

EXECUTION VERSION

DATED 23 September 2024

ROYAL MAIL COLLECTIVE PENSION PLAN

(1) **ROYAL MAIL GROUP LIMITED**

- and -

(2) **RMCPP TRUSTEES LIMITED**

DEFINITIVE TRUST DEED AND RULES

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
Ref: CXZS/DHW

584686456

INDEX

PART I DEFINITIONS AND INTERPRETATION	3
1. Definitions	3
2. Interpretation	8
3. Overriding provision	9
PART II THE PLAN	10
4. Name	10
5. Commencement date	10
6. Constitution and purpose	10
7. Benefits	11
8. Transfers-in	11
9. Changes to benefits	11
10. Amendment	11
11. Winding-up and dissolution	12
12. Exclusion of the Contracts (Rights of Third Parties) Act 1999	12
13. Disputes, jurisdiction and governing law	12
PART III THE PRINCIPAL EMPLOYER AND PARTICIPATING EMPLOYERS	13
14. Covenants by Principal Employer	13
15. Admission of Participating Employers	13
16. Substitution of new Principal Employer	13
17. Cessation of participation	14
18. Rights and powers of Employers	14
19. Matters of doubt	14
PART IV THE TRUSTEE	15
20. Appointment, retirement and removal of trustees	15
21. General investment powers	15

22.	Other Trustee powers	16
23.	Costs and expenses	17
24.	Indemnity, limitation of liability and remuneration of Trustee	18
25.	Records, accounts and plan year	20
26.	Proceedings of Trustee	20
	PART V MEMBERS	22
27.	Eligibility for membership	22
28.	Admission to membership	22
29.	Duration of Active Membership	22
30.	Absence from work	23
	PART VI GENERAL	24
31.	Pension Sharing Orders	24
32.	Medical evidence and other relevant information	24
33.	Incapacity of Member or Dependant	24
34.	Prohibition on assignment of benefits; forfeiture and suspension of benefits	25
35.	Monetary obligation	26
36.	Service of notices	26
37.	Tax	27
38.	Unauthorised Payments	27
39.	Unclaimed benefits	27
40.	Counterparts	28
	SCHEDULE 1 RULES OF THE CMP SECTION	30
	SCHEDULE 2 RULES OF THE DBLS SECTION	100

THIS DEED is made on

23 September

2024

BETWEEN:

- (1) **Royal Mail Group Limited** (registered number 4138203) whose registered address is at 185 Farringdon Road, London, EC1A 1AA (the “**Principal Employer**”); and
- (2) **RMCPP Trustees Limited** (registered number 14051357) whose registered address is at 185 Farringdon Road, London EC1A 1AA (the “**Trustee**”).

RECITALS:

- (A) By a deed dated 14 September 2022 (the “**First Definitive Trust Deed and Rules**”) the Principal Employer established, with effect on and from that date, an occupational pension scheme under irrevocable trusts known as the Royal Mail Collective Pension Plan.
- (B) The Plan is a registered pension scheme within the meaning of section 150(2) of the Finance Act 2004 and the primary purpose of the Plan is to provide benefits which are authorised payments for the purposes of that Act.
- (C) The Plan is intended to be a qualifying scheme within the meaning of section 3 of the Pension Schemes Act 2021 and to provide a mixture of benefits which are qualifying benefits within the meaning of section 2 of that Act and other benefits. It is intended that there be appropriate separation between the qualifying benefits and the other benefits in accordance with section 3(7) of that Act.
- (D) The Trustee is the trustee of the Plan and the scheme administrator for the purposes of the Finance Act 2004.
- (E) The Plan is only intended to be used by employers that are connected with each other within the meaning of section 49(2) of the Pension Schemes Act 2021.
- (F) This Deed amends and replaces the First Definitive Trust Deed and Rules.
- (G) At the date this Deed is executed the Plan has no Members and has no assets. The restrictions on amending the Plan set out in sections 67 to 67I of the Pensions Act 1995 therefore do not apply to the amendments made by this Deed.
- (H) The amendments made by this Deed are not amendments which would be restricted by clause 10.2 of the First Definitive Trust Deed and Rules.
- (I) Under clause 10.3 of the First Definitive Trust Deed and Rules the amendments made by this Deed to Part C of the CMP Rules require the consent of the Trustee, which consent is evidenced by the Trustee’s execution of this Deed.

- (J) The assets of the Plan will be held on trust and administered by the Trustee in accordance with this Deed and other documents governing the Plan, as each may be amended from time to time.
- (K) The CMP Section of the Plan was authorised on 28 March 2023 as a collective money purchase scheme under section 8 of the Pension Schemes Act 2021.

OPERATIVE PROVISIONS

With effect on and from the date of this Deed, the Principal Employer amends the First Definitive Trust Deed and Rules by replacing it in its entirety with the provisions of this Deed. The Trustee consents to the amendments made by this Deed to the extent this is required under clause 10.3 of the First Definitive Trust Deed and Rules.

PART I DEFINITIONS AND INTERPRETATION

1. Definitions

1.1 In this Deed, the following words and expressions bear the following meanings:

“Active Member” means a Member who has been admitted to the Plan pursuant to clauses 27 and 28 and who remains an Active Member in accordance with clause 29, and **“Active Membership”** will be construed accordingly.

“Actuary” means the actuary appointed by the Trustee in relation to the Plan or, where separate actuaries have been appointed by the Trustee in relation to each Section, in relation to a Section means the actuary appointed by the Trustee in relation to that Section.

“Additional Maternity Leave” means a period during which an Active Member is absent from work due to additional maternity leave as defined in Part VIII of the ERA 96 or such additional period of leave due to maternity as her Employer determines.

“Adoption Leave” means a period during which an Active Member is absent from work due to adoption leave as defined in Part VIII of the ERA 96 or such additional period of leave due to adoption as his or her Employer determines.

“Approved Insurer” means the United Kingdom office of any "insurance company" as defined in section 275 of the FA 04.

“C Day” means 7 October 2024 or such later date agreed in writing by the Principal Employer and the Trustee as C Day for the purposes of the Plan.

“C Day Member” means, except as the Principal Employer otherwise determines and notifies to the Trustee, a Member who was in Service on C Day.

“Civil Partner” means a civil partner of a Member as defined in section 1 of the Civil Partnership Act 2004.

“CMPS Regulations” means the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022.

“Commencement Date” means 14 September 2022.

“Connected Company” means a company or entity which is connected with the Principal Employer for the purposes of Part 1 of the PSA 21 in accordance with section 49(2) of PSA 21.

“CMP Fund” means that part of the Fund from time to time which is attributable to payments to the Trustee made by or in respect of members of the Plan under Parts B or F of the CMP Rules and transfers made under Part G of the CMP Rules.

“CMP Rules” means the rules applicable to the CMP Section as set out in Schedule 1 to this Deed as amended from time to time.

“CMP Section” means the section of the Plan which is governed by the CMP Rules, which provides qualifying benefits as defined in section 2(1) of the PSA 21.

“DBLS Fund” means so much of the Fund from time to time as is not part of the CMP Fund.

“DBLS Rules” means the rules applicable to the DBLS Section as set out in Schedule 2 to this Deed as amended from time to time.

“DBLS Section” means the section of the Plan which is governed by the DBLS Rules, which provides benefits which are not qualifying benefits as defined in section 2(1) of the PSA 21.

“Deed” means this deed and the schedules to it each as amended from time to time.

“Dependant” means:

- (a) a Member's spouse (of any gender) or Civil Partner (of any gender), or Qualifying Child at the date of the Member's death; and
- (b) any person who was not married to, or a Civil Partner of, the Member at the date of the Member's death and is not a Qualifying Child of the Member and, in the opinion of the Trustee, was at the date of the Member's death:
 - (i) financially dependent on the Member;
 - (ii) in a financial relationship with the Member of mutual dependence; or
 - (iii) dependent on the Member because of physical or mental impairment.

“Employee” means an employee or director of one or more Employers other than a casual employee. Any question whether an employee is a casual employee will be determined by the Principal Employer.

“Employers” means the Principal Employer and all or any of the Participating Employers. **“Employer”** in relation to any individual means the Employer in whose employment that person is or was at the time or during the period in question.

“ERA 96” means the Employment Rights Act 1996.

“Ex-Civil Partner” means a former Civil Partner (of any gender) of a Member to whom Pension Credit Rights have been allocated under a Pension Sharing Order or equivalent provision under the laws of a country other than the United Kingdom.

“Exit Date” means, in relation to a Member, the date on which the Member ceases to be in Active Membership under clause 29.

“Ex-Spouse” means a former spouse (of any gender) of a Member to whom Pension Credit Rights have been allocated under a Pension Sharing Order or equivalent provision under the laws of a country other than the United Kingdom.

“FA 04” means the Finance Act 2004.

“Family Leave” means any of Ordinary Maternity Leave, Additional Maternity Leave, Paternity Leave, Adoption Leave, Parental Leave, Shared Parental Leave, Parental Bereavement Leave and (subject to Chapter 5 of Part VIII of the ERA 96 coming into force) Neonatal Care Leave.

“Fund” means all of the assets of the Plan from time to time.

“HMRC” means His Majesty’s Revenue & Customs.

“Indemnified Person” means a person who is or was a trustee of the Plan or an officer or director of a corporate trustee of the Plan.

“Member” means an individual who is or has been an Active Member and remains entitled to benefits under the Plan.

“Neonatal Care Leave” means a period during which an Active Member is absent from work due to neonatal care leave as described in Part VIII of the ERA 96 or such additional period of neonatal care leave as his or her Employer determines.

“Normal Minimum Pension Age” has the meaning given in section 279 of the FA 04 from time to time.

“Normal Retirement Date” means an individual’s 67th birthday.

“Ordinary Maternity Leave” means a period during which an Active Member is absent from work due to ordinary maternity leave as defined in Part VIII of the ERA 96.

“PA 04” means the Pensions Act 2004.

“PA 95” means the Pensions Act 1995.

“Parental Bereavement Leave” means a period during which an Active Member is absent from work due to parental bereavement leave as described in Part VIII of the

ERA 96 or such additional period of parental bereavement leave as his or her Employer determines.

“Parental Leave” means a period during which an Active Member is absent from work due to parental leave as described in Part VIII of the ERA 96 or such additional period of parental leave as his or her Employer determines.

“Participating Employer” means a person or body which has with the consent of the Principal Employer been admitted to participation in the Plan in accordance with clause 15.

“Paternity Leave” means a period during which an Active Member is absent from work due to paternity leave as described in Part VIII of the ERA 96 or such additional period of paternity leave as his or her Employer determines.

“Pay Period” means, in respect of a Member while he or she is in Active Membership, the period of a month where the Member is paid each month and the period of a week where the Member is paid each week.

“Pensionable Pay” means, in respect of any Pay Period:

- (a) a Member's salary or wages from his or her Employer paid in that Pay Period including London weighting where applicable and allowances, supplements and other payments which are stated in the terms and conditions of the Member's employment to be pensionable; and
- (b) for any Member who is contracted to work less than full-time, includes any additional salary or wages paid by his or her Employer in that Pay Period for hours worked in excess of the Member's contractual hours up to the number of hours that would constitute full-time work for the Member's grade of employment, provided that those hours are paid at the same rate as the Member's basic salary or wage,

but where the Principal Employer so directs:

- (c) disregarding any reduction in the Member's basic salary or wage which is a result of a temporary or permanent salary sacrifice, holiday purchase or similar arrangement;
- (d) in respect of any period during which an Active Member is on Ordinary Maternity Leave (whether or not paid) or any other Family Leave which is paid, Pensionable Pay will be calculated on the same basis as would have applied had the Active Member not been absent.

“Pension Credit” means a credit under section 29(1)(b) of the Welfare Reform and Pensions Act 1999.

“Pension Credit Rights” means rights to benefits attributable to a Pension Credit.

“Pension Sharing Order” means an order or provision as defined in either section 19 or 20 of the Welfare Reform and Pensions Act 1999.

“Plan” means the Royal Mail Collective Pension Plan established by this Deed.

“Plan Year” means the period determined in accordance with clause 25.

“Preservation Laws” means the laws concerning the preservation of benefits under Chapter 1 of Part IV of the PSA 93.

“Principal Employer” means Royal Mail Group Limited or any successor appointed in accordance with clause 16.

“Principal Employer’s Transfer-in Policy” has the meaning given in clause 8.2.

“Professional Trustee” means a Trustee, including a corporate trustee, or a director or officer of a corporate trustee, who both (a) is not a present or former employee of an Employer and (b) is compensated for his or her services.

“PSA 21” means the Pension Schemes Act 2021.

“PSA 93” means the Pension Schemes Act 1993.

“Qualifying Child” means:

- (a) a child of the Member, including a step-child and a child legally adopted by him or her; and
- (b) a child conceived before the Member’s death and born after.

A child will only be a Qualifying Child if at the date of the Member’s death he or she is under age 18, under age 23 and in full-time education or, in the opinion of the Trustee, is dependent on the Member because of physical or mental impairment. He or she will remain a Qualifying Child for so long as the Trustee decides but not beyond age 23 unless he or she is, in the opinion of the Trustee, at the date of the Member’s death dependent on the Member because of physical or mental impairment.

“Qualifying Service” is to be construed in accordance with section 71(7) of the PSA 93 save that it must be continuous service other than where this would contravene the Preservation Laws or be contrary to any Principal Employer policy as notified to the Trustee from time to time.

“Recognised Transfer” has the meaning given in section 169 of the FA 04.

“Registered Pension Scheme” means a registered pension scheme for the purposes of the FA 04.

“Related Scheme” means any pension scheme other than the Plan in which a Member’s Employer participates.

“Rules” means the CMP Rules and/or the DBLS Rules, as applicable.

“Salary Sacrifice Agreement” means an agreement between an Employee and his or her Employer under which the Employee agrees to give up a percentage of pay and the Employer agrees to make a specified contribution on behalf of the Employee to the Plan.

“Section” means the CMP Section or the DBLS Section, as applicable.

“Service” means permanent or fixed-term, full-time or part-time service with one or more Employers, whether as an employee or as a director. For the purposes of this Deed, transfer from one to another of the Employers will not be construed as termination or interruption of Service.

“Shared Parental Leave” means a period during which an Active Member is absent from work due to shared parental leave as described in Part VIII of the ERA 96 or such additional period of shared parental leave as his or her Employer determines.

“Survivor” has the meaning given in Part H of the CMP Rules.

“Transfer Value Laws” means the laws concerning transfer values under Chapter 1 of Part 4ZA of the PSA 93.

“Trustee” means the trustee for the time being of the Plan and, where there is more than one, the trustees collectively.

“Ultimate Dissolution Date” means the date which is 80 years from the Commencement Date or such later date as is lawful for the continuance of the trusts of the Plan.

“Unauthorised Payment” means an unauthorised payment as defined in section 160(5) of the FA 04.

“Unpaid Absence” means absence from work which a Member’s Employer agrees should be unpaid absence.

- 1.2 Additional definitions applicable to the CMP Section are set out in the CMP Rules and additional definitions applicable to the DBLS Section are set out in the DBLS Rules. Unless the context otherwise requires, terms defined in the CMP Rules or the DBLS Rules have the same meaning where they are used in other parts of this Deed.

