

(6) In this regulation—

“the authorised person concerned”, “the court” and “insurance business transfer scheme” are to be construed in accordance with Part 7 of the Financial Services and Markets Act 2000;

“inherited estate” has the same meaning as in the Conduct of Business sourcebook issued by the Financial Services Authority;

“retribution”, in relation to an authorised person which has an inherited estate, means the attribution of assets to shareholders’ interests as a result of an agreement between the authorised person and the relevant regulator as to the amount of that estate and its attribution between shareholders and policy holders.

[abc]

[def]

[day/month] 2007

Two of the Commissioners for Her Majesty’s Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

In the Finance Act 2004 (c. 12) Part 4 makes new provision for pension schemes; and section 164 of that Act provides that the only payments a registered pension scheme is authorised to make to or in respect of a member are those specified in that section. Section 164(f) of the Finance Act 2004 provides for authorised member payments to include payments of a description prescribed by regulations.

These Regulations exercise that power to prescribe payments made to with-profits policyholders by a registered pension scheme. The payments must be made as part of an insurance business transfer scheme which is sanctioned by the court and which makes a retribution of the inherited estate of the authorised person concerned. The payment must be made to with-profits policyholders in exchange for the rights and interests in the inherited estate given up by those policyholders, and must not reduce the total value of the sums and assets held for the purposes of the registered pension scheme. These prescribed payments accordingly become authorised member payments for the purposes of Part 4 of the Finance Act 2004.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.