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Victoria Holmes  
Regulatory Policy  
The Pensions Regulator  
Napier House  
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BN1 4DW

8 May 2018

Dear Victoria

**Consultation on Code of Practice 15: Authorisation and supervision of master trusts**

The Association of Professional Pension Trustees is an organisation of over 160 individuals who act as professional independent trustees to UK occupational schemes, some as sole practitioners and some working in firms of such practitioners. Our members represent a large number of mainly larger pension funds with combined assets of several hundred billion pounds.

Our aims are to:

- encourage and promote the highest professional standards in those who practise as professional pension trustees
- promote the role of professional trustees

Our response to the questions as set out in the consultation document are as set out below.

Yours sincerely



Nita Tinn  
Association of Professional Pension Trustees

## General Questions

*Question 1: In your view, are there any barriers to meeting the expectations set out in the new code, and if so, what are they?*

(No)

We do not believe that there any significant barriers.

*Question 2: Is the language used in the code clear and unambiguous? If not, what would provide clarity?*

(Yes)

We are satisfied that the language used is appropriate.

*Question 3: Do you consider that any important areas of the authorisation criteria have been missed in the new code?*

(No)

We believe that all of the relevant aspects of master trust registration have been appropriately addressed.

*Question 4: Are these the right areas to cover in the first batch of guidance? If not, what additional areas of the authorisation criteria should we consider covering?*

(Yes)

The right areas have been covered.

*Question 5: What other methods should we consider to ensure that the information contained in the code is accessible to users?*

(No)

No other methods are required.

*Question 6: Are there any parts of the code which require additional flexibility because they cover areas which are likely to experience significant change in your business?*

(No)

APPT is a third sector body representing professional trustees. This question does not apply to us.

*Question 7: Is the level of detail we have set out useful? Is further detail needed, and if so, in which areas?*

(Yes)

We believe that the degree of detail used in the document is appropriate.

### **Authorisation criteria: Identifying Key roles**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

*Question 8: Does the code provide sufficient clarity on how to identify who carries out the role of strategist and funder within a master trust? If not, what further detail would help?*

(Yes)

The key roles identified in the management of a master trust have been appropriately identified.

**Authorisation criteria: Fitness and propriety**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

*Question 9: Is there sufficient clarity on the persons to be identified?*

(Yes)

We agree that the persons to be identified have been properly described.

*Question 10: Does the code provide sufficient clarity on how competence for trustees and strategist will be assessed?*

(No)

This for us is the single most important question in the entire consultation. Over the past eighteen months, members of APPT have served on the Professional Trustee Standards Working Group (PTSWG) which has been tasked with defining appropriate accreditation standards for professional trustees. Whilst at this stage the work of PTSWG remains incomplete, we believe that it is of paramount importance that any standards agreed for trustees of master trust schemes should be fully aligned with those applicable for professional trustees. Failure to achieve this would introduce unfortunate anomalies into the regulatory structure for trustees.

### **Authorisation criteria: Systems and processes**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

*Question 11: Are there other ways that the code could allow the legislative requirement in relation to the statement of charges to be met?*

(No)

We are satisfied that the approach as set out is entirely appropriate.

**Authorisation criteria: Continuity strategy**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

*Question 12: Does the code provide clarity on how an exemption in respect of a scheme funder carrying out non-master trust related activities will be considered? If not, what more would help?*

(Yes)

We are satisfied that the Code provides sufficient clarity concerning exemptions for funders carrying out activities unrelated to the Master Trust.

**Authorisation criteria: Financial sustainability**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

*Question 13: Should use of the basic method be restricted to particular types of master trusts, and if so, why?*

(Yes)

We believe that the basic method should be restricted to those Master Trusts which retain close links with participating employers. We are concerned that schemes that are more reliant of a scheme funder will not be able to provide the same degree of security.

*Question 14: Should we set out in code or guidance the factors we may consider in revising the amount used in the calculation of the basic method?*

(Yes)

We believe that this would provide a greater degree of clarity and would be of benefits to all stakeholders.

## **Business plan**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

## **Supervision**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear



*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

## **Application**

*a: Does the code make our expectations clear?*

(Yes)

The code makes your expectations clear

*b: Is it clear what evidence is required to meet our expectations?*

(Yes)

It is clear

*c: Are there any particular barriers to meeting the expectations in the code?*

(No)

We do not see any such barriers

*Question 15: Does the proposed procedure provide sufficient and clear information, and if not, how could it be improved?*

(Yes)

We are satisfied that there is sufficient clarity.

*Question 16: Are there any areas not covered by the procedure (taking into account any guidance on the application process) which you think should be included?*

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(No)

We do not believe that there are any additional areas that require to be covered.