2. Interpretation

- 2.1 In this Deed, unless the context otherwise requires:

- (A) words importing any one gender will include all genders (and, where the context permits, can include a body corporate) and words importing the singular number will include the plural number and vice versa;
- (B) reference to any enactment includes regulations made under it and reference to any enactment or regulation includes any statutory amendment or re-enactment of that enactment or regulation for the time being in force and where appropriate (i) any preceding or subsequent related legislation and (ii) any equivalent legislation extending to Northern Ireland;
- (C) reference to any governmental body includes reference to any successor to that body or to any other governmental body to which any of its relevant functions may be transferred; and
- (D) a reference to a “clause” is a reference to a clause of this Deed and a reference to a Rule or Sub-rule is to a provision of the DBLS Rules or the CMP Rules, as applicable.

2.2 In this Deed:

- (A) the tables of contents and the headings are for convenience only and do not affect their interpretation;
- (B) the use of the words “include”, “includes” or “including” or any similar words do not imply any limitation;
- (C) “amend” means alter, amend, extend, modify, add to or replace and related expressions will be construed accordingly; and
- (D) the notes are intended as a guide to those using the Deed, do not confer, impose or imply any entitlements or restrictions or the terms of any entitlements or restrictions and do not affect the interpretation of the Deed.

3. Overriding provision

- 3.1 Subject to clause 3.3, no provision of this Deed is intended to confer any entitlement to any benefit under the CMP Section which is not a qualifying benefit for the purposes of section 2 of the PSA 21 or to have the effect that there is any benefit which may be provided under the CMP Section which is not a qualifying benefit. Each provision of this Deed must be interpreted accordingly. If there is any provision of this Deed which cannot be so interpreted, then this Deed is hereby automatically modified to the extent necessary to ensure that no benefit may be provided under the CMP Section that is not a qualifying benefit.
- 3.2 Clause 3.1 overrides any provision to the contrary in this Deed.
- 3.3 Clause 3.1 is without prejudice to any periodic incomes which are required to be paid under Schedule 6 to the CMPS Regulations.

PART II THE PLAN

4. Name

The Plan is called the Royal Mail Collective Pension Plan.

5. Commencement date

5.1 Subject to clause 5.2, the Plan commenced on the Commencement Date (but see Rule A.2 of the DBLS Rules as to when the DBLS Section comes into operation).

5.2 Notwithstanding clause 5.1, no benefits will accrue under either the CMP Section or the DBLS Section before C Day.

6. Constitution and purpose

6.1 The Plan is governed by this Deed. The Rules of the CMP Section and the DBLS Section, contained in Schedules 1 and 2 respectively, are adopted by this Deed.

6.2 The purpose of the Plan is to provide retirement, incapacity and death benefits for and in respect of:

(A) employees and former employees of the Employers; and

(B) any other person to whom the Principal Employer wishes to extend the Plan.

6.3 The administration and management of the Plan will be carried out by the Trustee in accordance with the provisions of this Deed and the Rules, subject to any powers or rights conferred on any Employer under this Deed or applicable law. The Trustee is the administrator of the Plan unless and until it appoints in writing another person or body to be the administrator.

6.4 The Plan is divided into the CMP Section and the DBLS Section. The CMP Fund is vested in the Trustee and it will hold the CMP Fund on the trusts and for the purposes of the CMP Section. The DBLS Fund is vested in the Trustee and it will hold the DBLS Fund on the trusts and for the purposes of the DBLS Section.

6.5 All contributions paid under Part B or Part F of the CMP Rules must be paid to the CMP Fund. All contributions paid under Part B of the DBLS Rules must be paid to the DBLS Fund.

6.6 Nothing in this Deed will have the effect of permitting the CMP Fund to be used for the purposes of, or to meet liabilities or expenses attributable to, the DBLS Section or of permitting the DBLS Fund to be used for the purposes of, or to meet liabilities or expenses attributable to, the CMP Section.

- 6.7 The Trustee must administer the Plan so that there is appropriate separation (as defined in section 3(7) of the PSA 21) of benefits under the CMP Section from benefits under the DBLS Section.

7. Benefits

- 7.1 The benefits provided by the CMP Section are set out in the CMP Rules. The benefits provided by the DBLS Section are set out in the DBLS Rules.
- 7.2 Until such time as they cease to be eligible for benefits under a Section, Members will be members of both the CMP Section and the DBLS Section in accordance with the CMP Rules and the DBLS Rules respectively. Unless the Principal Employer otherwise directs, it is not possible for a Member to accrue benefits in, and for contributions to be paid by or in respect of a Member to, one Section but not the other.

8. Transfers-in

- 8.1 Provisions concerning the transfer of assets to the CMP Section are set out in the CMP Rules. Provisions concerning the transfer of assets to the DBLS Section are set out in the DBLS Rules.
- 8.2 Assets transferred to the Plan must be allocated between the CMP Section and the DBLS Section in accordance with such policy as the Principal Employer may adopt and notify to the Trustee from time to time (the “**Principal Employer’s Transfer-in Policy**”).

9. Changes to benefits

- 9.1 Subject to clauses 9.2 to 9.4, if the Principal Employer so directs, the Trustee must increase any benefit under the DBLS Section, grant alternative benefits under the DBLS Section of equal or greater value to existing benefits under that Section, or grant new or additional benefits under the DBLS Section.
- 9.2 No increased, alternative, new or additional benefits will be granted under the DBLS Section unless the Employer by whom the Member concerned is or was last employed pays such additional contributions (if any) as the Trustee upon the advice of the Actuary may consider appropriate.
- 9.3 No increased, alternative, new or additional benefits may be granted under the CMP Section.
- 9.4 No increased, alternative, new or additional benefits will be granted where to do so could prejudice the Plan's status as a Registered Pension Scheme.

10. Amendment

- 10.1 Subject to clauses 10.2 and 10.3, the Principal Employer may, without the consent of any person, by deed amend the Plan (including this clause 10). Any such amendment may be retrospective or prospective.

- 10.2 Clause 10.1 is subject to clause 3 of this Deed and Rule A.5 of the CMP Rules.
- 10.3 Amendments to Part C of the CMP Rules and Rules F.3, H.3(A)(viii) and H.4(D)(i) of the CMP Rules may only be made with the consent of the Trustee.

11. Winding-up and dissolution

- 11.1 The CMP Section will be wound up and the CMP Fund dissolved as and when described in the CMP Rules.
- 11.2 The DBLS Section will be wound up and the DBLS Fund dissolved as and when described in the DBLS Rules.

12. Exclusion of the Contracts (Rights of Third Parties) Act 1999

The parties to this Deed do not intend that any term of this Deed should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.

13. Disputes, jurisdiction and governing law

- 13.1 This Deed and the Rules is in all respects governed by and interpreted according to the laws of England and Wales.
- 13.2 Any disputes or proceedings concerning the Plan which are properly conducted in a court of law are subject to the exclusive jurisdiction of the courts of England and Wales.

PART III
THE PRINCIPAL EMPLOYER AND PARTICIPATING EMPLOYERS

14. Covenants by Principal Employer

- 14.1 The Principal Employer hereby undertakes to the Trustee to observe and perform all the provisions of the Plan which apply to it.
- 14.2 Nothing in this Deed other than the provisions of Parts B and F of the CMP Rules has the effect of requiring the Principal Employer to pay (whether to the Trustee or to or in respect of any Member) any sum in respect of the CMP Section or the benefits under the CMP Section.

15. Admission of Participating Employers

- 15.1 The Principal Employer may admit any Connected Company as a Participating Employer and extend the Plan to such of the Connected Company's Employees as are agreed between the Principal Employer and such Connected Company. Any such Connected Company must undertake to the Trustee by deed to perform all obligations under the Plan which apply to it.
- 15.2 Unless the Principal Employer otherwise directs, each Participating Employer must participate in each Section in respect of its Employees.
- 15.3 Nothing in this Deed other than the provisions of Parts B and F of the CMP Rules has the effect of requiring any Participating Employer to pay (whether to the Trustee or to or in respect of Members) any sum in respect of the CMP Section or the benefits under the CMP Section.

16. Substitution of new Principal Employer

- 16.1 A Connected Company may by deed be substituted for the Principal Employer as Principal Employer if:
- (A) such Connected Company by that deed assumes the rights and obligations of the role of Principal Employer;
 - (B) that deed states whether or not the outgoing Principal Employer will continue as a Participating Employer; and
 - (C) the Principal Employer (unless it has been dissolved) agrees.
- 16.2 Nothing in this Deed other than the provisions of Parts B and F of the CMP Rules has the effect of requiring any such substituted Principal Employer to pay (whether to the Trustee or to or in respect of Members) any sum in respect of the CMP Section or benefits under the CMP Section.

17. Cessation of participation

17.1 Where any of the following events occurs in relation to a Participating Employer:

- (A) the Participating Employer ceases to be a Connected Company or the continued participation of the Participating Employer would otherwise prejudice the status of the Plan as a “qualifying scheme” within the meaning of section 3 of the PSA 21;
- (B) the Participating Employer gives notice in writing to the Trustee terminating its liability to contribute to the Plan and such notice (without being revoked) expires;
- (C) the Principal Employer gives notice in relation to the Participating Employer pursuant to Rule B.1(C) of the CMP Rules and Rule B.1(D) of the DBLS Rules and such notice (without being revoked) expires; or
- (D) an insolvency event within the meaning of section 121 of the Pensions Act 2004 occurs in relation to the Participating Employer or the Trustee determines, after taking professional advice, that the Participating Employer is unlikely to continue as a going concern,

the Participating Employer will cease to participate in the Plan and the Active Membership of Members employed by that Participating Employer will end.

17.2 If an event specified in clause 17.1 occurs at the same time or after an event specified in Rule H.2(A) of the CMP Rules or Rule G.2 of the DBLS Rules and there is a conflict between clause 17.1 and Rule H.2(A) of the CMP Rules or Rule G.2 of the DBLS Rules (as applicable), then the latter will prevail.

18. Rights and powers of Employers

18.1 Nothing in this Deed restricts the right of any Employer to end or alter the terms of employment of any Employee.

18.2 Nothing in this Deed is to be construed as imposing upon an Employer a contractual obligation as between the Employer and a Member to contribute or to continue to contribute to the Fund.

18.3 No power or discretion granted to any Employer under this Deed is fiduciary. All such powers and discretions may be exercised in such manner as the Employer thinks fit.

19. Matters of doubt

Except where expressly otherwise provided in the CMP Rules or the DBLS Rules, the Principal Employer will decide any questions or matters of doubt in relation to the Plan.

PART IV THE TRUSTEE

20. Appointment, retirement and removal of trustees

- 20.1 The powers of appointment and removal of trustees are vested in the Principal Employer and will be exercised by deed. It is not necessary for a trustee to be a party to a deed effecting its removal.
- 20.2 The Principal Employer may appoint a corporate trustee (whether or not a trust corporation) to act either as sole trustee of the Plan or as a co-trustee. In the absence of a sole corporate trustee, the number of trustees of the Plan will not be less than three.
- 20.3 After giving 30 days' written notice to the Principal Employer (or such shorter notice as the Principal Employer accepts) a trustee may retire from office.
- 20.4 A retiring or removed trustee will be discharged from further obligations under the Deed upon the retirement or removal taking effect.

21. General investment powers

- 21.1 Subject to clause 21.3, the Trustee may invest or apply the Plan's assets as though it were absolutely and beneficially entitled to those assets. This power includes:
- (A) acquiring and disposing of currencies and any property, tangible or intangible, real or personal, movable or immovable, whether or not it produces income, alone or together with others, in any part of the world, whether or not encumbered;
 - (B) investing or applying the Plan's assets in units or shares in investments where such units or shares are subject to the trusts of a unit trust or similar trust scheme;
 - (C) entering into, purchasing, selling, exchanging and closing out or otherwise cancelling derivative instruments (including currency hedging arrangements, interest rate and equity swap arrangements, options and futures contracts, contracts for differences and any transaction calculated by the Trustee to offset or reduce a risk or loss to the Fund) and applying the Plan's assets in connection with that purchase, sale, exchange, closing-out or cancellation;
 - (D) underwriting, sub-underwriting or guaranteeing the subscription of any funds, securities, bonds, debentures, debenture stocks and stocks and shares of any kind;
 - (E) commingling the Plan's assets with the assets of any other Registered Pension Scheme and entering into and applying the Plan's assets in connection with collective investment schemes;

- (F) with the consent of the Principal Employer, contracting with an Approved Insurer for a policy securing benefits under the Plan or covering claims against the Fund and paying the premiums from the Fund;
- (G) improving, repairing or developing any immovable property or any building;
- (H) participating in any scheme of deposit administration or any managed funds administered by an Approved Insurer; and
- (I) insuring assets of the Plan against loss or damage for such amounts as the Trustee decides and paying the premiums from the Fund.

21.2 Subject to clause 21.3, the Trustee must consider matters relating to the investment of the CMP Fund separately to matters relating to the investment of the DBLS Fund.

21.3 To the extent there is conflict between this clause 21 and Part C (or any other Part) of the CMP Rules or Part C (or any other Part) of the DBLS Rules, the CMP Rules or the DBLS Rules, as applicable, will prevail.

22. Other Trustee powers

22.1 In addition to any other powers or discretions given to the Trustee under this Deed, the Trustee has powers to:

- (A) appoint a secretary and, subject to the Principal Employer's consent, employ and pay personnel;
- (B) appoint and dismiss agents;
- (C) appoint and remove advisers including lawyers, accountants, auditors, actuaries and investment managers on such terms and subject to such conditions as the Trustee may agree with such advisers;
- (D) appoint and remove one or more nominees or custodians to hold the Fund (or such part as the Trustee from time to time may decide) on the Trustee's behalf;
- (E) place, or permit any nominee to place, any documents of title to assets of the Fund in safe custody with such one or more persons (in the UK or elsewhere);
- (F) operate bank and/or deposit accounts;
- (G) delegate in writing the payment of benefits (and payment by the delegate will discharge the Trustee);
- (H) subject to the Principal Employer's consent, form and finance any company and carry on and finance any business;
- (I) give indemnities, subject to the Principal Employer's consent;

- (J) give such guarantees, subject to the Principal Employer's consent, as the Trustee may think fit in connection with the exercise of its powers under the Plan and bind the Plan to give effect to the guarantees;
- (K) give undertakings to HMRC, The Pensions Regulator or other regulatory or governmental bodies; and
- (L) agree funding arrangements with the Principal Employer including the use of escrow arrangements.

- 22.2 With the consent of the Principal Employer, the Trustee may delegate any of its powers and discretions to any person or body (subject to the provisions of any applicable legislation and, if the Trustee considers it appropriate, on terms which permit such person or body to subdelegate such powers and discretions) and will not be liable for any loss arising out of any act or omission of any such person or body to whom such powers and discretions are properly delegated or properly subdelegated.
- 22.3 The Trustee may, with the consent of the Principal Employer and subject to applicable law, borrow money for any purpose of the Plan (including acquiring assets) and grant any mortgage or charge over any or all of the Plan's assets.
- 22.4 The Trustee may from time to time in writing authorise any person to give receipts and discharges for any moneys or other property payable, transferable or deliverable to the Trustee. Where the written authority of the Trustee is produced to any person, that person may, unless he or she has received express notice in writing from the Trustee of its revocation, assume and act upon the assumption that the authority remains unrevoked.
- 22.5 In making any calculation for the purposes of the Plan (whether in respect of benefits, expenses or otherwise) the Trustee may make such approximations and adopt such methods for reaching an estimate as it reasonably considers to be appropriate.
- 22.6 If in calculating or paying any benefit under the Plan the Trustee makes an error, either in relation to an individual Member or Members generally, the Trustee is not obliged to remedy the error where it reasonably concludes that the cost of remedying the error would be greater than the benefit to the individual Member or Members generally of it doing so.

