorisation functions in a notice issued under section 72 of the Pensions Act 2004.

63 Subsection (3) provides that the penalty, which must not be more than £50,000, is to be determined in accordance with regulations.

64 Subsection (4) sets out requirements for what a fixed penalty notice must contain. These include the amount of the penalty, the date by which the penalty must be paid, the period and failure to which the penalty relates, and details of how to appeal the penalty.

65 The provision mirrors the provision in section 40 of the Pensions Act 2008 where there is a failure to provide information in relation to automatic enrolment. Subsection (5) applies Provisions from the Pensions Act 2008 relating to the recovery and review of penalty notices and their referral to Tribunal are applied by subsection (5) of this clause.

Clause 18 Escalating penalty notice for failure to comply with request for information

66 Clause 18 gives the Pensions Regulator a power to impose an escalating penalty on any person who has failed to provide information requested in a notice issued under section 72 of the Pensions Act 2004.

67 Under subsection (2) an escalating penalty may not be imposed on a person if a fixed penalty imposed on them under clause 17 has been referred to a tribunal and the tribunal has not yet made a decision.

68 Subsection (4) describes an escalating penalty as a penalty calculated in accordance with a daily rate. Regulations that will set out the calculation of the escalating penalty are required by subsection (5) (a). The daily rate is to be determined in accordance with regulations and must not be more than £10,000 (subsection (5) (b)).

69 Subsection (6) sets out requirements for what an escalating penalty notice must contain. These include the daily rate of the penalty, the date by which the penalty must be paid, the period and failure to which the penalty relates, and details of how to appeal the penalty. Under subsection (6) (d) the period over which an escalating penalty is imposed may not overlap any period covered by a fixed penalty notice issued under clause 17.

70 Subsection (5) applies provisions from the Pensions Act 2008 relating to recovery and review of penalty notices and their referral to Tribunal.

Clause 19 Withdrawal of authorisation

71 This clause provides that where the Pensions Regulator is no longer satisfied that a scheme meets the authorisation criteria it may de-authorise the scheme by withdrawing the scheme's authorisation.

72 Subsection (2) provides that when the Pensions Regulator issues a warning notice that it intends to de-authorise a scheme under the standard procedure or a determination notice under the special procedure, the notice must include a statement that the issue of the notice is a triggering event together with an explanation of the implications of this for the Trustees.

73 Subsection (3) sets out that where a scheme is de-authorised the Pensions Regulator must notify the Trustees of this and remove the scheme from the published list of authorised Master Trusts.

Chapter 5: Triggering events: continuity

Clause 20 Triggering event: duties of trustees

74 Clause 20 places three sets of duties on trustees where there is a triggering event: to notify the Pensions Regulator and employers (clause 22); to pursue a continuity option (clause 23); and to prepare and submit an implementation strategy to the Pensions Regulator (clauses 26 and 27).

Clause 21 Triggering events

75 The table in clause 21 subsection (6) sets out the triggering events and when they occur.

76 Subsection (4) defines a 'triggering event period' as the period starting with the date on which the triggering event occurred and ending on the earliest of the dates set out under subsection (5). The second column in the table in subsection (6) makes provision for the date on which the triggering event occurs. As for when the triggering event period ends, a triggering event can end in one of two ways. Where the trustees pursue continuity option 1 (see clause 24) the triggering event period ends when the scheme is wound up. Where the trustees pursue continuity Option 2 (see clause 25), the triggering event period will end on the date the trustees receive notification from the Pensions Regulator that the Pensions Regulator is satisfied the triggering event (and any other event that has occurred since the occurrence of the triggering event under subsection (5) of clause 25) has been resolved.

77 Subsection (5) (c) makes provision for where there is a decision by the Pensions Regulator to withdraw authorisation (an event within items 1 and 2 of the table at subsection (6)). The triggering event period will end where it becomes clear that authorisation will not be withdrawn (clause 3).

