

15 February 2010

## At a glance

### DEPARTMENT FOR WORK AND PENSIONS

- Response to consultation on PPF regulations

### FINANCIAL SERVICES AUTHORITY

- Hector Sants to step down as CEO of the FSA

### HM REVENUE & CUSTOMS

- Relief at source claim forms updated

### INVESTMENT GOVERNANCE GROUP

- Draft investment governance principles for DC schemes

### NATIONAL ASSOCIATION OF PENSION FUNDS

- NAPF launches new corporate governance initiatives

### PENSION PROTECTION FUND

- New technical guidance

SO7

**Abbreviations commonly used in 7 Days**

<b>DC:</b>	Defined contribution	<b>IGG:</b>	Investment Governance Group
<b>DWP:</b>	Department for Work and Pensions	<b>ISC:</b>	Institutional Shareholders' Committee
<b>GMPs:</b>	Guaranteed Minimum Pensions	<b>NAPF:</b>	National Association of Pension Funds
<b>HMRC:</b>	HM Revenue & Customs	<b>PPF:</b>	Pension Protection Fund

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**DEPARTMENT FOR WORK AND PENSIONS****Response to consultation on PPF regulations**

We reported in [7 Days](#) on 8 February 2010 that [regulations](#) have been laid before Parliament which are designed to implement the European Commission's decision of 11 February 2009, that the partial exemption of the BT Pension Scheme from payment of a levy to the PPF, arising from the Crown guarantee, constituted an incompatible state aid. The regulations remove the partial exemption from payment of the PPF levy and also enable schemes with a full Crown guarantee to become "eligible schemes", where retaining these provisions would give rise to incompatible state aid.

The DWP has now published its [response](#) to the consultation on these regulations, in which it sets out the main points raised in consultation and the Government's response.

The regulations are due to come into force on 8 March 2010.

**FINANCIAL SERVICES AUTHORITY****Hector Sants to step down as CEO of the FSA**

The FSA [announced](#) on 9 February 2010 that Hector Sants will leave the organisation in the summer of 2010, after three years as Chief Executive Officer.

Mr Sants noted that when he took on the role of CEO, he had informed the board that he would serve for three years and that he intends to stick to that timetable.

The board of the FSA will announce the process for deciding the succession to Mr Sants in due course.

**HM REVENUE & CUSTOMS****Relief at source claim forms updated**

HMRC has published [revised forms](#) for claiming relief at source.

The changes to forms APSS 105, 106 and 107 include:

- the addition of a note on the front page of APSS 105 and 106 to the effect that the Accounting for Tax (AFT) should be used to pay tax on refunds of contributions as a result of the restriction of higher rate tax relief for the period between 22 April 2009 and 5 April 2011; and
- minor revisions to all three forms.

HMRC notes that the revised forms may be used immediately or at the latest for claims due to be paid on 21 May 2010.

## INVESTMENT GOVERNANCE GROUP

### Draft investment governance principles for DC schemes

The IGG (established in response to a review of the Myners Principles in 2008 - for more information see our December 2008 [Quarterly](#)) is [consulting](#) on draft investment governance principles and best practice guidance for both trust-based and contract-based DC work-based pension schemes.

Bill Galvin, chair of the IGG said: "*The IGG is an industry forum that was given the remit to raise standards of investment governance across the pensions industry. With the publication of these principles for consultation the Group sets out its view of the critical investment governance issues for DC schemes.*"

The proposed Principles address three key areas:

- roles, responsibility and accountability;
- fund choices and default strategy; and
- communications with pension scheme members on the decisions they can make.

The Principles and accompanying guidance are intended to "*maximise the potential for a positive outcome for members through strong investment decision making and governance*" and "*to encourage and support employers and trustees in implementing better investment governance in their DC schemes, whatever the size and type.*"

The consultation closes on 5 May 2010.

[IGG Press Release](#)

## NATIONAL ASSOCIATION OF PENSION FUNDS

### NAPF launches new corporate governance initiatives

At its Corporate Governance Seminar on 9 February 2010, the NAPF launched two new initiatives which are designed to support the ownership role of pension funds and the raising of corporate governance standards in the UK.

New guidance, [Pension Funds and the ISC Code - A practical guide](#), sets out how the code's principles, which cover shareholder engagement and reporting, can be applied in practice. It is designed to encourage pension funds to incorporate effective engagement monitoring into their fund manager reviews, to help build a stronger corporate governance culture.

The NAPF has also established a dedicated corporate governance service, [Corporate Governance PensionsConnection](#), which it intends will provide access to expert thinking on a broad range of corporate governance issues for pension funds and investment managers.

"City Minister", Lord Myners, who gave the [keynote speech](#) at the seminar, also focussed on the importance of governance and engagement for trustees and others who own or manage shares on behalf of pension scheme members. Lord Myners highlighted executive remuneration as a key concern, with shareholders having a duty "*to ensure that judgements are well made and that outcomes are fair and reasonable and in the best long-term interests of the corporation*".

[NAPF Press Release](#)

## PENSION PROTECTION FUND

### New technical guidance

The PPF has published the first edition of a new bulletin, "[Technical News](#)", which is designed to provide practical guidance on topical and key issues that may affect schemes in PPF assessment periods.

Issue 1 looks at a number of issues, including:

- the recent decision in the "*Ilford*" case (see also [Sackers' summary](#) of the case for more information), in which the High Court considered whether it was permissible to buy annuities for certain members of the scheme before the scheme entered the PPF;
- the PPF's recent decision document on benefit equalisation for GMPs;
- applications for terminal ill-health benefits during a PPF assessment period; and
- the impact of the forthcoming increase in the normal minimum pension age (from 50 to 55 with effect from 6 April 2010) on schemes in a PPF assessment period.