

**PERSONS BY WHOM REGISTERED PENSION SCHEME
MAY BE ESTABLISHED**

SUMMARY

1. This clause introduces a revised eligibility rule for persons wishing to establish registered pension schemes, and makes some consequential amendments to other legislation.

DETAILS OF THE CLAUSE

2. Subsection (1) provides for an amendment to section 154 of the Finance Act 2004 (FA 2004).
3. Subsection (2) replaces the eligibility criteria in section 154 with a new eligibility rule. Under the current criteria, a person wishing to establish a registered pension scheme that is not an occupational scheme must belong to one of a number of categories set out in the legislation. These categories include insurance company, unit trust scheme manager, bank and building society. Under the replacement rule, a person is only eligible to establish a new registered scheme (other than an occupational scheme) if that person has permission from the Financial Services Authority (FSA), under the Financial Services and Markets Act 2000 (FISMA 2000), to establish a personal pension scheme or a stakeholder pension scheme.
4. Subsection (3) inserts new subsection (2A) into section 154, providing that the new eligibility rule is construed in terms of permission from the FSA to carry out a “regulated activity”, the statutory framework for which is set out in FISMA.
5. Subsection (4) removes section 154(3), which merely provides a signpost to section 155 of FA 2004.
6. Subsection (5) removes the reference to section 155 from section 154(4).

CLAUSE []

7. Subsection (6) removes section 155, which defines various terms used in the replaced section 154(1).
8. Subsection (7) makes two consequential amendments to section 273 FA 2004, removing the references to a person or body specified in the replaced section 154(1).
9. Subsection (8) makes a consequential amendment to the definition of “personal pension scheme” in the Pension Schemes Act 1993, so that the reference there to section 154(1) FA 2004 does not mention the paragraphs removed by this clause.
10. Subsection (9) makes a parallel consequential amendment to the Pension Schemes (Northern Ireland) Act 1993.
11. Subsection (10) provides for the changes to have effect from 6 April 2007, to coincide with the introduction of the new regulated activity.

BACKGROUND NOTE

12. Part 4 of the Finance Act 2004 introduced a new unified tax regime for pension schemes, which came into effect from 6 April 2006. Pension schemes entitled to tax-privileged treatment are known as registered pension schemes. Only certain persons are eligible to establish registered pension schemes.
13. From 6 April 2007, the Financial Services Authority (FSA) regulates persons establishing or operating personal pension schemes. This change builds on the FSA’s continuing regulation of persons who establish or operate stakeholder pension schemes. A person’s eligibility to establish a registered pension scheme will be based on that person having permission from the FSA to carry out the new regulated activity related to personal or stakeholder schemes. This change does not affect occupational pension schemes, which may continue to be established as registered pension schemes by any employer.