78 Subsection (1) (b) provides that where an event falling in the table occurs within an existing triggering event period it is not a triggering event. The exception is provided for at subsection (2). If it is an event within items 1, 2 or 3 of the table at subsection (6), it is a triggering event even if it occurs within an existing triggering event period. Item 1 is the issue of a warning notice under the standard procedure by the Pensions Regulator in respect of a decision to withdraw the scheme's authorisation. Item 2 is a determination notice under the special procedure by the Pensions Regulator in respect of a decision to withdraw the scheme's authorisation. Item 3 is where the Pensions Regulator gives a notification under clause 3(3) (scheme not authorised).

79 Subsection (7) permits a decision under item 10 of the table at subsection (6) to be made by the trustees even if the scheme rules do not do so.

80 Subsection (7) permits a decision under item 10 of the table at subsection (6) to be made by the trustees even if the scheme rules do not do so.

Clause 22 Notification requirements

81 Subsections (1) to (5) of Clause 22 set out who has responsibility for notifying the Pensions Regulator of the events set out in the table in clause 21(6).

82 Subsection (6) creates a requirement for the trustees to notify employers of the trigger event and other matters to be determined by regulations.

83 Regulations dealing with the time limits for notification under this clause are required by subsection (7).

84 Subsection (10) provides that where a person fails to comply with the notification requirements, a civil penalty under Section 10 of the Pensions Act 1995 may apply.

Clause 23 Continuity options

85 Where a Master Trust has a triggering event, there are two continuity options available. The continuity options are required elements of the implementation strategy described in clauses 26 and 27. Trustees must choose a continuity option when setting out their implementation strategy. There are two continuity options; option 1 which allows for members' accrued rights to be transferred out and the scheme to be wound up (clause 24), and option 2 which allows for the triggering event to be resolved (clause 25).

86 If a Master Trust has been de-authorised by the Pensions Regulator, and all appeals have been exhausted, or the scheme has received a notification under clause 3(3) (not authorised), the only option available to the trustees is option 1.

87 Subsection (8) provides that where a person fails to comply with the requirements of the section, a civil penalty under Section 10 of the Pensions Act 1995 may apply.

Clause 24 Continuity option 1: transfer out and winding up

88 Clause 24 makes provision for continuity option 1 under which trustees will transfer out all accrued rights and benefits in the scheme and then wind up the remaining structure of the scheme. Subsection (3) requires regulations to set out how continuity Option 1 is to be pursued. The regulations must include provision for the matters set out at subsection (4).

89 The trustees must identify one or more other Master Trust schemes which are able to accept the accrued rights and benefits of their Master Trust scheme. Members of the Master Trust scheme will retain their right to transfer to a scheme of their own choosing if they do not wish to transfer to the trustees' choice (subsection (4)(b)(d)).

90 The trustees must also (subsection (1) (b)) notify employers and members of the transfer, and of other details specified in regulations. Subsection (2) allows for regulations which must set out the way in which the notification in subsection (1) (b) must be made, and the timing of the notification.

91 The regulations must address a comprehensive range of issues including information requirements, duties on trustees, the duties of trustees of receiving schemes, and the rights of members to opt-out of a transfer in favour of their preferred receiving scheme. The regulations must also confer powers on the Pensions Regulator to direct the trustees to things required by the regulations. Regulations made under subsection (4) are subject to affirmative resolution.

92 A penalty under section 10 of the Pensions Act 1995 applies to anyone who fails to comply with any requirement imposed by clause 24 and the regulations may also make provision for the application of section 10 of the Pensions Act 1995 to requirements in the regulations.

Clause 25 Continuity option 2: resolving triggering event

93 Clause 25 sets out the second continuity option which is for the triggering event to be resolved.

94 The trustees are required to notify the Pensions Regulator (subsection (1)) when they consider the triggering event has been resolved. They must also set out how they consider that it has been resolved. The Pensions Regulator is then required (subsection (4)) to notify the trustees of whether it is satisfied that the triggering event has been resolved. Under subsection (5), the Pensions Regulator must also be satisfied that any other event within the table at clause 21(6) that has occurred in relation to the Master Trust scheme since the occurrence of the triggering event has also been resolved.

95 Subsection (7) provides that where a person fails to comply with a requirement imposed by this section a penalty under section 10 of the Pensions Act 1995 applies.

