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Agenda

- Clearance process
- Headlines from revisions to Clearance Guidance
- Q & As



Background to the Clearance process

- Asked for by industry
- Optional
- Guidance issued by the regulator in April 2005
- Appropriate where there is material detriment to the scheme (a Type A event) **and** a relevant deficit
- What does Clearance mean?



Corporate transactions and clearance

Type A events

- change of priority
- return of capital
- change of control

Relevant deficit

- FRS17/IAS19 (or SSF)
- s75 if not going concern



Corporate transactions and clearance

- But cannot account for all circumstances so the key issue is, does the event have a financially detrimental effect on the ability of the pension scheme to meet its liabilities?



Criteria for granting clearance

- Impact of the transaction - is it materially financially detrimental to the scheme?
- Test detriment on an ongoing basis and on a winding up
- Does the scheme have a relevant deficit – FRS17 if going concern
- Mitigation
- Reasonableness test



Clearance process

- Application prepared
- Where appropriate supported by:
 - Legal and financial advice for the employer group.
 - Trustees legal and financial advice.
 - Corporate group structure
 - Actuarial advice
 - Copies of minutes from trustees meetings

NB this is not intended to be an exhaustive list nor a requirement in every case



Clearance process

- tPR peer team allocated
 - Lawyer
 - Business analyst
 - Case manager
 - Actuarial support
- tPR will discuss issues with trustees and their advisors.
- tPR will also contact applicants



Clearance process

- Warning Notice
 - period for representations
- Determination Notice
- Clearance Statement



Revised Clearance Guidance

- Experiences drawn from the regulator, applicants, scheme advisors and trustees.
- Not a material change in policy from April 2005.
- Principle based.
- Examples to identify Type A events removed.



Revised Clearance Guidance

- Type A events divided into employer-related and scheme-related events.
- Material detriment to scheme for both.
- Relevant deficit only necessary for Type A events.
- How is relevant deficit measured?
- Type B and C events removed.
- Trustee support preferred, but not necessary.



Questions?