23. Costs and expenses

- 23.1 The costs and expenses of the CMP Section will be met from the CMP Fund in accordance with Part F and (if applicable) Part H of the CMP Rules.
- 23.2 The costs and expenses of the DBLS Section will be met from such part of the DBLS Fund as the Trustee determines save that they may only be met out of the Cash Balance Risk Assets with the consent of the Principal Employer. Where Part G of the DBLS Rules applies, the costs and expenses of the DBLS Section will be met in accordance with any applicable provisions of that Part.

- 23.3 The Principal Employer may direct that all or some costs and expenses of the DBLS Section will be paid by the Principal Employer or by the Participating Employers in the proportions determined by the Principal Employer, and such direction by the Principal Employer may be in respect of some Members only.
- 23.4 Where costs or expenses do not relate wholly to the CMP Section or wholly to the DBLS Section, they will be met out of the CMP Fund and the DBLS Fund respectively in such proportions as the Trustee reasonably determines taking into account the purpose(s) for which the costs or expenses were incurred and the requirements of clause 6.6.

24. Indemnity, limitation of liability and remuneration of Trustee

- 24.1 Subject to clause 24.4, Indemnified Persons will be indemnified from the Fund in respect of all liabilities and expenses incurred in the execution or purported execution of their powers and duties under the Plan and against all costs in respect of any action taken in good faith in relation to the Plan.
- 24.2 Where an Indemnified Person is entitled to be indemnified under clause 24.1, the liabilities and expenses will be allocated to the Section to which they relate or, where they relate to more than one Section, between each Section in such proportions as the Trustee with the consent of the Principal Employer reasonably determines.
- 24.3 Subject to clause 24.4 and to applicable law, no Indemnified Person will be liable for or in respect of:
- (A) any loss of or any depreciation or default upon any of the investments or application of the Fund;
 - (B) any delay which may occur in the investment or application of the Fund;
 - (C) the safety of any securities or documents of title deposited for safe custody;
 - (D) the exercise of any power vested in the Trustee by this Deed; or
 - (E) any act or failure to act in connection with the Plan.
- 24.4 The indemnity in clause 24.1 and the limitation of liability in clause 24.3 will not apply to:
- (A) personal fraud, bad faith or wilful negligence on the part of that one or more Indemnified Persons who or which is or are sought to be made liable;
 - (B) breach of trust committed by that one or more Indemnified Persons who or which is or are sought to be made liable in circumstances where he, she or they knew or ought reasonably to have known that the relevant matter was a breach of trust;
 - (C) the negligence of a Professional Trustee; or

- (D) in the case of a corporate Trustee, the directors or former directors of that corporate Trustee in so far as it provides an indemnity against any liability which may not be indemnified under section 235 of the Companies Act 2006 or other applicable law.
- 24.5 The Trustee with the consent of the Principal Employer may take out insurance cover which, to the extent permitted by law:
 - (A) indemnifies the Fund against loss, damage or expenses caused by any negligence, default, breach of duty or breach of trust; and
 - (B) indemnifies Indemnified Persons against personal liability unless the person seeking the benefit of this indemnity incurred the liability as a result of personal dishonesty, bad faith, fraud or wilful negligence.
- 24.6 The premiums for such insurance cover will be paid from the CMP Fund and the DBLS Fund in such proportions as the Trustee with the consent of the Principal Employer reasonably decides, unless the Principal Employer decides that such premiums will be paid by the Principal Employer and/or any of the Participating Employers (in which case they will be paid by the Principal Employer and/or any of the Participating Employers in such shares as the Principal Employer decides).
- 24.7 No insurance will cover the following:
 - (A) a fine imposed by way of a penalty for an offence of which an Indemnified Person is convicted or a penalty which they are required to pay under section 10 of the PA 95 or section 168(4) of the PSA 93 (unless the premiums are borne by the Principal Employer and/or the Participating Employers);
 - (B) a breach of an obligation under any rule of law (including section 33 of the PA 95) to take care or exercise skill in the performance of an investment function (unless the premiums are borne by the Principal Employer and/or the Participating Employers);
 - (C) any liability of a director or former director to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature; or
 - (D) any liability incurred by a director or former director in defending criminal proceedings in which they are convicted.
- 24.8 If the Principal Employer agrees, Indemnified Persons may be compensated for their services and such compensation will be treated as an expense of the CMP Section and/or the DBLS Section in such proportions as the Trustee reasonably determines taking into account the nature of the services and the requirements of clause 6.6.
- 24.9 Indemnified Persons are entitled to retain any beneficial interest they have under the Plan.

25. Records, accounts and plan year

- 25.1 The Trustee must arrange for records to be kept and accounts to be prepared in accordance with any applicable legislation.
- 25.2 The Trustee must maintain such records as are necessary to reflect the division of the Plan into Sections.
- 25.3 The plan year for the purposes of preparing and, where required, auditing the accounts of the Plan will be the period starting on 1 April in each year and ending on 31 March in the next year.
- 25.4 The Trustee, with the consent of the Principal Employer, may (and, if requested by the Principal Employer, must) select a period as the new plan year to replace the previous period selected to be the plan year.

26. Proceedings of Trustee

- 26.1 If the Trustee is a sole corporate trustee, the Trustee will exercise its duties, powers and discretions under the Plan in accordance with its memorandum and articles of association.
- 26.2 If there is more than one trustee of the Plan:
 - (A) the Trustee will exercise its duties, powers and discretions under the Plan at meetings to be held where and when it decides;
 - (B) the quorum for any meeting of the Trustee is three trustees (or two trustees if the Plan has two or three trustees) present in person or by telephone or other means which allows each trustee attending the meeting to communicate information and opinions on the business which is the subject of the meeting;
 - (C) the Principal Employer will nominate one of the trustees to be chairperson who will have a casting vote in the event of equality in voting; and
 - (D) a resolution in writing signed by all the trustees (whether one document or two or more documents in the same form each signed by at least one of the trustees) will be valid as though it had been passed at a meeting of the Trustee.
- 26.3 No decision of the Trustee will be invalidated on the ground that any trustee, or director or officer of a corporate trustee:
 - (A) had a personal or other interest in such decision; or
 - (B) without prejudice to the generality of (A):

- (i) is a director, officer, employee or shareholder of, or is otherwise interested in, or connected with, any Employer, any holding company of any Employer, any subsidiary of any Employer, or any other person; or
- (ii) is a trustee, or director or officer of a corporate trustee, of any other scheme providing benefits on retirement or death with which the Trustee is dealing.

26.4 If a trustee, or a director or officer of a corporate trustee, has obtained any information otherwise than as a trustee, or a director or officer of a corporate trustee, of the Plan and in respect of which he or she owes a duty of confidentiality to the Principal Employer or any Connected Company ("**Confidential Information**"), the trustee, or director or officer of a corporate trustee, is, subject to clause 26.5 below, under no obligation to:

- (A) disclose any such information to the other trustees, or other directors, officers or employees of a corporate trustee; or
- (B) use or apply any such information in performing his or her duties as a trustee, or director or officer of a corporate trustee.

26.5 If the Confidential Information gives rise or might give rise to an actual or potential conflict of interest or duty for the trustee, or director or officer of a corporate trustee, in performing his or her role as a trustee, or director or officer of a corporate trustee of the Plan, then clause 26.4 only applies if the relevant trustee, or director or officer of a corporate trustee, informs or has informed the other trustees, or directors or officers of a corporate trustee, that he or she is in, or is likely to come into, possession of Confidential Information (not being required to give details of what the content of that Confidential Information is), agrees with them (or has previously agreed with them) what steps, if any, should be taken to manage the actual or potential conflict of interest or duty, and complies or has complied with the agreed steps.

26.6 Clauses 26.4 and 26.5 apply in addition to any equitable principle or rule of law or legislative provision which may excuse the trustee, or director or officer of a corporate trustee, from disclosing information.

PART V MEMBERS

27. Eligibility for membership

- 27.1 Subject to clause 28, the Trustee will on and after C Day admit to Active Membership of the Plan such Employees from such date(s) as the Principal Employer from time to time notifies to the Trustee as being persons who meet such eligibility criteria as the Principal Employer may from time to time determine and notify to the Trustee.
- 27.2 Unless the Principal Employer otherwise directs, Employees must be admitted to Active Membership of both the CMP Section and the DBLS Section.

28. Admission to membership

- 28.1 Subject to clause 28.4, if the Trustee requires, an Employee who is or will become eligible for admission to membership as an Active Member must provide such evidence as to age, health and marital status, undergo such medical examination and complete and sign such forms and by such date as the Trustee determines.
- 28.2 Subject to clause 28.4, if an Employee fails to provide the Trustee with the required information, provides information which is incorrect or the result of the medical examination in the Trustee's opinion fails to demonstrate satisfaction of any relevant criteria, the Trustee may with the agreement of the Principal Employer:
- (A) refuse to admit the Employee to membership as an Active Member; or
 - (B) modify or restrict the benefits provided for, or in respect of, him or her in such manner as the Trustee may agree with the Principal Employer.
- 28.3 The Trustee may act and rely on any evidence or information supplied by an Employee to any of the Employers or a medical examination undergone by an Employee for any of the Employers or for any insurance company.
- 28.4 If the Principal Employer notifies the Trustee that the Plan is to be used as an automatic enrolment scheme (as that term is defined in section 17 of the Pensions Act 2008), the Trustee must not impose any condition or restriction under this clause 28 which would result in the Plan not satisfying any conditions for it to qualify as such a scheme.

29. Duration of Active Membership

- 29.1 The Active Membership of a Member will cease upon the earliest of the following:
- (A) the Member ceasing to be in Service;
 - (B) the Member giving notice to his or her Employer (in such form and by such date as the Employer requires) that he or she no longer wishes to be an Active Member of the Plan;

- (C) the Member ceasing to satisfy any eligibility criteria notified by the Principal Employer pursuant to clause 27;
- (D) the Principal Employer determining that his or her Active Membership should cease (where such determination may be made either generally or in any particular case); or
- (E) Part H of the CMP Rules or Part G of the DBLS Rules applying.

29.2 Unless the Principal Employer otherwise directs, on ceasing Active Membership a member will cease to be an Active Member of both the CMP Section and the DBLS Section.

29.3 A Member will not be treated as having left Service if he or she is absent for the purpose of contractual leave or Family Leave.

29.4 Where:

- (A) a Member has a right to return to work under the provisions of Part VIII of the ERA 96 after a period of Family Leave; and
- (B) that Member has formally indicated an intention to return to work,

the Member will not be treated as having left Service. In the event that the Member does not return within the period permitted by that Act, the Member will be treated as having left Service with effect from the end of the last period of leave in which the Member received contractual or statutory pay.

29.5 If a Member has ceased contributions due to Unpaid Absence, temporary loan to another employer or unpaid sick leave, or if the Member has left Service but is in receipt of insured disability income arranged by his or her Employer, or, where less than three years has elapsed from the date on which the Member left Service and, immediately prior to leaving Service, the Member was eligible to receive insured disability income arranged by his or her Employer but opted for a lump sum in lieu of such insured disability income (other than a lump sum under Rule E.5(C)(i) of the CMP Rules), then, so long as he or she does not become an active member of a Related Scheme or an active member of another pension scheme to which any other employer or company contributes in respect of him or her, he or she will be treated as an Active Member for the purposes of Rule E.4(A)(iii) of the DBLS Rules only.

30. Absence from work

The Principal Employer may agree with the Trustee any special provisions to apply to Members who remain Active Members while absent from work. These provisions may apply to one or more Members or any category of Members.

PART VI GENERAL

31. Pension Sharing Orders

- 31.1 If a Pension Sharing Order is made against benefits standing to the credit of a Member and his or her Ex-Spouse or Ex-Civil Partner is awarded a Pension Credit, the Trustee may implement the Pension Sharing Order by:
- (A) transferring the Pension Credit to another Registered Pension Scheme (subject to any permitted reduction for charges or other amounts which the Trustee may impose on the Ex-Spouse or Ex-Civil Partner); and
 - (B) reducing the rate or amount of the benefits standing to the credit of the Member by the value of the Pension Credit (and the value of any permitted reduction for charges or other amounts which the Trustee may impose on the Member).
- 31.2 Where a reduction is to be made to a Member's Cash Balance Benefits under clause 31.1(B), the reduction will be applied to the Member's Notional Cash Balance in accordance with the principles set out in Rules D.2(B)(iv)(a) and (v)(b) of the DBLS Rules.
- 31.3 If the Trustee intends to implement a Pension Sharing Order by transferring a Pension Credit to another Registered Pension Scheme and the Ex-Spouse or Ex-Civil Partner dies before the transfer can be implemented, the Trustee may (but need not) use such Transfer Credit to pay benefits to or in respect of the Ex-Spouse's or Ex-Civil Partner's Dependants on the same basis as would apply if the Ex-Spouse or Ex-Civil Partner were a Member or, subject to clauses 3 and 38, on such other basis as the Trustee may decide.

32. Medical evidence and other relevant information

- 32.1 The Trustee may ask any current or prospective Member or Dependant for evidence of health, age or marriage or any other information relevant to the rate, amount or taxation of or entitlement to benefits under the Plan.
- 32.2 The Trustee may exclude a Member from benefits, withhold payment of benefits or limit the payment of benefits until it has evidence or information which satisfies its requirements.

33. Incapacity of Member or Dependant

- 33.1 If a person entitled to benefits is a minor or is, in the opinion of the Trustee, suffering from any incapacity rendering him or her unable to manage his or her affairs or to give a proper receipt, the Trustee may at its discretion pay or direct the payment of such benefits to any person or body of persons to be applied for his or her benefit. Where the payment has been made in good faith, the Trustee or other payer will be completely

discharged in respect of the money so paid. The Trustee or that payer will have no liability to enquire into the application of the payment.

- 33.2 Alternatively, the Trustee may declare in respect of all or part of any benefits payable under the Plan such trusts, terms and limitations (including such provisions for maintenance, education or advancement or for accumulation of any income during a minority and such discretionary trusts and powers as the Trustee may by deed appoint but without infringing the rule against perpetuities) to be administered separately from the trusts of the Plan. The Trustee will have power to appoint as trustees of such benefits or part of such benefits any two persons or a corporate trustee (whether or not a trust corporation) and (unless such powers are vested in another or in others under the deed of trust) to remove any such trustees and appoint any other trustee in place of any one so removed. Unless the Principal Employer decides otherwise, the costs of establishing and the continuing costs of the trust must be met from the assets of that trust.