Clause 26 Approval of implementation strategy

96 This clause requires the trustees of a Master Trust to submit an implementation strategy to the Pensions Regulator for approval. This is a document setting out how the interest of members of the scheme are to be protected following the occurrence of the triggering event and clause 27 sets out the content to be included in an implementation strategy.

97 Under subsection (2), in relation to items 1 and 2, the implementation strategy must only be submitted if the decision to withdraw has become final.

98 Under subsection (3), if a triggering event within item 1, 2 or 3 of the table in clause 21(6) occurs within an existing triggering event period, the trustees must submit another implementation strategy and any implementation strategy which has already been approved for an earlier triggering event ceases to have effect.

99 The Pensions Regulator may approve the implementation strategy only if it is satisfied that it is adequate under subsection (4).

100 Regulations may set out the periods for submission of the implementation strategy under subsection (5).

101 The Pensions Regulator may direct the trustees to comply with the requirements of this clause.

102 Where a person fails to comply with a direction under subsection (8), a civil penalty under section 10 of the Pensions Act 1995 may apply.

103 Subsection (9) provides that this clause overrides any provision of the Master Trust scheme deed and rules to the extent there is a conflict.

Clause 27 Content of implementation strategy

104 The implementation strategy is a document that specifically sets out how the interests of members of the scheme are to be protected following the occurrence of the triggering event (clause 20). The implementation strategy must set out the continuity option (clauses 24 and 25) that the trustees are required or decide to pursue as well as certain details of the particular option under subsection (5).

105 The implementation strategy must include a section setting out the levels of administration charges that applied in relation to members of the scheme (subsection (3)). This relates to the prohibition on increasing charges levels during a triggering event period at clause 33.

106 Regulations made under subsection (6) may specify further information to be included in the implementation strategy and the way in which it is prepared.

Clause 28 Duty to pursue continuity option

107 This clause requires that when the Pensions Regulator has approved the implementation strategy, the trustees must pursue the continuity option identified in the strategy and take the steps as are identified in the implementation strategy to carry out the continuity option. Where they fail to do so, the Pensions Regulator has the power to direct the trustees to pursue the continuity option identified in the strategy and take the steps identified in the strategy to carry it out (subsection 4). A penalty for failure to comply under section 10 of the Pensions Act 1995 applies to anyone who fails to comply with a direction made by the Pensions Regulator (subsection 5).

108 The trustees must also make the strategy available to employers under subsection (2). The time period for doing so must be set out in regulations.

109 The effect of subsection (6) is to override any provisions of the deed and rules of the Master Trust schemes or any contracts that the scheme has entered into, to the extent that there is a conflict with the trustees pursuing the continuity option.

Clause 29 Prohibition on winding up except in accordance with continuity option 1

110 This clause creates a new requirement that Master Trust schemes can only be wound up in accordance with continuity option 1 (Clause 24). Subsection (2) creates an override to any scheme rules that conflict with this requirement.

111 The Pensions Regulator may still issue an instruction to wind a scheme up under section 11 of the Pensions Act 1995 (subsection (3)).

112 Subsection (4) provides that where a person fails to comply with subsection (1) in this clause a penalty under Section 10 of the Pensions Act 1995 applies.

Clause 30 Periodic reporting requirement

113 This section requires that during a triggering event the trustees of a Master Trust scheme must submit periodic reports to the Pensions Regulator. The reports must record events or decisions and contain such other information to be set out in regulations under subsection (4). If an implementation strategy has been approved, the trustees must report on progress in carrying out the implementation strategy (clauses 26 and 27).

114 The timing for the submission of the first report must be set out in regulations under subsection (2), and subsequent reports will be submitted at intervals to be specified by the Pensions Regulator (subsection (3)). The content of the reports, including progress of the implementation strategy, and the form in which they are made is set out in subsection (4).

115 A penalty for failure to comply under section 10 of the Pensions Act 1995 applies to anyone who fails to follow the reporting requirements imposed by this clause.

