

PERMITTED BUSINESS FOR STAKEHOLDER PENSION SCHEME MANAGER

In August 2000 the FSA issued CP61, 'The Regulation of Stakeholder Pensions' which contained the FSA's detailed proposals for the regulation of stakeholder pensions. CP61 included the proposed changes to the IMRO rules required to regulate stakeholder pensions prior to the Financial Services and Markets Act coming into force.

Under the Stakeholder Pension Scheme Regulations 2000 (SI 1403) ("the Stakeholder Regulations") all stakeholder pension schemes are required to be registered with the Occupational Pension Regulatory Authority ("Opra"). Firms will be able to register their schemes with Opra as from 1 October 2000.

As stated in CP61, as a pre-requisite of registration, Firms wishing to act as a stakeholder pension scheme manager are required by the Stakeholder Regulations to be authorised by an SRO and hold the appropriate permissions.

IMRO plans to introduce a new Permitted Business category "Stakeholder Pension Scheme Manager" which all those intending to act as a stakeholder pension scheme manager will be required to hold.

In addition IMRO also proposes to introduce the new Permitted Business category of "Stakeholder Pension Scheme Administration – DELEGATED". Firms intending to delegate an aspect of stakeholder pension scheme administration will also require this category.

These categories are expected to be introduced at the time the Board makes amendments to the IMRO Rules to cover the management of stakeholder pensions but IMRO is prepared to consider and, where appropriate, authorise the relevant amendments to Firms' Permitted Business ahead of that date, both to allow Firms to register with Opra and also to enable them to start carrying on their stakeholder pension scheme management activities from that date. Where Permitted Business categories are granted before the Board makes amended Rules, it is an indication that the Firm will not be in breach of Rule 2.2(2) of Chapter VII in carrying on stakeholder management activities from the date of amendment to the Rules.

Accordingly Firms who wish to undertake stakeholder pension scheme management activities are encouraged to submit applications for the necessary amendments to their Permitted

Business to their Supervision team now, in advance of the formal introduction of these new Permitted Business categories.

Individual Pension Accounts

On 11 July 2000, HM Treasury and the Department of Social Security jointly published a paper in which further detail was provided on a new pensions saving vehicle, the individual pension account. This paper highlighted the particular suitability of the individual pension account vehicle for stakeholder pension schemes.

IMRO is aware of the interaction of individual pension accounts with stakeholder pensions and will consider the need for further rule changes or guidance to Firms when greater detail as to their structure and operation is known.

Questions

Any questions should either be addressed to the Firm's Supervision team or to Christopher Preston, Investment Business Policy Department.

David Wilson
Secretary
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Investment Management Regulatory Organisation Limited
25 The North Colonnade
Canary Wharf
London E14 5HS