34. Prohibition on assignment of benefits; forfeiture and suspension of benefits

- 34.1 Benefits under the Plan cannot be assigned or charged except where permitted under sections 91 or 92 of the PA 95. A benefit will cease to be payable if the person entitled to the benefit tries to assign or charge it in a manner that is not permitted under sections 91 or 92 of the PA 95.
- 34.2 If benefits cease to be payable under clause 34.1, the Trustee may pay equivalent benefits to or for the benefit of one or more of:
- (A) the person who was entitled to the original benefits; and
 - (B) that person's Dependants.
- 34.3 If the Trustee decides to pay the benefits to more than one person, it will pay it in such shares as it decides.
- 34.4 If an individual to whom benefits are payable is imprisoned or otherwise detained in legal custody, the Trustee may:
- (A) reduce or suspend payment of the benefits; and
 - (B) pay or apply the amount suspended or reduced to or for the maintenance of one or more of that person's Dependants.
- 34.5 For the purposes of this clause 34, where the person who was entitled to the original benefits or to whom the benefits are payable is a Dependant, references to "Dependants" of that person shall be interpreted as if references to "Member" in the definition of that term were references to that Dependant.

35. Monetary obligation

- 35.1 If a Member is under a monetary obligation to an Employer arising out of a criminal, negligent or fraudulent act or omission on the Member's part, the Employer will be entitled to claim from the Trustee an amount equal to the amount of the obligation or the value of any such benefit if less. Upon proof of the amount owed, the Trustee must arrange payment of the claim out of any moneys due under the Plan to such Member and must reduce the benefits standing to the credit of the Member accordingly.
- 35.2 The Trustee must determine with the consent of the Principal Employer whether payment of any claim under clause 35.1 will be made out of moneys due under the CMP Section and/or the DBLS Section and in what proportions. Where payment is to be made out of the Member's Cash Balance Benefits, a reduction will be applied to his or her Notional Cash Balance in accordance with the principles set out in Rules D.2(B)(iv)(a) and (v)(b) of the DBLS Rules.
- 35.3 The Trustee must certify to the Member the amount recovered and its effect upon his or her benefits. If a claim is made against moneys due under the Plan, the Member may agree in writing with the Trustee an alternative method of recovery. If there is a dispute as to the amount due, the Employer may not exercise its right of recovery before the debt in question has become enforceable under a court order or the award of an arbitrator or (in Scotland) an arbiter. The Trustee may postpone payment of benefits under this clause until it has become clear whether such debt is enforceable or not.
- 35.4 In addition to the above the Trustee is entitled to the benefit of a charge, lien or set off against benefits under the Plan for the purposes permitted by section 91(5)(e) and (f) of the PA 95 (crime, negligence, fraud, breach of trust, payment made in error).

36. Service of notices

- 36.1 Any notice to be given under the Plan will be deemed to have been given or served upon the Trustee, an Employer or a Member if in writing delivered by hand or sent by pre-paid first class post under cover addressed:
- (A) in the case of the Trustee, (if the Trustee is a company) to the company secretary of the Trustee at the Trustee's registered office, or to such other address as the Trustee may from time to time notify to Members and the Principal Employer for the purposes of receiving notices;
 - (B) in the case of an Employer to its registered office; and
 - (C) in the case of a Member, to his or her last known home or work address as shown in the records of the Employer or the Trustee.
- 36.2 Any notice served by post will be deemed to have been received 48 hours after it was posted. The Trustee may communicate with Members, and accept communications from Members, by alternative means where appropriate. The Employers may

communicate with Members, and accept communications from Members, by alternative means where appropriate.

37. Tax

- 37.1 The Trustee may deduct tax charges or any levy, fee or duty for which the Trustee or any person is or may become liable in respect of the benefits of a Member, Dependant or, where Part H of the CMP Rules applies, Survivor from the value of benefits standing to the credit of the Member, Dependant or Survivor.
- 37.2 The Trustee will decide whether amounts to be deducted under clause 37.1 will be deducted from a Member's or Dependant's benefits under the CMP Section and/or the Member's or Dependant's benefits under the DBLS Section and in what proportions.
- 37.3 Where the deduction under clause 37.1 is to be made from a Member's Cash Balance Benefits:
- (A) if the deduction is to be made prior to the Member's Cash Balance Benefits coming into payment, a reduction will be applied to the value of the Member's Notional Cash Balance in accordance with the principles set out in Rules D.2(B)(iv)(a) and (v)(b) of the DBLS Rules; or
 - (B) if the deduction is to be made from the Member's Cash Balance Benefits on their coming into payment, the deduction will be made from the Member's Available Cash Balance.
- 37.4 Where there is any discretion to be exercised as to the reduction factor to be used in reducing any benefit, such factor will be determined by the Trustee, having obtained the advice of the Actuary, with the agreement of the Principal Employer.

38. Unauthorised Payments

No payment may be made from the Plan that would not be an authorised payment under the FA 04 except that the Trustee with the consent of the Principal Employer may make a payment from the assets of the Plan even though it is or may be an Unauthorised Payment, or rearrange the benefit so that it is an authorised payment. In either case the Trustee must, where reasonably practicable, obtain the consent of the beneficiary before making any such unauthorised or rearranged payment but no person will have an entitlement to such a payment.

39. Unclaimed benefits

If any right to benefit or payment remains unclaimed for a period of six years from the date it became payable it will cease to be payable.

40. Counterparts

This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Deed, but all the counterparts shall together constitute but one and the same instrument.

IN WITNESS whereof the parties hereto have caused this Deed to be executed the day and year first above written.

SCHEDULE 1

RULES OF THE CMP SECTION

	Page
Part A General	
A.1 Name of this Section	32
A.2 Commencement date	32
A.3 Purpose and structure of this Section	32
A.4 Definitions	32
A.5 Overriding provision	35
Part B Contributions	
B.1 Employers' contributions	36
B.2 Members' contributions	36
Part C Investment	
C.1 General	37
C.2 Asset categories	37
C.3 Allocation between asset categories	40
C.4 Limits on Charges	41
C.5 Investment report	42
C.6 Review and adjustment of investments	43
C.7 Use of special purpose vehicle	43
Part D Calculation of benefits	
D.1 General	45
D.2 Calculation of Adjusted CMP Blocks	45
D.3 Periodic adjustment of benefits	46
D.4 Multi-annual Reductions	51
D.5 Notice of changes to Valuation Completion Date etc`	59
D.6 Overriding provisions	60
Part E Payment of benefits	
E.1 Benefits on retirement of Active Member	61
E.2 Benefits on ceasing Active Membership – contribution refund or cash transfer sum	62
E.3 Benefits on ceasing Active Membership – deferred pension	63
E.4 Benefits on death	64
E.5 Commutation	66
E.6 Payment of benefits	67
Part F Expenses and reserves	
F.1 General	69
F.2 Expense reserves	69

F.3	Investment of expense reserves	69
F.4	Payment of expenses	70
F.5	Release of expense reserves and cessation of contributions to expense reserves	72
F.6	Employer Reserve	72

Part G Transfers and annuities

G.1	Transfers-in	74
G.2	Transfers-out	74
G.3	Purchase of annuities	76

Part H Termination and Winding-up

H.1	General	77
H.2	When this Part applies	78
H.3	Immediate consequences	79
H.4	Continuity Option 3 – continuation as a closed scheme	81
H.5	Initial Quantification	82
H.6	Winding-up Quantification	83
H.7	Penultimate Quantification	84
H.8	Final Quantification	84
H.9	Calculation of periodic incomes	86
H.10	Adjustment of periodic incomes following Initial Quantification	87
H.11	Adjustment of periodic incomes following Winding-up Quantification	89
H.12	Adjustment of periodic incomes following Penultimate Quantification	90
H.13	Determination of Discharge Amounts	92
H.14	Unknown Beneficiaries	94
H.15	Discharge of benefits	95
H.16	Payment of expenses	95
H.17	Application of residual assets	97
H.18	Additional definitions	97

PART A GENERAL

A.1 Name of this Section

This Section is called the CMP Section.

A.2 Commencement date

This Section came into operation on the Commencement Date and these Rules took effect on that date.

A.3 Purpose and structure of this Section

- (A) The purpose of this Section is to provide qualifying benefits for the purposes of section 2 of the PSA 21.
- (B) These qualifying benefits are to be provided to or in respect of individuals who have become Members in accordance with clauses 27 and 28.
- (C) The benefits provided under this Section are to be provided out of the Available Assets of this Section.
- (D) The rate or amount of any benefit provided under this Section is at all times before the commencement of winding-up subject to periodic adjustments in accordance with Rules D.3 and D.4. These periodic adjustments are designed to achieve a balance between the value of the Available Assets and the Required Amount, in each case as determined in accordance with the Rules of this Section.
- (E) The benefits under this Section are to be paid in accordance with Parts E and G.
- (F) Part F contains provisions concerning the payment of expenses and the creation and operation of reserves.
- (G) Part H contains provisions concerning the termination and winding up of this Section.

A.4 Definitions

- (A) In these Rules, the following words and expressions bear the following meanings:

“Adjusted CMP Block” has the meaning given in Rule D.2(B).

“Adjusted Notional Pension” means:

- (a) in relation to a Member whose pension had not yet started at the date of his or her death, the Member’s Notional Pension adjusted to reflect any periodic adjustments from time to time under Part D; and

- (b) in relation to a Member whose pension had started at the date of his or her death, the Member's pension at the date of his or her death adjusted to reflect any periodic adjustments from time to time under Part D.

"Adjustment Date" has the meaning given in Rule D.3(I).

"Available Assets" means the assets comprised within the CMP Fund, excluding:

- (a) any resources of the Section invested in contravention of section 40(1) of the PA 95; and
- (b) the Operational Expenses Reserve, the Continuity Expenses Reserve and the Employer Reserve.

"Cash" has the meaning given in Rule C.2(A).

"Central Estimate" has the meaning given in regulation 2(1) of the CMPS Regulations.

"Certified Available Assets Value" has the meaning given in Rule D.3(B)(i).

"Certified Required Amount" has the meaning given in Rule D.3(B)(ii).

"Charges" has the meaning given in the Charges Regulations.

"Charges Regulations" means the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

"CMP Block" means a Year End CMP Block or an Exit Date CMP Block which in either case is not an Adjusted CMP Block.

"Continuity Expenses Reserve" means the reserve created for the costs referred to in section 14(2)(b) of the PSA 21 referred to in Rule F.2(B).

"CPI" means the Government's index of consumer prices or any alternative inflation index selected by the Principal Employer from time to time.

"Employer Reserve" has the meaning given in Rule F.6(A).

"Exit Date CMP Block" has the meaning given in Rule D.2(B)(ii).

"Incapacity" means serious physical or mental ill health (not simply a decline in energy or ability) such that, in the opinion of his or her Employer, the Member is permanently incapable of:

- (a) carrying out his or her current duties;
- (b) carrying out such other duties for his or her Employer as his or her Employer might reasonably expect him or her to perform; and

- (c) engaging in employment with any other employer of a type which in the opinion of his or her Employer would be reasonable and appropriate for the Member.

The Principal Employer may from time to time notify the Trustee that “Incapacity” will have such other meaning as the Principal Employer specifies in the notification, provided that, if and to the extent such notification would constitute a modification of the Plan which on taking effect would alter the nature or extent of any person’s subsisting rights under the Plan for the purposes of section 67A of the PA 95, then the terms of such notification may not be such as would give rise to a detrimental modification for these purposes.

“Investment Expenses” means costs and expenses incurred in connection with the investment of the Section’s assets including investment manager fees, investment adviser fees, custodian fees and Transaction Costs.

“Investment Grade Credit Rating” has the meaning given in Rule C.2(B)(i).

“Low-Risk Assets” has the meaning given in Rule C.2(B).

“Multi-annual Reduction” has the meaning given in regulation 2(1) of the CMPS Regulations.

“Notional Pension”, in relation to a Member, means the pension which would have been payable to the Member at the date of death as if the date of death were the Member’s Normal Retirement Date (which, for the avoidance of doubt, does not include any notional accrual in respect of any period between the date of death and the Member’s Normal Retirement Date).

“Operational Expenses Reserve” means the reserve created for the costs and expenses of running the Section referred to in Rule F.2(A).

“Recognised Transfer” has the meaning given in section 169 of the FA 04.

“Relevant Accounts” has the meaning given in regulation 17(14) of the CMPS Regulations.

“Required Amount” has the meaning given in Rule D.3(F).

“Return-Seeking Assets” has the meaning given in Rule C.2(F).

“Rules” means the rules set out in this Schedule 1 and all amendments and additions made to them from time to time.

“Special Purpose Vehicle” has the meaning given in Rule C.7(B).

“Statutory Minimum” has the meaning given in Rule F.3(B)(i).

“Transaction Costs” means costs incurred as a result of the buying, selling, lending or borrowing of investments.

“Valuation” means an actuarial valuation pursuant to section 20 of the PSA 21 carried out in accordance with Rule D.3.

“Valuation Completion Date” has the meaning given in Rule D.3(B).

“Valuation Effective Date” has the meaning set out in Rule D.3(C).

“Year End CMP Block” has the meaning given in Rule D.2(B)(i).

- (B) Terms not otherwise defined in this Section have the same meanings given them in clause 1.1 of the Deed.
- (C) Additional definitions applicable to Part H are set out in Rule H.17.

A.5 Overriding provision

- (A) Subject to (C), no provision of these Rules is intended to confer any entitlement to any benefit under this Section which is not a qualifying benefit for the purposes of section 2 of the PSA 21 or to have the effect that there is any benefit which may be provided under this Section which is not a qualifying benefit. Each provision of these Rules must be interpreted accordingly. If there is any provision of these Rules which cannot be so interpreted, then these Rules are hereby automatically modified to the extent necessary to ensure that no benefit may be provided under this Section that is not a qualifying benefit.
- (B) Sub-rule (A) overrides any provision to the contrary in these Rules.
- (C) Sub-rule (A) is without prejudice to any periodic incomes which are required to be paid under Schedule 6 to the CMPS Regulations.

PART B CONTRIBUTIONS

B.1 Employers' contributions

- (A) Each Pay Period, each Employer will pay contributions to the Trustee in respect of each Active Member in its Service at the rate of 10.9% of that Active Member's Pensionable Pay.
- (B) In respect of any period during which an Active Member is on Ordinary Maternity Leave (whether or not paid) or any other Family Leave which is paid, the Member's Employer will pay contributions in respect of that Active Member as though that Active Member had been working normally.
- (C) The Principal Employer may at any time by notice to the Trustee direct that no further contributions are payable whether by the Principal Employer or by any one or more of the other Employers.
- (D) For the avoidance of doubt but subject to Part F, no sums will be payable by an Employer in respect of this Section or the provision of benefits under this Section (whether to the Trustee or to Members) otherwise than in accordance with this Rule.
- (E) Provisions concerning the payment by Employers of contributions towards costs and expenses incurred in relation to the Section are set out in Part F.
- (F) This Rule is subject to Rule H.3(A)(ii).

B.2 Members' contributions

- (A) Each Active Member will pay contributions at the rate of 4% of that Active Member's Pensionable Pay.
- (B) Each Pay Period, each Employer will collect the contributions of each Active Member in its Service by deduction from that Active Member's remuneration and pay them to the Trustee.
- (C) Contributions paid by an Employer under a Salary Sacrifice Agreement in lieu of an Active Member's contributions will be treated as having been paid by that Active Member for the purposes of this Rule.
- (D) In respect of any period of Family Leave which is paid, an Active Member will continue to pay contributions calculated in accordance with (A) but by reference to actual Pensionable Pay during that period.
- (E) This Rule is subject to Rule H.3(A)(ii).