Clause 31 Pause orders

116 This clause creates a new reserved regulatory power for the Pensions Regulator under section 93(2) Pensions Act 2004 (subsection (12)). It enables the Pensions Regulator to pause certain Master Trust activities, once that Master Trust has experienced a triggering event (section 21). The power may only be exercised if it will help (subsection (2) (a)) the trustees follow their implementation strategy (clause 26 and 27) or the Pensions Regulator believes that doing so is in the interests of the generality of the scheme members, or that there is an immediate threat to the assets held in the scheme (subsection (2)(b)).

117 A pause order may prevent a scheme from carrying out any or all of a number of actions specified in subsection (3). These include:

- accepting new members;
- making payments;
- accepting contributions; and
- discharging benefits.

118 The pause may relate to all such actions, or those related to specified members, employers, payments or groups of such actions.

119 Subsection (8) sets out that Schedule 1 makes further provision as to pause orders.

120 Schedule 1 introduces consequential provisions and requirements relating to the exercise by The Pensions Regulator of the power to pause scheme activities created by clause 31.

121 Paragraph 1 introduces consequences of a pause order on a Master Trust. Subparagraph (1) states that any action that breaks a pause order is void, that is, it has no legal effect.

122 A scheme which is under a pause order may still be wound up in accordance with section 11 of Pensions Act 1995 (subparagraph (2)).

123 Subparagraph (3) includes a provision that if a pause order prevents a Master Trust from accepting any contributions then affected contributions are treated as if they are not payable. The pause order may include provisions under clause 31(5) that these contributions are to be repaid to affected scheme members.

124 Sub-paragraphs (4) and (5) create exceptions to a pause order to allow schemes to follow the requirements of pension sharing and pension earmarking orders. These orders are placed on member assets following divorce, dissolution and nullity proceedings in accordance with the relevant pieces of legislation in England and Wales, Scotland and Northern Ireland.

125 Sub-paragraphs (7) to (10) apply the civil penalties under section 10 of Pensions Act 1995 in relation to non-compliance with these provisions.

126 Paragraph 2 states that any pause can take effect for a maximum of three months (sub-paragraph (1)), and can be extended to a period of no more than six months (sub-paragraph (2)). A pause will automatically end if a triggering period ends while it is in force (sub-paragraph (3)).

127 Paragraph 3 allows the Pensions Regulator to validate any action that is taken in contravention of a pause order on application from the trustees, or a person directly affected by the pause.

128 Paragraph 4 provides for notifications between various parties in respect of a pause order, or validated action in contravention of a pause order under paragraph 3. The Pensions Regulator is required to inform the trustees, scheme strategist and scheme funder of any pause order as

soon as is practicable (sub-paragraph 2). The Pensions Regulator may also require the trustees to inform employers and members of the pause within a specified time period. This may apply to all employers and members, or only those affected by the pause (sub-paragraph (3)).

129 The civil penalties under section 10 of Pensions Act 1995 apply to any trustee who has not taken all reasonable steps to ensure compliance with sub-paragraph (3).

130 Paragraph 5 allows pause orders to override any existing law or scheme rule to the extent that it is not unlawful under section 6(1) of the Human Rights Act 1998.

Clause 32 Prohibition on new employers during triggering event period

131 Where a Master Trust has entered a triggering event period (clause 21), neither the trustees nor a scheme funder nor a scheme strategist may allow the participation of any new employer until the triggering period ends. Further they may not enter into an agreement under which a new person will become an employer in relation to the scheme after the end of the triggering event period.

132 A penalty under section 10 of the Pensions Act 1995 applies to anyone who fails to comply with this.

Clause 33 Prohibition on increasing charges etc. during triggering event period

133 Clause 33 places restrictions on trustees increasing or imposing administration charges when a Master Trust scheme is in a triggering event period (clause 21). The trustees may not impose charges on members above the level set out in the implementation strategy (subsection (1) (a)) and trustees may not impose new charges on members (subsection (1)(b)). Further, trustees cannot impose administration charges on or in respect of members in consequence of a member leaving or deciding to leave the scheme during the triggering event period.

134 Subsection (2) provides for a corresponding prohibition on a scheme which receives a transfer of rights or benefits of members from a transferring scheme which is pursuing continuity option 1 which was proposed by trustees or employers. The trustees of a receiving scheme cannot increase administration charges above the level set out in the document provided to the Pensions Regulator under clause 24(4) (i) and they cannot impose any new charges on members to meet costs set out under subsection (3). The costs set out under subsection (3) are the costs for which the receiving scheme is liable and which were incurred by the transferring scheme or relate directly to the transfer of members' accrued rights or benefits from the transferring scheme.

135 The calculation of levels of administration charges may be set by regulations under subsection (4) as well as how the purposes for which charges are increase or imposed under subsection (3) are determined (subsection (4)(b)). Under subsection (4) (c) regulations may make provision as to how to determine whether costs for which a receiving scheme is liable to fall within subsection (3).

136 Subsection (5) overrides the rules of the Master Trust and any contracts that the scheme has entered into where there is a conflict with the requirements of this clause.

137 A penalty under Section 10 of the Pensions Act 1995 applies to anyone who fails to comply with the prohibition.

Decisions on withdrawal of authorisation: timing

Clause 34 When it becomes clear that authorisation not to be withdrawn

138 This clause sets out when it becomes clear that authorisation is not to be withdrawn for the purposes of a triggering event within items 1 or 2 of the table in clause 21. The date on which

it becomes clear that authorisation is not be withdrawn for each item is set out in the table under subsection (3) in the third column for the circumstances set out in the second column.

139 The circumstances provided for are where:

- The Pensions Regulator makes a determination not to withdraw authorisation (and there is no referral to the Tribunal) (item 1)
- There is a compulsory review by the Pensions Regulator under section 99 of Pensions Act 2004 and it makes a determination that authorisation should not be withdrawn (and there is no referral to Tribunal) (item 2)
- There is a referral to the Tribunal and it determines that authorisation should not be withdrawn (and either no appeal is brought, or an appeal is brought but later withdrawn) (items 1 or 2)
- There is an appeal against the Tribunal's determination, and the effect of the appeal is that the scheme's authorisation should not be withdrawn.

Clause 35 When a decision to withdraw authorisation becomes final

140 This clause determines the date on which a decision to withdraw authorisation becomes final for the purposes of a triggering event within item 1 or 2 of the table in clause 21. The date on which it becomes final is set out in the table under subsection (3) in the third column for the circumstances set out in the second column.

141 The circumstances provided for are where:

- The Pensions Regulator makes a determination to withdraw authorisation and there is no referral to Tribunal within the time period allowed (item 1)
- There is a compulsory review by the Pensions Regulator under section 99 of Pensions Act 2004 and it makes a determination that authorisation should be withdrawn (and there is no referral to Tribunal) (item 2)
- There is a referral to the Tribunal and it determines that the Pensions Regulator should withdraw a scheme's authorisation (and either no appeal is brought, or an appeal is brought but later withdrawn)
- There is an appeal against the Tribunal's determination, and the effect of the appeal is that the scheme's authorisation should be withdrawn.

Chapter 6: Supplementary

Clause 36 Master trusts in operation on commencement: transitional provision

142 This clause introduces Schedule 2, which includes provisions affecting Master Trusts that are in operation before clause 3 comes into force.

143 Schedule 2 introduces transitional modifications in respect of those schemes that were in existence before the commencement date. The commencement date is defined by reference to the commencement of clause 3 (the prohibition on operating a Master Trust without authorisation). The intention is that this clause will be commenced once all regulations under the authorisation provisions are in force. The modifications in paragraphs 2 to 5 take effect

from the date the Act is passed, whilst those in paragraphs 6 to 12 take effect from the date on which clause 3 (prohibition on operating a scheme unless authorised comes into force.

144 Paragraph 2 modifies clause 20 to impose a duty to comply with notification requirements on trustees of an existing Master Trust if a triggering event occurs on or after 20 October 2016 but before the commencement date.

145 As for time periods for notifying the Pensions Regulator, where the trustees consider the triggering event was resolved before the date the Act is passed, the notification must be given within the period of 14 days beginning the date the Act is passed. Where the trustees consider the triggering event was resolved after the date on which the Act is passed but before the commencement date, or where the triggering event occurred before the commencement date but the trustees consider it was resolved after the commencement date, the notification must be given within the period of 14 days of the date on which the triggering event was in the opinion of the trustees resolved. Where a triggering event occurs after the commencement date, the period for notification will be in regulations.