PART C INVESTMENT

C.1 General

- (A) This Part C sets out rules concerning how the Section's assets are to be invested.
- (B) This Part C is subject to any provisions of Part F concerning how assets attributable to the Operational Expenses Reserve, the Continuity Expenses Reserve and the Employer Reserve are to be invested and any provisions of Part H concerning how the Section's assets are to be invested where an event set out in Rule H.2(A) occurs.

C.2 Asset categories

- (A) For the purposes of this Part C, **"Cash"** means a mixture of sterling-denominated cash held in the Trustee's bank account and investments in sterling-denominated money market or cash funds, in such proportions as the Trustee considers to be appropriate having taken appropriate advice.
- (B) For the purposes of this Part C, **"Low Risk Assets"** means a portfolio of bonds and other assets which the Trustee considers, having taken appropriate advice, meets the conditions at (i), (ii) and (iii) below, where:
 - (i) is a requirement that, subject to (D) and (E), each asset within the portfolio, which may include but is not limited to UK government bonds, must have on purchase an **"Investment-Grade Credit Rating"**, meaning:
 - (a) in respect of an asset which has a credit rating, that it has a credit rating by any of Moody's Investors Services Limited, Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc. or any of their respective successors or any other rating agency of international standing of at least Baa3 (in the case of Moody's), BBB- (in the case of Standard & Poor's) or the equivalent in the case of any successor or other rating agency; or
 - (b) in the case of an asset which does not have a credit rating, that it carries an equivalent (or lower) level of risk than an asset which would receive a credit rating which would satisfy (i)(a) above;
 - (ii) is a requirement that the assets comprising the portfolio can be expected to provide long-term sustainable cashflows (whether arising from income or capital reductions) which have, in aggregate, a duration and nature which, so far as practicable, are consistent with the Actuary's best estimate, as determined at each Valuation, of the expected duration of the Section's liabilities for benefits and expenses (other than those included within "R" under Rule C.3(B)) and take into account the level of price inflation linkage in respect of those liabilities reasonably anticipated by the Actuary; and

- (iii) is a requirement that the assets comprising the portfolio must in aggregate give rise to an exposure to overseas currency fluctuations:
 - (a) not taking into account the effect of any currency hedging arrangements, of no more than 50% of their total market value; and
 - (b) after taking into account the effect of any currency hedging arrangements, of as close as reasonably practicable to nil (recognising that it may not be practicable or cost effective to hedge all overseas currencies).
- (C) Subject to (D) and (E), if the Trustee considers, having taken appropriate advice, that an asset originally purchased as a Low-Risk Asset has ceased to satisfy the Investment Grade Credit Rating requirement at (B)(i), the Trustee must as soon as reasonably practicable sell that asset and use the proceeds to purchase an alternative asset or assets which meet the requirements of (B)(i) (and the purchase of which is consistent with the requirements of (B)(ii) and (iii)).
- (D) If the Trustee considers, having taken appropriate advice, that an asset originally purchased as a Low-Risk Asset has ceased to satisfy the Investment Grade Credit Rating requirement at (B)(i), the Trustee may continue to hold the asset, and the asset will continue to be treated as a Low-Risk Asset if:
 - (i) the Trustee considers, having taken appropriate advice, that the rating (or level of risk) of the asset is reasonably likely to improve over time so as to satisfy the requirements of (B)(i) or the Trustee concludes, on the basis of investment advice, that an immediate sale of the asset would not be in the best financial interests of the Section; and
 - (ii) the total market value of Low-Risk Assets (including assets held within pooled funds) which do not satisfy the Investment Grade Credit Rating requirement at (B)(i) does not exceed 10% of the total market value of the Section's Low-Risk Assets (including Low-Risk Assets which have ceased to have an Investment Grade Credit Rating).
- (E) Investments in pooled funds may be included within the Low Risk Assets provided that such pooled funds are subject to restrictions equivalent to those set out in (B)(i). Where Sub-rule (C) applies in respect of an asset held within a pooled fund and Sub-rule (D) does not apply in respect of that asset, the Trustee must as soon as reasonably practicable sell its interest in the pooled fund and use the proceeds to purchase an alternative asset or assets (which may include investment in another pooled fund) which meet the requirements of (B)(i) (and the purchase of which is consistent with the requirements of (B)(ii) and (iii)).
- (F) For the purposes of this Part C, **"Return-Seeking Assets"** means a portfolio of any assets which the Trustee considers, having taken appropriate advice, is reasonably consistent with its best estimate of what is required to achieve in future the long-term objective at (i) below while also meeting the risk control constraint at (ii) below (in both

cases ignoring temporary deviations which the Trustee considers, having taken appropriate advice, to be capable of being resolved within a reasonable timeframe), where:

- (i) the portfolio generates long term sustainable annual returns within a range of $X - 0.25\%$ per annum to $X + 1.0\%$ per annum where X is the long term expected annual percentage return on the FTSE All World Index 50% hedged to sterling and weighted according to market capitalisation; and
- (ii) the expected annual risk of the portfolio (measured by the volatility of absolute returns on the portfolio) is at least 65% but not more than 100% of the expected annual risk of the FTSE All World Index 50% hedged to sterling and weighted according to market capitalisation.

For the purposes of selecting a portfolio of assets which can be expected to meet these criteria:

- (a) future expected annual percentage returns and expected annual risk must be determined net of investment expenses and assessed over a period and using a model for potential future returns on each asset category selected by the Trustee after taking investment advice; and
- (b) the allocation between categories of assets must be determined annually by the Trustee after consideration of its investment adviser's report under Rule C.5(A).

If the Trustee considers, having taken appropriate advice, that the FTSE All World Index is no longer suitable for measuring the risk and return characteristics of a diversified portfolio of global equities, the Trustee must select an alternative index which it is advised is suitable for this purpose.

(G) For the avoidance of doubt:

- (i) assets which would meet the requirements for inclusion within the Return-Seeking Assets portfolio may be included within the Low Risk Assets portfolio provided the requirements set out in (B) are met and they are not also counted as part of the Return-Seeking Assets portfolio;
- (ii) assets with an Investment Grade Credit Rating may be included within the Return-Seeking Assets portfolio provided the requirements set out in (F) are met and they are not also counted as part of the Low Risk Assets portfolio;
- (iii) subject to the Trustee taking such measures as it is advised are appropriate to manage counterparty risk (including by obtaining collateral where it is advised this is appropriate or is necessary for regulatory reasons), derivative instruments may be included within the Low Risk Assets and Return-Seeking Assets for hedging purposes, including for the purposes of hedging currency, interest rate and inflation rate risks, and for these purposes the use of leverage is permitted; and

- (iv) paragraph (iii) above is without prejudice to the power of the Trustee to invest in derivative instruments for the purposes of generating investment returns (subject to the other provisions of this Part C and applicable law).

Note: regulation 4(8) of the Occupational Pension Schemes (Investment) Regulations 2005 restricts investment in derivatives for non-hedging purposes to investing for the purposes of efficient portfolio management (which can include generating returns subject to an acceptable level of risk).

- (H) Without prejudice to (F), the Trustee must, after taking investment advice, take such measures as it considers appropriate to mitigate risks in respect of the Return-Seeking Assets including the volatility of expected investment returns, concentration risk, liquidity risk, extreme downside risk, and environmental, social, governance and climate-related risks).
- (I) This Rule C.2 is subject to Rule C.4.

C.3 Allocation between asset categories

- (A) Subject to (D), (E) and (F), the Trustee must use reasonable endeavours to invest the Section's assets with a view to them being allocated between Return-Seeking Assets, Low-Risk Assets and Cash in proportions such that:
 - (i) the proportion of the Section's assets to be held as Return-Seeking Assets, expressed as a percentage ("**RS%**"), equates to the decimal derived from the formula $R \times (1 - C)$;
 - (ii) the proportion of the Section's assets to be held as Cash, expressed as a percentage ("**C%**"), is the amount that the Trustee considers, after taking actuarial and investment advice, and after allowing for expected future cashflows (including contributions under Part B and cashflows from the Section's investments), is needed to meet the Section's liquidity requirements over an appropriate period selected by the Trustee from time to time;
 - (iii) the proportion of the Section's assets to be held as Low-Risk Assets, expressed as a percentage ("**LR%**"), is 100% less the sum of RS% and C%.
- (B) Subject to (C), for the purposes of Rule C.3(A)(i), "**C**" means C% expressed as a decimal and "**R**" means the proportion, expressed as a decimal, which the Actuary's best estimate of the sum in relation to all Members of £r bears to the total value of the Section's benefit liabilities determined in the most recent Valuation as at the Valuation Effective Date (or, where at any time R is assessed no Valuation has been completed, a reasonable approximation of R determined by the Actuary), where "£r" in relation to each Member is:
 - (i) in relation to a Member aged 67 years or less, 100% of the value of the benefit liabilities in respect of that Member forming part of the most recent Valuation as at the Valuation Effective Date;

- (ii) in relation to a Member aged 90 years or more, £0; and
 - (iii) in relation to a Member aged between 67 and 90 as at the Valuation Effective Date, a percentage of the value of the benefit liabilities in respect of that Member forming part of the most recent Valuation as at the Valuation Effective Date determined by linear interpolation, using complete years, between 100% at age 67 and 0% at age 90.
- (C) If the Actuary considers that R may have materially changed since the Valuation Effective Date, the Actuary may update R on an approximate basis to such later date as the Actuary considers to be appropriate which is closer to the completion of any review of the Section's investments under Rule C.6.
- (D) Subject to (F), and subject to the tolerances in (E) not being exceeded, the percentage of the Section's assets invested in Cash may at any time be higher or lower than the amount referred to in Rule C.3(A)(ii) by up to the greater of:
 - (i) 1%; and
 - (ii) $C\% \times 0.25$ expressed as a percentage.

Note: for example, if C% is 10%, the tolerance range for C% is 7.5% to 12.5%. If C% is 1.5%, the tolerance range for C% is 0.5% to 2.5%.
- (E) Subject to the tolerances in (D) not being exceeded, the percentage of the Section's assets invested in each of Return-Seeking Assets and Low-Risk Assets may at any time be higher or lower than the percentages calculated in accordance with (A) to (C) above by up to the greater of:
 - (i) 1%; and
 - (ii) $0.1 \times$ the lower of RS% and LR% expressed as a percentage.

Note: for example, if RS% is 75% and LR% is 15%, the tolerance range for RS% is 73.5% to 76.5% and the tolerance range for LR% is 13.5% to 16.5%. If RS% is 87% and LR% is 8%, the tolerance range for RS% is 86% to 88% and the tolerance range for LR% is 7% to 9%.
- (F) The Trustee will use reasonable endeavours to procure that the percentage of the Section's assets invested in Cash during the period ending on the second anniversary of C Day complies with the requirements of Rule C.3(A)(ii), recognising that during this period practical requirements may result in the percentage of the Section's assets invested in Cash being higher than the amount referred to in Rule C.3(A)(ii).

C.4 Limits on Charges

- (A) Notwithstanding anything to the contrary in this Part C, the Trustee must use reasonable endeavours to invest the Section's assets in such a way as its investment adviser

advises is unlikely, on a prudent basis, to result in any Charges imposed on Members, in respect of their rights under the Section, exceeding the limits set out in the Charges Regulations or being of a description prohibited by the Charges Regulations.

- (B) For the purposes of (A) but subject to (C), unless the Principal Employer otherwise directs, the Trustee must treat Charges and the limits set out in the Charges Regulations as extending to any Charges paid out of the Operational Expenses Reserve or the Continuity Expenses Reserve irrespective of whether this is required by the Charges Regulations.
- (C) Without prejudice to the Trustee's obligations under (A), when performing its obligations under (B):
 - (i) the Trustee may take into account the assets comprised within the Operational Expenses Reserve and the Continuity Expenses Reserve as if they formed part of the Available Assets;
 - (ii) the Trustee is not required to treat any Charge as being of a description prohibited by the Charges Regulations; and
 - (iii) the Trustee may use such method or methods for assessing compliance with (B) as the Trustee from time to time determines, having taken appropriate advice and consulted with the Principal Employer.
- (D) For the avoidance of doubt, nothing in (C) is to be construed as causing any assets comprised within the Operational Expenses Reserve or the Continuity Expenses Reserve to form part of the Available Assets.
- (E) The Trustee must assess the level of Charges in respect of the CMP Section and compliance with the Charges Regulations and Sub-rules (A) to (C) at such intervals as the Trustee considers appropriate but not less than annually. The Trustee may direct its investment adviser to rely on its most recent assessment of the level of Charges and compliance with the Charges Regulations and Sub-rules (A) to (C) in connection with the reports and advice the investment adviser provides for the purposes of this Rule C.4 and Rule C.5.
- (F) The Trustee must report to the Principal Employer on the outcome of its assessment of Charges and compliance pursuant to (E) not less than annually and provide the Principal Employer with such other information on Charges and compliance with the Charges Regulations and/or Sub-rules (A) to (C) as, from time to time, the Trustee has available to it and which the Principal Employer reasonably requests.

C.5 Investment report

- (A) The Trustee must obtain from its investment adviser an annual report setting out its recommendation on how the Section's assets should be invested in Return-Seeking Assets, Low-Risk Assets and Cash so as to meet the requirements of Rules C.2 to C.4.
- (B) The Trustee may obtain reports under (A) more frequently than annually if it considers that a material change of circumstances since the last report could justify this.

C.6 Review and adjustment of investments

- (A) The Trustee must obtain from its investment adviser a monitoring report on the Section's investments each quarter and may, if appropriate, obtain reports on a more frequent basis. Monitoring reports must report, amongst things, on the compliance of the Section's investments with the requirements of Rules C.2 and C.3.
- (B) If the Trustee receives advice from its investment adviser, whether in a quarterly monitoring report or otherwise, that the tolerance thresholds in Rules C.3(D) and (E), after taking into account any approximate updates as at an appropriate later date selected by the Trustee, are breached or there is a reasonable likelihood of them being breached, the Trustee must, after obtaining investment advice, make appropriate adjustments to the Section's investments with a view to ensuring that the allocation of the Section's investments between Return-Seeking Assets, Low-Risk Assets and Cash is restored within six months of the breach and/or remains within the tolerance thresholds in Rules C.3(D) and (E).
- (C) Sub-rule (B) is subject to Rule C.4.
- (D) If the Trustee considers, having taken appropriate advice, that the current allocation of the Section's investments between Return-Seeking Assets, Low-Risk Assets and Cash will cause, or could reasonably be expected to cause, the limits set out in the Charges Regulations to be breached, the Trustee must, after obtaining investment advice, make appropriate adjustments to the Section's investments with a view to ensuring compliance with such limits while continuing to comply as nearly as reasonably possible with the other requirements of this Part C. If the Trustee considers, having taken appropriate advice, that it is not reasonably practicable to comply with such limits and at the same time comply with both the return requirements and the volatility requirements in respect of the Section's portfolio of Return Seeking Assets set out in C.2(F)(i) and (ii) respectively, the Trustee must prioritise compliance with the return requirements over compliance with the volatility requirements.