146 Paragraph 6 amends section 33 to apply the prohibition during a triggering event period under clause 33 to a Master Trust scheme in relation to which a triggering event occurs on or after 20 October 2016 but before the commencement date. The prohibition is modified in the way it applies.

147 If a triggering event occurs on or after 20 October 2016 trustees must, within seven days of the triggering event, provide the Pensions Regulator with a statement of the annual levels of administration charges that applied in relation to members of the scheme on 20 October 2016 according to each arrangement or fund within the scheme. Trustees must not then impose any administration charges on or in respect of members at levels above those.

148 Provision is also made so that trustees of a scheme receiving transfers of accrued rights from the Master Trust experiencing a triggering event must not impose administration charges on members above a level of charges in the receiving scheme as set out in a statement of annual charges on 20 October 2016.

149 Paragraph 7 creates a new clause, clause 33A, for Master Trusts in existence on 20 October 2016. Under this clause the scheme funder of a Master Trust experiencing a triggering event, or moving to wind up, is liable for the costs of winding the scheme up if these costs do not fall elsewhere (taking into account the prohibition on increasing charges on members to pay for the costs of winding up).

150 Paragraph 8 makes amendments to clause 3 to allow for schemes which are already operating when it comes into force. The amendments are designed to allow a Master Trust to continue to operate until its application is received by the Pensions Regulator, or the Regulator determines that the scheme should not be authorised.

151 Paragraph 8 also provides that the trustees of a Master Trust scheme must, within the six month application period, either apply for authorisation or decide to wind up the scheme. The Regulator may allow an extension to the six month period of up to six weeks if the trustees satisfy the Regulator that there is a good reason for requiring an extension. Extensions can only be granted during the initial six month application period.

152 Under paragraph 8, if the Regulator is aware of a Master Trust scheme operating after the application period (as extended where applicable) and it has not received an application for authorisation or a notification that the scheme is to be wound up then it must notify the trustees that the scheme is not authorised. This is a triggering event and the notification must explain the trustees duties (see clauses 20-34).

153 Paragraph 9 modifies clause 5 so that where a decision is made not to authorise a Master Trust that is operating before the commencement date, the notice includes an explanation that it is a triggering event for the purposes of clauses 20 to 34.

154 Paragraph 10 removes clause 6 (appeal against decision on authorisation) in relation to Master Trusts that are already in operation as this is already covered by virtue of the provisions applying the standard and the special procedure to this decision (see paragraphs 10 and 12 of Schedule 3 for the relevant amendments).

155 Paragraphs 11 to 13 make amendments to clauses 21, 23, 34 and 35 in relation to Master Trusts in operation at commencement. The effect of these amendments is to replace references to authorisation being withdrawn with references to authorisation being refused to reflect that existing Master Trusts will not have been authorised previously.

Clause 37 Minor and consequential amendments

156 Clause 37 introduces Schedule 3 which makes minor and consequential amendments.

157 Paragraphs 1 to 4 introduce changes to sections 100B(2) and 101AI(8) of The Pension Schemes Act 1993 and section 67A(9) of The Pensions Act 1995 to amend the definition of 'scheme rules' so that references to scheme rules in these provisions incorporate the legislative overrides included in clauses 21, 23, 26, 28, 29 and 33.

158 Paragraphs 5 to 12 introduce changes to The Pensions Act 2004 (PA2004) which are intended to extend existing powers and functions of the Pensions Regulator to measures in this Bill.

159 Section 13 PA2004 is amended to include reference to this Bill by paragraph 6 to ensure that the Pensions Regulator can issue improvement notices to trustees where there are breaches of the Bill provisions (or regulations made under them).

160 Paragraph 7 amends section 70 PA2004 to include the scheme funder and scheme strategist within those who have a duty to report breaches of the law to the Pensions Regulator.

161 Paragraph 8 amends section 72 PA2004 so that a person required to give information under section 72 for the purposes of the Pensions Regulator's authorisation functions can be required to explain any information or document, including by attendance in person.

162 Paragraph 9 amends section 90 PA2004 to require the Pensions Regulator to publish Codes of Practice on authorisation criteria and the application for authorisation and makes a consequential amendment to the definition of "pensions legislation" for the purposes of that section.

163 Paragraph 10 extends the list of instances included in section 97(5) of PA2004 showing where special procedure can be used so that the special procedure can apply in relation to the making of an authorisation decision for an existing Master Trust, the power to withdraw authorisation, the power to make a pause order, the power to extend a pause order, the power to validate action in contravention of a pause order and the power to require notification of members or employers under sections 5 (as modified by Schedule 2), 19, 30 and paragraphs 2(2), 3 and 4(3) of Schedule 1 of this Bill.

164 The definition of 'scheme rules' in section 318(3) of PA2004 is expanded so that references to scheme rules in these provisions incorporate the legislative overrides included in clauses 21, 23, 26, 28, 29 and 33.

165 Paragraph 12 extends the list of functions exercisable by the determinations panel in schedule 2 PA2004 by creating a new list headed Part 4A. These functions include the powers to grant or refuse authorisation of an existing Master Trust, power to withdraw authorisation, power

to make a pause order, to extend the pause order, to validate action taken in contravention of the pause order and to direct notification of members or employers.

166 Paragraph 13 amends section 31 of Pensions Act 2008 which currently sets out the effect of freezing orders to include references to pause orders issued under section 31 of this Act.

Clause 38 Interpretation of Part 1

167 Interpretation of various terms used in Part 1 of the Bill are given in clause 38.

Clause 39 Regulations modifying application of Part 1

168 Clause 39 provides the Secretary of State with a regulation making power to enable the Secretary of State to address Master Trusts which might be structured in such a way which deliberately seeks to evade the Master Trust definition, or which exhibit the characteristics of a Master Trust without meeting the definition. These regulations may apply all, or some, of Part 1 of the Act to schemes which do not meet the definition of Master Trust. They may also stop some provisions from affecting certain Master Trusts or classes of Master Trusts.

169 There is also provision under subsection (2) for regulations to allow two or more schemes to be treated as a single Master Trust under certain circumstances. The circumstances may include situations where schemes are under common control, influence, share common rules, or are provided by the same service provider.

170 Any regulations created by subsection 39 are subject to affirmative resolution.

Part 2: Administration Charges

Chapter 1: Administration charges

Clause 40 Power to override contract terms

171 Schedule 18 to the Pensions Act 2014 allows the Secretary of State to make regulations that restrict charges or impose requirements on certain pension schemes.

172 This clause provides that regulations may be made to allow certain provisions within the regulations made under Schedule 18 to override terms of a ‘relevant contract’. A ‘relevant contract’ is a contract between the trustees or managers of a pension scheme and a person providing services in relation to that scheme (clause 31(4)). For example, if a contract between those persons currently provides for a type or level of charge (such as member-borne commission, or an exit charge) which is prohibited under regulations made under paragraph 1 of Schedule 18. Schedule 18 already allows regulations to provide that a provision of a scheme will be overridden in the event of any conflict.

173 Subsection (4) of this clause provides that this provision will be commenced at Royal Assent.

174 This clause extends to England and Wales and Scotland.

Part 3: General

Clause 41 Regulations: general provisions

175 This clause concerns the regulation-making powers that have been set out in the Bill and the procedure for exercising those powers, including the parliamentary scrutiny that must apply. Further detail on individual regulation-making powers is set out in the Delegated Powers Memorandum.

Clause 42 Extent

176 Clause 42 provides for the Bill's extent. The Bill extends to England, Wales and Scotland as it relates to pensions policy which is reserved.

177 The subject matter of the Bill is transferred in respect of Northern Ireland and, as such is the responsibility of the Northern Ireland Assembly.