C.7 Use of special purpose vehicle

- (A) If the Trustee proposes to use a Special Purpose Vehicle for investment purposes and this is not something already contemplated in the CMP Section's statement of investment principles, the Trustee must give the Principal Employer reasonable advance notice of its proposal and provide the Principal Employer with such information about its proposal as the Principal Employer may reasonably request.

- (B) In this Rule C.7, “**Special Purpose Vehicle**” means an entity or arrangement (whether or not having separate legal personality) created, incorporated or established solely or mainly for the use of the Trustee to enable it to engage in a particular type or form of investment(s).

D – CALCULATION OF BENEFITS

D.1 General

This Part D sets out the rules about how the rate or amount of benefits under this Section is to be determined, including:

- (A) the method the Trustee must apply to determine the value of the assets available for the provision of the benefits of the Section to or in respect of the Members collectively;
- (B) the method the Trustee must apply to determine the value of the amount expected to be required, applying appropriate actuarial assumptions, for the purpose of the provision of those benefits; and
- (C) the method for adjusting the rate or amount of benefits provided under the Section from time to time, including when such adjustments are to take effect.

D.2 Calculation of Adjusted CMP Blocks

- (A) The rate or amount of the benefits to be provided in respect of each Active Member of this Section is to be calculated in accordance with this Rule D.2, subject always to the application of periodic adjustments in accordance with Rules D.3 and D.4.
- (B) Benefits will be credited to Members as follows:
 - (i) On 1 April in each year there will be credited to each Member who was in Active Membership on the 31 March immediately preceding that 1 April benefits in the form of a pension payable from Normal Retirement Date at the rate of 1/80th (or at such other rate as, subject to Rule D.5, the Principal Employer may determine and notify to the Trustee from time to time) of the Pensionable Pay received by that Member during the year immediately preceding that 1 April (a “**Year End CMP Block**”).
 - (ii) At a Member’s Exit Date there will be credited to the Member benefits in the form and rate referred to in (i) in respect of the Pensionable Pay received by that Member during any period of Active Membership between the immediately preceding 1 April and the Exit Date or (in the case of a Member whose Exit Date falls before 1 April 2025) between C Day and the Exit Date (an “**Exit Date CMP Block**”).

Each CMP Block, as successively adjusted under Rules D.3 and D.4, is an “**Adjusted CMP Block**”.

Note: under section 3(8) of the PSA 21, changing the rate of accrual would require benefits from the date of change to be provided from a new section. Section 67 of the PA 95 would restrict changes to the rate of accrual in respect of benefits accrued before the date of change.

- (C) For the avoidance of doubt, CMP Blocks will be treated as accruing on a daily basis while a Member is in Active Membership notwithstanding that accrual will only be credited on a 1 April (in the case of a Year End CMP Block) or at an Exit Date (in the case of an Exit Date CMP Block).

D.3 Periodic adjustment of benefits

- (A) This Rule is designed to achieve a balance between the assets available for the provision of the benefits of the Section to or in respect of the Members collectively and the amount expected to be required, applying appropriate actuarial assumptions, for the purpose of the provision of those benefits by the application of periodic adjustments to the rate or amount of the benefits previously credited to each Member in accordance with Rule D.2 and the rate or amount of pensions in payment under Part E.
- (B) The Trustee must instruct the Actuary to complete and deliver to the Trustee, no later than 31 January in each year following the year after C Day, or such other date permitted by the CMPS Regulations as the Principal Employer may, subject to Rule D.5, from time to time determine and notify to the Trustee, (the “**Valuation Completion Date**”) a Valuation in accordance with this Rule, setting out:
- (i) the value of the Available Assets after any adjustment which the Actuary is instructed to make under (E) (the “**Certified Available Assets Value**”);
 - (ii) the amount of the Required Amount after any adjustment which the Actuary is instructed to make under (E) (the “**Certified Required Amount**”);
 - (iii) whether any increase or reduction to the rate or amount of the benefits provided under this Section is required under this Rule D.3 or under Rule D.4;
 - (iv) if so, the amount of the adjustment; and
 - (v) such other matters, if any, as the CMPS Regulations may require the Valuation to set out.

Note: the CMPS Regulations require that the Trustee receives the valuation within ten months of its effective date. The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 require that any increase or reduction to CMP benefits is notified to members, where reasonably practicable, six weeks before the increase or reduction is made.

- (C) Subject to (E), the “**Valuation Effective Date**”, being the date by reference to which:
- (i) the Available Assets are valued; and
 - (ii) the Required Amount is calculated,

is 31 March in the year preceding the Valuation Completion Date, or such other date permitted by the CMPS Regulations as the Principal Employer may, subject to Rule D.5, from time to time determine and notify to the Trustee.

- (D) For the purposes of this Rule D.3, the value of the Available Assets will be the value disclosed in the Relevant Accounts as attributable to those assets.
- (E) At any time prior to the certification of a Valuation, the Trustee may, after obtaining written advice from the Actuary and the consent of the Principal Employer, instruct the Actuary to:
 - (i) adjust the value of the Available Assets to account for changes in asset values between the Valuation Effective Date and a time prior to the Actuary certifying the Valuation; and/or
 - (ii) adjust the value of the Required Amount to account for relevant matters between the Valuation Effective Date and a time prior to the Actuary certifying the Valuation.

Note: *the Principal Employer's expectation is that the Available Assets and Required Amount will be determined as at the Valuation Effective Date and that use would only be made of this power in exceptional circumstances.*

- (F) The **Required Amount**, being the amount expected to be required for the purpose of providing benefits under this Section to or in respect of Members of this Section collectively, must be calculated by the Actuary:
 - (i) by reference to:
 - (a) all the CMP Blocks and Adjusted CMP Blocks accrued and standing to the credit of Members and all CMP Blocks accrued but not yet credited to Members as at the Valuation Effective Date; and
 - (b) all pensions in payment under Part E (as successively adjusted in accordance with this Part D) as at the Valuation Effective Date;
 - (ii) as if no further increases will be granted under (I) below and no further Multi-annual Reductions applied under Rule D.4 (but applying any planned reductions under any Multi-annual Reduction already in force);
 - (iii) using a discount rate which is determined by the Trustee having obtained advice from the Actuary which uses a Central Estimate of the estimated future returns on assets held by the Section or expected to be held by the Section in the future;
 - (iv) using assumptions, including:
 - (a) inflation assumptions (using CPI); and

- (b) the mortality tables used and demographic assumptions made, having regard to the main characteristics of the Members as a group,

determined by the Trustee having obtained advice from the Actuary which are based on a Central Estimate.

- (G) When determining the discount rate under (F)(iii), the Trustee must take into account the views of the investment adviser appointed by the Trustee pursuant to clause 22.1(C).
- (H) When determining the assumptions under F(iv) and any other matters affecting the Valuation (including the discount rate under F(iii)), the Trustee must take into account the views of such other actuaries and experts (whether or not independent), obtained in accordance with any policy adopted and notified to the Trustee by the Principal Employer from time to time, on such assumptions to be adopted for the purposes of the Valuation, and such other matters affecting the Valuation, as such policy requires.
- (I) Subject to (K), if, in relation to any Valuation, the Certified Available Assets Value is greater than the Certified Required Amount, the Trustee must on the Adjustment Date apply an increase, expressed in accordance with (J), equal to the maximum increase which is consistent with the Trustee being able to make the determination required under (L) to:
 - (i) in relation to Members whose pensions are not in payment on the Adjustment Date, all CMP Blocks and Adjusted CMP Blocks standing to the credit of such Members on the 1 April preceding the Adjustment Date;
 - (ii) in relation to Members whose pensions are in payment on the Adjustment Date but were not in payment on the 1 April preceding the Adjustment Date, all CMP Blocks and Adjusted CMP Blocks standing to the credit of such Members on the 1 April preceding the Adjustment Date;
 - (iii) in relation to Members whose pensions are in payment on the Adjustment Date and were also in payment on the 1 April preceding the Adjustment Date, all pensions in payment in respect of such Members on the Adjustment Date;
 - (iv) in relation to each Dependant in respect of whom each of (a) to (c) applies:
 - (a) the Dependant's pension is in payment on the Adjustment Date;
 - (b) the Dependant's pension first came into payment during the period after the 1 April preceding the Adjustment Date; and
 - (c) the pension of the Member in respect of whom the Dependant's pension became payable was not in payment on the 1 April preceding the Adjustment Date,

that part of the Dependant's pension as is attributable to the CMP Blocks and Adjusted CMP Blocks standing to the credit of the Member in respect of whom the Dependant's pension became payable on the 1 April preceding the Adjustment Date; and

- (v) in relation to Dependents whose pensions are in payment on the Adjustment Date but to whom (iv) above does not apply, all pensions in payment in respect of such Dependents on the Adjustment Date,

with the first such adjustment, if any, being applied on 31 March 2026 in respect of benefits standing to the credit of Members and pensions in payment as at 1 April 2025.

For these purposes, the "**Adjustment Date**" means 31 March in the year following the Valuation Effective Date, or such other date permitted by the CMPS Regulations as the Principal Employer may, subject to Rule D.5, from time to time determine and notify to the Trustee.

For the purposes of this Sub-rule (I), the pensions of Members who have both ceased Active Membership and reached Normal Retirement Date are deemed to have come into payment on the later of the date on which they ceased Active Membership and the date they reached Normal Retirement Date.

- (J) The increase to be applied under (I) will be expressed as CPI plus a margin (positive or negative) over CPI, where CPI is the annual increase in CPI for the 12 months up to September in the year preceding the Adjustment Date or such other 12 month period preceding the Adjustment Date as the Principal Employer may, subject to Rule D.5, from time to time determine and notify to the Trustee.
- (K) Where (J) would result in an increase of less than zero (i.e. a decrease) in nominal terms, then notwithstanding that the Certified Available Assets Value is greater than the Certified Required Amount, no increase will be applied under Rule D.3(I).

Note: *to illustrate the effect of this Sub-rule, if the Available Assets are sufficient to provide an increase of 1% in nominal terms and CPI is projected to average 2% over the long term, the increase which could be afforded over the long term (as required by (M)(i)) would be expressed as CPI -1%. However, if CPI in the 12 months up to September in the year preceding the Adjustment Date were 0% (so that the increase relative to CPI for that Adjustment Date would be -1% in nominal terms), no increase would be applied.*

- (L) Before applying any increases under (I) the Trustee must be satisfied that the Certified Available Assets Value, as determined for the purposes of the Section's Valuation as at the Valuation Effective Date, is sufficient to meet the cost (as advised by the Actuary) of funding that increase for the remaining lives of:
 - (i) the beneficiaries of the Section as at the Valuation Effective Date; and

- (ii) the expected survivors of the Section's Members as at the Valuation Effective Date,

save that, if there is already a Multi-annual Reduction in force, the increase will be determined in accordance with D.4(E)-(G).

(M) For the purposes of (L):

- (i) the cost of funding the increase must be calculated on the basis that the increase will be applied each year (subject to (K)) and include the projected change in inflation (using CPI);
- (ii) the cost of funding the increase must take into account the effect of (K);
- (iii) "beneficiaries" has the meaning given in section 36(8) of the PSA 21; and
- (iv) "survivors" has the meaning given in regulation 2(1) of the CMPS Regulations.

(N) If, in relation to any Valuation, the Certified Available Assets Value is less than the Certified Required Amount, a reduction determined in accordance with (O) will be applied on the Adjustment Date to:

- (i) in relation to Members whose pensions are not in payment on the Adjustment Date, the CMP Blocks and Adjusted CMP Blocks standing to the credit of such Members on the 1 April preceding the Adjustment Date;
- (ii) in relation to Members whose pensions are in payment on the Adjustment Date but were not in payment on the 1 April preceding the Adjustment Date, the CMP Blocks and Adjusted CMP Blocks standing to the credit of such Members on the 1 April preceding the Adjustment Date;
- (iii) in relation to Members whose pensions are in payment on the Adjustment Date and were also in payment on the 1 April preceding the Adjustment Date, the pensions in payment in respect of such Members on the Adjustment Date;
- (iv) in relation to each Dependant in respect of whom each of (a) to (c) applies:
 - (a) the Dependant's pension is in payment on the Adjustment Date;
 - (b) the Dependant's pension first came into payment during the period after the 1 April preceding the Adjustment Date; and
 - (c) the pension of the Member in respect of whom the Dependant's pension became payable was not in payment on the 1 April preceding the Adjustment Date,

that part of the Dependant's pension as is attributable to the CMP Blocks and Adjusted CMP Blocks standing to the credit of the Member in respect of whom

the Dependant's pension became payable on the 1 April preceding the Adjustment Date; and

- (v) in relation to Dependants whose pensions are in payment on the Adjustment Date but to whom (iv) above does not apply, all pensions in payment in respect of such Dependants on the Adjustment Date,

with the first such adjustment, if any, being applied on 31 March 2026 in respect of benefits standing to the credit of Members and any pensions in payment as at 1 April 2025.

For the purposes of this Sub-rule (N), the pensions of Members who have both ceased Active Membership and reached Normal Retirement Date are deemed to have come into payment on the later of the date on which they ceased Active Membership and the date they reached Normal Retirement Date.

- (O) The reduction referred to in (N) will be determined as follows:
 - (i) the Actuary will calculate the percentage reduction, applied as at the Adjustment Date, in the amount of the CMP Blocks and Adjusted CMP Blocks referred to in (N)(i), (ii) and (iv), and the pensions in payment referred to in (N)(iii) and (v), which, after taking into account the effect of such reduction, would result in the Certified Available Assets Value being equal to the Certified Required Amount as at the Valuation Effective Date;
 - (ii) if that percentage reduction is 5% or less, all CMP Blocks and Adjusted CMP Blocks referred to in (N)(i), (ii) and (iv), and all the pensions in payment referred to in (N)(iii) and (v), will be decreased on the Adjustment Date by that percentage;
 - (iii) if that percentage reduction is greater than 5%, a Multi-annual Reduction will apply pursuant to Rule D.4,

save that, if there is already a Multi-annual Reduction in force in respect of the Adjustment Date, the reduction will be determined in accordance with D.4(H) rather than under this Sub-rule (O).

- (P) If, in relation to any Valuation, after taking into account the effect of any planned reductions under any Multi-annual Reduction(s) already in force, the Certified Available Assets Value is equal to the Certified Required Amount, no increase or reduction will be applied to Members' and Dependants' benefits on the Adjustment Date (other than any planned reductions under any Multi-annual Reduction(s) already in force).

D.4 Multi-annual Reductions

- (A) This Rule applies a Multi-annual Reduction where a percentage reduction at an Adjustment Date in the amount of Members' CMP Blocks and Adjusted CMP Blocks and pensions in payment pursuant to Rule D.3(O) would be greater than 5%.

- (B) In this Rule D.4, “**Required Reduction**” means the percentage reduction which would be required to be made, on each of the first Adjustment Date on which a Multi-annual Reduction is to be applied and the following two Adjustment Dates, to all CMP Blocks and Adjusted CMP Blocks referred to in Rule D.3(N)(i), (ii) and (iv), and all pensions in payment referred to in Rule D.3(N)(iii) and (v), so that the Certified Required Amount, after taking into account the effect of each such reduction, would be equal to the Certified Available Assets Value as at the Valuation Effective Date. The Required Reduction will be the same percentage reduction in relation to each Adjustment Date under the Multi-annual Reduction.
- (C) Where there is not already a Multi-annual Reduction in effect and the Required Reduction is 5% or less on each Adjustment Date during the Multi-annual Reduction, all CMP Blocks and Adjusted CMP Blocks referred to in Rule D.3(N)(i), (ii) and (iv), and all pensions in payment referred to in Rule D.3(N)(iii) and (v), will be decreased:
- (i) on the Adjustment Date, by 5%;
 - (ii) on the first anniversary of the Adjustment Date, by the percentage necessary to ensure that, after the reduction in (i) is made, the Certified Required Amount as at the Valuation Effective Date, after taking into account the effect of the reductions referred to in this Sub-rule (C), would be equal to the Certified Available Assets Value as at that Valuation Effective Date, up to a maximum of 5%; and
 - (iii) on the second anniversary of the Adjustment Date, by the percentage necessary (if any) to ensure that, after the reductions in (i) and (ii) are made, the Certified Required Amount as at the Valuation Effective Date, after taking into account the effect of the reductions referred to in this Sub-rule (C), would be equal to the Certified Available Assets Value as at that Valuation Effective Date.
- (D) Where there is not already a Multi-annual Reduction in effect and the Required Reduction is greater than 5%, all CMP Blocks and Adjusted CMP Blocks referred to in Rule D.3(N)(i), (ii) and (iv), and all pensions in payment referred to in Rule D.3(N)(iii) and (v), will be decreased on each of the Adjustment Date and the two following Adjustment Dates by the Required Reduction.
- (E) If on a Valuation Effective Date there is already one or more Multi-annual Reductions in effect and the Actuary determines that the percentage reduction(s) required by that Multi-annual Reduction or those Multi-Annual Reductions would result in the Certified Available Assets Value as at the Valuation Effective Date exceeding the Certified Required Amount as at that date, the Trustee must, after obtaining the advice of the Actuary, determine the percentage increase that, when applied to offset the planned reduction(s) under the Multi-annual Reduction(s) which take effect on or after the Adjustment Date following the Valuation Effective Date, results in the Certified Required Amount equalling the Certified Available Assets Value. Having determined this percentage increase, the Trustee must:

- (i) if the actuarial value of the increase is less than the actuarial value of the planned reduction(s), offset the actuarial value of the increase against the actuarial value of the planned reduction(s) in accordance with Rule D.4(F) so that a smaller reduction or smaller reductions will be made;
 - (ii) if the actuarial value of the increase and the actuarial value of the planned reduction(s) are equal, offset the actuarial value of the increase against the actuarial value of the planned reduction(s) so that no reduction(s) will be made; or
 - (iii) if the actuarial value of the increase is greater than the actuarial value of the planned reduction(s), offset the actuarial value of the increase against the actuarial value of the planned reduction(s) and apply the actuarial value of any remaining part of the increase, after allowing for the funding cost of the offset, in accordance with Rules D.3(I) to (M).
- (F) Any offsetting increase pursuant to (E)(i) must be applied to the remaining years of the Multi-annual Reduction(s) as follows:
- (i) if all planned reductions for each year under the remaining years of the Multi-annual Reduction(s) are 5% or less, the Trustee must apply the offsetting increase first to the last year of the planned reductions and then apply the actuarial value of any balance to the earlier years of the remaining planned reductions so that reductions in later years are prioritised;
 - (ii) if all reductions under the remaining years of the Multi-annual Reduction(s) are greater than 5%, the Trustee must:
 - (a) first:
 - (aa) if the reductions under the remaining years of the Multi-annual Reduction(s) are equal, apply the offsetting increase to the reductions equally; or
 - (bb) if the first reduction under the remaining years of the Multi-annual Reduction(s) is greater than the second reduction, apply the offsetting increase in such a way that the reductions become equal,

but not so as to reduce any of the reductions under the remaining years of the Multi-annual Reduction(s) to less than 5%; and
 - (b) if, having applied the offsetting increase in accordance with (a), the offsetting increase has not been utilised in full, apply the actuarial value of the balance of the offsetting increase in accordance with (i);
 - (iii) if the first reduction under the remaining years of the Multi-annual Reduction(s) is greater than 5% and the second reduction is 5% or less:

- (a) first apply the offsetting increase to the first reduction but not so as to reduce it to less than 5%; and
- (b) if, having applied the offsetting increase in accordance with (a), the offsetting increase has not been utilised in full, apply the actuarial value of the balance of the offsetting increase in accordance with (i).

Note: the following simplified examples illustrate the intended application of the above principles:

1. *If reductions remain to be made in years 2 and 3 of a Multi-annual Reduction of 5% and 3% respectively and a Valuation establishes that an offsetting increase of 2% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 5% and 1% respectively.*
 2. *If reductions remain to be made in years 2 and 3 of a Multi-annual Reduction of 6% each and a Valuation establishes that an offsetting increase of 2% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 5% each.*
 3. *If reductions remain to be made in years 2 and 3 of a Multi-annual Reduction of 6% each and a Valuation establishes that an offsetting increase of 3% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 5% and 4% respectively.*
 4. *If reductions remain to be made in years 2 and 3 of a Multi-annual Reduction of 7% and 5% respectively and a Valuation establishes that an offsetting increase of 2% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 5% each.*
 5. *If reductions remain to be made in years 2 and 3 of a Multi-annual Reduction of 7% and 5% respectively and a Valuation establishes that an offsetting increase of 3% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 5% and 4% respectively.*
 6. *If two consecutive Multi-annual Reductions are applied and reductions remain to be made in years 2 and 3 of the second Multi-annual Reduction of 8% and 7% respectively and a Valuation establishes that an offsetting increase of 1% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 7% each. If the Valuation establishes that an offsetting increase of 3% can be applied, the offsetting increase would be applied so that the remaining reductions in years 2 and 3 become 6% each.*
- (G) If an offsetting increase has been applied pursuant to paragraphs (E) and (F) so that a Multi-annual Reduction has been offset in full, such Multi-annual Reduction will cease to have effect.

- (H) If on a Valuation Effective Date there is already one or more Multi-annual Reduction(s) in effect and the Actuary determines that the remaining percentage reduction(s) required by that Multi-annual Reduction or those Multi-annual Reductions would, after taking into account the effect of those reduction(s) on the Valuation, result in the Certified Available Assets Value as at the Valuation Effective Date being less than the Certified Required Amount as at that date, the percentage reduction(s) required by the Multi-annual Reduction(s) already in effect will continue to apply and an additional reduction or reductions must (subject always to the continued application of this Rule D.4) be applied to Members' CMP Blocks, Adjusted CMP Blocks and pensions in payment as at the relevant Adjustment Date so as to achieve the result that the Certified Required Amount, if it were to take into account the effect of such additional reduction(s), would be equal to the Certified Available Assets Value as at the Valuation Effective Date as follows:

One remaining reduction under Multi-annual Reduction already in effect of less than 5%

- (i) where there is one remaining reduction of less than 5% to be applied under a Multi-annual Reduction already in effect:
- (a) an additional reduction will be applied on the Adjustment Date on which the adjustment under the Multi-annual Reduction already in effect is due to be applied unless that would cause the combined reduction to exceed 5%, in which case (b) (subject to (c)) will apply;
 - (b) where this sub-paragraph (b) applies, a new two year Multi-annual Reduction will be applied under which the reduction on the first Adjustment Date under the new Multi-annual Reduction will be such reduction as is required, when added to the remaining reduction under the Multi-annual Reduction already in effect, for the aggregate reduction on that Adjustment Date to be 5%, and the actuarial value of the balance of the reduction required under the new Multi-annual Reduction will be applied as a percentage reduction on the second Adjustment Date under the new Multi-annual Reduction, unless that would cause the reduction on the second Adjustment Date to exceed 5%, in which case (c) will apply;
 - (c) if (b) would cause the reduction on the second Adjustment Date to exceed 5%, a new three year Multi-annual Reduction will be applied as follows:
 - (aa) subject to (bb), the adjustment to be applied on the first Adjustment Date of the new Multi-annual Reduction, when combined with the reduction on that date under the Multi-annual Reduction already in effect, will be 5%, the adjustment to be applied on the second Adjustment Date of the new Multi-annual Reduction will be 5%, and the actuarial value of the balance of the reduction required under the new Multi-annual Reduction

will be applied as a percentage reduction on the third Adjustment Date under the new Multi-annual Reduction;

- (bb) if (aa) would cause the reduction on the third Adjustment Date under the new Multi-annual Reduction to exceed 5%, the additional reduction required under the new Multi-annual Reduction must be split in such a way that the same percentage reduction (when combined with any reduction under the Multi-annual Reduction already in effect) is applied at each Adjustment Date under the new Multi-annual Reduction;

Two remaining reductions under Multi-annual Reduction(s) already in effect where the first is at least 5% and the second is less than 5%

- (ii) where there are two remaining reductions to be applied under Multi-annual Reduction(s) already in effect (including an aggregate reduction on an Adjustment Date where there are two Multi-annual Reductions already in effect) where the first remaining reduction is 5% or more and the second remaining reduction is less than 5%:
 - (a) a new two year Multi-annual Reduction will be applied under which the reduction on the first Adjustment Date will be the remaining reduction (or aggregate remaining reductions) on that date under the Multi-annual Reduction(s) already in effect, and the additional reduction required will be applied on the second Adjustment Date on which the relevant adjustment under the Multi-annual Reduction(s) already in effect is due to be applied, unless that would cause the combined reduction to be applied on the Second Adjustment date to exceed 5%, in which case (b) (subject to (c)) will apply;
 - (b) where this sub-paragraph (b) applies, a new three year Multi-annual Reduction will be applied with the reduction on the first Adjustment Date under the new Multi-annual Reduction being the reduction (or aggregate reductions) to be applied on that date under the Multi-annual Reduction(s) already in effect, the reduction on the second Adjustment Date of the new Multi-annual Reduction being such reduction as is required, when combined with any reduction on that date under the Multi-annual Reduction(s) already in effect, for the aggregate reduction on that Adjustment Date to be 5%, and the actuarial value of the balance of the reduction required under the new Multi-annual Reduction being applied as a percentage reduction on the third Adjustment Date of that Multi-annual Reduction, unless that would cause the reduction on that date to exceed 5%, in which case (c) will apply;
 - (c) if (b) would cause the reduction on the third Adjustment Date to exceed 5%, the additional reductions required under the new Multi-annual Reduction must be split in such a way that the same percentage reduction, when combined with any reduction (or aggregate reduction)

under the Multi-annual Reduction(s) already in effect, is applied at each Adjustment Date during the new Multi-annual Reduction,

save that, where the preceding wording of this sub-paragraph (c) would require any remaining reduction under the Multi-annual Reduction(s) already in effect to be reduced, that reduction will be applied in full on the relevant Adjustment Date under that Multi-annual Reduction and the additional reduction required under the new Multi-annual Reduction must be split in such a way that the same percentage reduction (when combined with any reduction under the Multi-annual Reduction already in effect) is applied on each of the second and third Adjustment Dates under the new Multi-annual Reduction.

One remaining reduction under Multi-annual Reduction already in effect of 5% or more

- (iii) where there is one remaining reduction of 5% or more to be applied under a Multi-annual Reduction already in effect:
 - (a) a new two year Multi-annual Reduction will be applied under which the reduction on the first Adjustment Date under the new Multi-annual Reduction will be the reduction to be applied under the Multi-annual Reduction already in effect, and the actuarial balance of the reduction required under the new Multi-annual Reduction will be applied as a percentage reduction on the second Adjustment Date under the new Multi-annual Reduction, unless that would cause the reduction on the second Adjustment Date to exceed 5%, in which case (b) (subject to (c)) will apply;
 - (b) where this sub-paragraph (b) applies, a new three year Multi-annual Reduction will be applied with the reduction on the first Adjustment Date under the new Multi-annual Reduction being the reduction to be applied under the Multi-annual Reduction already in effect, the reduction on the second Adjustment Date under the new Multi-annual Reduction being 5%, and the actuarial value of the balance of the reduction required under the new Multi-annual Reduction being applied as a percentage reduction on the third Adjustment Date under that Multi-annual Reduction, unless that would cause the reduction on that date to exceed 5%, in which case (c) will apply;
 - (c) if (b) would cause the reduction on the third Adjustment Date under the new Multi-annual Reduction to exceed 5%, the additional reduction required under the new Multi-annual Reduction must be split in such a way that the same percentage reduction (when combined with any reduction under the Multi-annual Reduction already in effect) is applied on each Adjustment Date under the new Multi-annual Reduction,

save that, where the preceding wording of this sub-paragraph (c) would require the remaining reduction under the Multi-annual Reduction

already in effect to be reduced, that reduction will be applied in full on the first Adjustment Date under the new Multi-annual Reduction and the additional reduction required under the new Multi-annual Reduction will instead be split equally between the second and third Adjustment Dates under the new Multi-annual Reduction.

Two remaining reductions under Multi-annual Reduction(s) already in effect of 5% or more

- (iv) where there are two remaining reductions (including an aggregate reduction on an Adjustment Date where there are two Multi-annual Reductions already in effect) each of 5% or more to be applied under Multi-annual Reduction(s) already in effect:
 - (a) a new three year Multi-annual Reduction will be applied with the reductions on the first and second Adjustment Dates under the new Multi-annual Reduction being the reductions (or aggregate reductions) to be applied under the Multi-annual Reduction(s) already in effect, and the actuarial balance of the reduction required under the new Multi-annual Reduction being applied as a percentage reduction on the third Adjustment Date under the new Multi-annual Reduction unless that would cause the reduction on that Adjustment Date, to exceed 5%, in which case (b) will apply;
 - (b) if (a) would cause the reduction on the third Adjustment Date under the new Multi-annual Reduction to exceed 5%, the additional reduction required under the new Multi-annual Reduction must be split in such a way that the same percentage reduction (when combined with any reductions under the Multi-annual Reduction(s) already in effect) is applied at each Adjustment Date under the new Multi-annual Reduction, save that:
 - (aa) where the preceding wording of this sub-paragraph (b) would require the first remaining reduction under the Multi-annual Reduction(s) already in effect to be reduced, that reduction and the second remaining reduction will be applied in full on the relevant Adjustment Date under that Multi-annual Reduction (or those Multi-annual Reductions) and the additional reduction required under the new Multi-annual Reduction will instead be applied in full on the third Adjustment Date under the new Multi-annual Reduction; and
 - (bb) where (aa) would result in the reduction on the third Adjustment Date under the new Multi-annual Reduction being greater than that on the second Adjustment Date under the new Multi-annual Reduction (when combined with the remaining reduction under the Multi-annual Reduction(s) already in effect), the additional reduction required under the new Multi-

annual Reduction must be split in such a way that the same percentage reduction (when combined with any reduction under the Multi-annual Reduction already in effect) is applied on each of the second and third Adjustment Dates under the new Multi-annual Reduction.