Clause 43 Commencement

178 Clause 43 provides for the commencement of the Bill's provisions.

Clause 44 Short title

179 This clause states that the Bill may be cited as the Pensions Schemes Bill.

Commencement

180 Clause 43 provides for the commencement of the provisions within the Bill.

181 Clause 43(1)(a) provides that the clauses relating to the definition of a Master Trust scheme (clauses 1 and 2), the triggering events (clauses 20 to 22, 25 and 33 (as modified by Schedule 2)), certain information powers (paragraphs 5 and 8 of Schedule 3 (and clauses 17, 18 and 36 insofar as they apply to those paragraphs)) and interpretation (clause 38), will come into force on Royal Assent, in so far as they apply to Master Trusts in operation before that date.

182 Clause 43(1) (b) provides that paragraphs 1 to 5 of Schedule 2 (Master Trusts in operation before commencement: transitional provisions), as well as clause 36 (transitional and consequential provision), as it applies to those paragraphs, will also come into force on Royal Assent.

183 Clause 43(1) (c) provides that paragraphs 1 to 4, 5 and 11 of Schedule 3 (minor and consequential amendments), as well as clause 37(2) (transitional and consequential provision), as it applies to those paragraphs, will also come into force on Royal Assent.

184 Clause 43(1)(d) and (e), provides that clause 40 (power to restrict charges etc.), and Part 3 (General), will also come into force on Royal Assent

185 Clause 43(2) provides that the provisions in Part 1 that are not mentioned in subsection (1) will come into force on such day(s) as appointed in regulations.

186 Clause 43(3) provides that regulations under this clause may make transitional or transitory provision or savings.

187 Clause 43(4) provides that regulations made under clause 43 may make incidental and supplementary provision, and different provision for different purposes.

188 These powers will be subject to no parliamentary procedure.

Financial implications of the Bill

189 A summary of the financial effects of the measures of the Bill is provided below. Further detail is provided in the impact assessments.

Master Trust Authorisation & Administration Charges

190 The phased introduction of the Master Trust Authorisation regime and the cap on early exit charges and ban on commission charges will be enforced by the Pensions Regulator. These

new responsibilities will impact on its future business plans, which given its existing responsibilities are not being reduced, may involve increased expenditure against its projected baseline. Its funding is recovered by a levy on eligible pension schemes. There will be no impact on DWP expenditure.

191 The Master Trust measures introduce the power for the Pensions Regulator to charge a fee for the authorisation process which they will retain to fund that service (see clause 4(5) which allows the Secretary of State to make regulations setting out the application fee payable to the Pensions Regulator). HM Treasury have approved this measure.

Compatibility with the European Convention on Human Rights

192 Section 19 of the Human Rights Act 1998 requires the Minister in charge of a Bill in either House of Parliament to make a statement about the compatibility of the provisions of the Bill with the Convention rights (as defined in section 1 of that Act). In the opinion of the Minister for Welfare Reform, Lord Freud, the provisions of the Bill are compatible with the Convention rights and he has made a statement to this effect.

Related documents

193 The following documents are relevant to the Bill and can be read at the stated locations:

- Impact Assessment: Banning member borne commission occupational pension schemes used for Automatic Enrolment
- Impact Assessment: Cap on early exit charges in trust based occupational pension schemes
- Additional Analysis on capping occupational pension scheme exit charges

Annex A - Territorial extent and application in the United Kingdom

[Insert summary paragraph. Please retain the footnote that follows as a part of this paragraph.][2]

Provision	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?	Would corresponding provision be within the competence of the National Assembly for Wales?	Would corresponding provision be within the competence of the Scottish Parliament?	Would corresponding provision be within the competence of the Northern Ireland Assembly?	Legislative Consent Motion needed?
1 Master Trust Authorisation	Yes	Yes	Yes	No	No	No	Yes	No
2 Cap on early exit charges	Yes	Yes	Yes	No	No	No	Yes	Yes
3 Ban on commission charges in exiting schemes	Yes	Yes	Yes	No	No	No	Yes	Yes

[2] References in this Annex to a provision being within the legislative competence of the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly are to the provision being within the legislative competence of the relevant devolved legislature for the purposes of Standing Order No. 83J of the Standing Orders of the House of Commons relating to Public Business.

PENSION SCHEMES BILL [HL]

EXPLANATORY NOTES

These Explanatory Notes relate to the Pension Schemes Bill [HL] as introduced in the House of Lords on 19 October 2016 (HL Bill 65).

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