Note: the following simplified examples illustrate the intended application of the above principles:

1. *If a Valuation established that three reductions of 5% were required in years 1, 2 and 3 and the Valuation for year 3 establishes that a further reduction of 6% is required, the reductions to be applied would be 5% in years 1 to 4 and 1% in year 5. If the Valuation for year 3 establishes that a further reduction of 10% is required, the reductions to be applied would be 5% in years 1 to 5. If the Valuation for year 3 establishes that a further reduction of 11% is required, the reductions to be applied would be 5% in years 1 and 2 and 5.33% in years 3 to 5.*
2. *If a Valuation established that three reductions of 5% were required in years 1, 2 and 3 and the Valuation for year 2 establishes that a further reduction of 2% is required, the reductions to be applied would be 5% in years 1 to 3 and 2% in year 4. If the Valuation for year 2 establishes that a further reduction of 6% is required, the reductions to be applied would be 5% in year 1 and 5.33% in years 2 to 4.*
3. *If a Valuation established that three reductions of 6% were required in years 1, 2 and 3 and the Valuation for year 3 establishes that a further reduction of 6% is required, the reductions to be applied would be 6% in years 1 to 3, 5% in year 4 and 1% in year 5. If the Valuation for year 3 establishes that a further reduction of 11% is required, the reductions to be applied would be 6% in years 1 to 3 and 5.5% in years 4 and 5. If the Valuation for year 3 establishes that a further reduction of 15% is required, the reductions would be 6% in years 1 and 2 and 7% in years 3 to 5.*
4. *If a Valuation established that three reductions of 8% were required in years 1, 2 and 3 and the Valuation for year 2 establishes that a further reduction of 6% is required, the reductions to be applied would be 8% in years 1 to 3 and 6% in year 4. If, after that, a Valuation for year 3 establishes that a further reduction of 8% is required, the reductions to be applied would be 8% in years 1 to 3, and 7% in years 4 and 5.*

D.5 Notice of changes to Valuation Completion Date etc

- (A) The Principal Employer must give the Trustee a minimum of six months' notice (or such lesser period of notice as the Trustee may agree, either generally or in relation to any particular change) and consult with the Trustee before making any change to the Valuation Completion Date, the Valuation Effective Date, the Adjustment Date or the 12

month period to be used for the purposes of determining CPI and must not make any such change where the Principal Employer considers (or would consider if it were acting reasonably and in good faith after having taken due account of any representations made by the Trustee) that it is reasonably likely to render any aspect of the Scheme unlawful or operationally unworkable, or to conflict with the principle at Rule A.5(A).

- (B) Unless the Trustee otherwise agrees (either generally or in relation to any particular change), the Principal Employer must not make any change to the Valuation Effective Date or the Valuation Completion Date which would result in the interval between these two dates being less than six months.
- (C) The Principal Employer must give the Trustee a minimum of three months' notice (or such lesser period of notice as the Trustee may agree, either generally or in relation to any particular change) of any change to the rate of accrual and must not make any such change where the Principal Employer considers (or would consider if it were acting reasonably and in good faith after having taken due account of any representations made by the Trustee) that it is reasonably likely to render any aspect of the Scheme unlawful or operationally unworkable, or to conflict with the principle at Rule A.5(A).

D.6 Overriding provisions

- (A) Any adjustment under Rules D.3 or D.4 must be applied in respect of all Members of the Section and to all CMP Blocks (including those accrued but not yet credited), Adjusted CMP Blocks and pensions in payment accrued in each case as at the 1 April preceding the Adjustment Date without variation.
- (B) For the avoidance of doubt, no adjustment may be applied under Rules D.3 and D.4 on any date other than an Adjustment Date, including where benefits in respect of the Member come into payment on a date which is not an Adjustment Date.
- (C) This Part is subject to the provisions of Part H governing the allocation, calculation and discharge of benefits where an event set out in Rule H.2(A) occurs.

PART E PAYMENT OF BENEFITS

E.1 Benefits on retirement of Active Member

- (A) Each Active Member who leaves Active Membership at Normal Retirement Date and is either a C Day Member or has completed one year of Qualifying Service will be paid an annual pension for life in accordance with this Part E. The starting rate of the pension will be the sum of all the CMP Blocks and Adjusted CMP Blocks standing to the credit of the Member (together with any Exit Date CMP Block not yet credited to the Member) at Normal Retirement Date. Once in payment, the annual pension will be subject to periodic adjustments in accordance with Part D.
- (B) An Active Member who is either a C Day Member or has completed one year of Qualifying Service may with the consent of his or her Employer elect to start his or her pension at any time on or after Normal Minimum Pension Age and before Normal Retirement Date. The pension will be calculated as set out in (A) but will be reduced by such amount as the Actuary determines will result in the pension having the same expected cost to the Section as starting the pension on Normal Retirement Date using the Actuary's Central Estimate of the appropriate assumptions and, if the Actuary considers it appropriate, making allowance for the expected demographics of Members seeking to start their pension early. Once in payment, the annual pension will be subject to periodic adjustments in accordance with Part D.

The Trustee must be reasonably satisfied that the value of benefits (including death benefits) payable in respect of a Member who retires early under this Sub-rule complies with applicable requirements of the Preservation Laws.

- (C) An Active Member who remains in Active Membership after Normal Retirement Date will continue to accrue CMP Blocks in accordance with Rule D.2 until such time as he or she ceases Active Membership. On ceasing Active Membership having completed one year of Qualifying Service (or if he or she is a C Day Member) he or she will receive a pension calculated as set out in (A). No increase will be applied to take into account the later age at which the pension starts. Once in payment, the annual pension will be subject to periodic adjustments in accordance with Part D.
- (D) Subject to (E), an Active Member who both:
- (i) ceases Active Membership before Normal Retirement Date; and
 - (ii) is suffering from Incapacity at the date of ceasing Active Membership,
- may elect to start his or her pension early. The pension will be calculated as set out in (A). No reduction will be applied to take into account the earlier age at which the pension starts. Once in payment, the annual pension will be subject to periodic adjustments in accordance with Part D.

- (E) A Member may not start his or her pension under (D) before Normal Minimum Pension Age unless the ill health condition set out in paragraph 1 of Schedule 28 to the FA 04 is met.
- (F) If a Member is suffering from Incapacity such that in the opinion of the Principal Employer the Member is incapable of deciding whether he or she should receive his or her pension early, the Principal Employer may make an election under (D) on his or her behalf.
- (G) A Member who leaves Active Membership on or after Normal Retirement Date neither being a C Day Member nor having completed one year of Qualifying Service will be entitled to benefits as follows:
 - (i) if a transfer payment has not been made to the Plan in respect of his or her rights under a personal pension scheme, the Member will be entitled to the benefits referred to in Rule E.2(B) as if for the purpose of eligibility for benefits he or she had left Active Membership before Normal Retirement Date (but, for the avoidance of doubt, any period of Active Membership on or after Normal Retirement Date will be taken into account for the purposes of calculating the amount of those benefits); or
 - (ii) if a transfer payment has been made to the Plan in respect of his or her rights under a personal pension scheme, the Member will on leaving Active Membership be paid the benefits referred to in (A) or (C) above as applicable.
- (H) This Rule is subject to the provisions of Part H governing the allocation, calculation and discharge of benefits where an event set out in Rule H.2(A) occurs.

E.2 Benefits on ceasing Active Membership – contribution refund or cash transfer sum

- (A) This Rule E.2 applies to a Member in relation to whom both (i) and (ii) apply:
 - (i) the Member has ceased Active Membership before Normal Retirement Date otherwise than by death and in circumstances where the Member does not elect (or no election is made on the Member's behalf under Rule E.1(F)) to receive immediately a pension under Rule E.1(D) (if that Rule applies); and
 - (ii) the Member is not a C Day Member, has not completed one year of Qualifying Service and no transfer payment has been made to the Plan in respect of his or her rights under a personal pension scheme.
- (B) A Member to whom this Rule E.2 applies is entitled to:
 - (i) such benefits as may be required under Chapter 2 of Part 4ZA of the PSA 93; or

Note: Chapter 2 of Part 4ZA of the PSA 93 provides a statutory entitlement to a cash transfer sum or a contribution refund if the Member has at least three months' Active Membership.

- (ii) if no benefits are required to be paid under (i), a refund of all the contributions he or she has made to the Section (which, for the avoidance of doubt, excludes any of the Member's contributions paid by his or her Employer pursuant to a Salary Sacrifice Agreement). Where the Trustee considers that the Available Assets have reduced in value during the period between the date such contributions were made and the date they are to be refunded, the Trustee may reduce the amount to be refunded to take account of this reduction in value.
- (C) If (A) applies in circumstances where the Member's contributions have not been paid by his or her Employer pursuant to a Salary Sacrifice Agreement and the Member opts for or is entitled only to a contribution refund under (B), an amount equal to his or her Employer's contributions to the Section in respect of him must be credited to the Employer Reserve.
- (D) If (A) applies in circumstances where the Member's contributions have been paid by his or her Employer pursuant to a Salary Sacrifice Agreement and the Member does not opt for, or is not eligible for, a cash transfer sum under section 101AB of the PSA 93, an amount equal to his or her Employer's contributions to the Section in respect of him, including his or her own contributions paid by his or her Employer pursuant to the Salary Sacrifice Agreement, must be credited to the Employer Reserve.

E.3 Benefits on ceasing Active Membership – deferred pension

- (A) This Rule E.3 applies to a Member in relation to whom both (i) and (ii) apply:
 - (i) the Member has ceased Active Membership before Normal Retirement Date otherwise than by death and in circumstances where the Member does not elect (or no election is made on the Member's behalf under Rule E.1(F)) to receive immediately a pension under Rules E.1(B) or (D) (if those Rules apply); and
 - (ii) the Member is a C Day Member, has completed one or more years of Qualifying Service or a transfer payment has been made to the Plan in respect of his or her rights under a personal pension scheme.
- (B) A Member to whom this Rule E.3 applies will be granted a deferred pension calculated as set out in Rule E.1(A) payable at Normal Retirement Date. The deferred pension will both before and after coming into payment continue to be subject to periodic adjustments in accordance with Part D.
- (C) A Member who is entitled to a deferred pension under (B) may with the consent of the Trustee elect to receive his or her deferred pension:
 - (i) at any time on or after Normal Minimum Pension Age and before Normal Retirement Date; or

- (ii) prior to Normal Minimum Pension Age if the Trustee is satisfied that the ill health condition set out in paragraph 1 of Schedule 28 to the FA 04 is met.

The pension will be calculated as set out in Rule E.1(A) but will be reduced by such amount as the Actuary determines will result in the pension having the same expected cost to the Section as starting the pension on Normal Retirement Date. For these purposes, the Actuary will:

- (a) use a Central Estimate of the appropriate assumptions;
- (b) if the Actuary considers it appropriate, make allowance for the expected demographics of Members who will start their pension early; and
- (c) determine the reduction in respect of a Member retiring early due to ill health using the same method he or she would use to determine the reduction in respect of a Member retiring early in circumstances of normal health.

Once in payment, the annual pension will be subject to periodic adjustments in accordance with Part D.

The Trustee must be reasonably satisfied that the value of benefits (including death benefits) payable in respect of a Member who retires early under this Sub-rule complies with applicable requirements of the Preservation Laws.

- (D) If a Member is suffering from ill health such that in the opinion of the Trustee the Member is incapable of deciding whether he or she should receive his or her pension early, the Trustee may make an election under (C) on his or her behalf.
- (E) A Member who has ceased Active Membership before Normal Retirement Date is not entitled to defer payment of his or her pension after Normal Retirement Date. The benefits of a Member who ceases Active Membership after Normal Retirement Date are set out in Rules E.1(C) and (G).

E.4 Benefits on death

- (A) On the death of a Member who has not yet become entitled to immediate payment of his or her pension (whether payment has started or not) pensions will be paid to his or her Dependants as follows:
 - (i) to a Dependant who is not a Qualifying Child, an annual pension equal to 50% of the Member's Notional Pension;
 - (ii) if the Member is survived by one Qualifying Child, an annual pension to or in respect of that Qualifying Child equal to 25% of the Member's Notional Pension; and

- (iii) if the Member is survived by two or more Qualifying Children, annual pensions to or in respect of those Qualifying Children divided equally between them which are equal in aggregate to 50% of Member's Notional Pension.
- (B) On the death of a Member who has become entitled to immediate payment of his or her pension (whether payment has started or not) pensions will be paid to his or her Dependants as follows:
 - (i) to a Dependant who is not a Qualifying Child, an annual pension equal to 50% of the pension which was being paid (or would have been paid) to the Member at the date of his or her death;
 - (ii) if the Member is survived by one Qualifying Child, an annual pension to or in respect of that Qualifying Child equal to 25% of the pension which was being paid (or would have been paid) to the Member at the date of his or her death; and
 - (iii) if the Member is survived by two or more Qualifying Children, annual pensions to or in respect of those Qualifying Children divided equally between them which are equal in aggregate to 50% of the pension which was being paid (or would have been paid) to the Member at the date of his or her death.
- (C) Where the Member is survived by more than one Dependant who is not a Qualifying Child, the Trustee must decide which of those Dependants will be paid a pension under (A)(i) or (B)(i) or may decide to split the pension between such Dependants in such proportions as it decides.
- (D) The pensions payable under this Rule E.4 will become payable from the day after the date of death. In the case of a pension payable to a Dependant who is not a Qualifying Child, the pension will be payable for life. In the case of a pension payable to or in respect of a person who is a Qualifying Child, the pension will be payable until the person ceases to be a Qualifying Child.
- (E) If the pension being paid to or in respect of a Qualifying Child ceases to be payable, the pension being paid to or in respect of that Qualifying Child will be divided in equal shares amongst any remaining Qualifying Children, save that no pension will be paid to or in respect of a Qualifying Child greater than 25% of the Member's Adjusted Notional Pension.
- (F) The pensions payable under this Rule E.4 will be subject to periodic adjustments in accordance with Rules D.3, D.4 and D.6.
- (G) For the avoidance of doubt:
 - (i) no reduction will be applied to any pension payable under this Rule E.4 to take into account any period of time between the Member's death and the Member's Normal Retirement Date; and

- (ii) subject to (H), pensions will be payable under this Rule E.4 in respect of a Member who has ceased Active Membership irrespective of whether the Member has completed one year of Qualifying Service.
- (H) If a Member dies after having become entitled to benefits under Rule E.2(B) but before those benefits have been paid, the Trustee must apply the benefits which were payable under Rule E.2(B) towards providing benefits for one or more of the Member's Dependants in such proportions as the Trustee decides. If the Member is not survived by a Dependant, the Trustee must retain the benefits within the CMP Fund and they will form part of the Available Assets.
- (I) The Trustee may pay any arrears of pension which have not been paid at the time of a Member's or Dependant's death to such person(s) as the Trustee may decide subject to receiving any confirmations or other information from such person(s) which the Trustee may require prior to effecting payment.
- (J) This Rule is subject to the provisions of Part H governing the allocation, calculation and discharge of benefits where an event set out in Rule H.2(A) occurs.

E.5 Commutation

- (A) Subject to (B), instead of paying a pension, the Trustee may with Principal Employer consent pay a lump sum in the circumstances described in (C). The amount of the lump sum must be calculated on a basis certified as reasonable by the Actuary and agreed by the Trustee and the Principal Employer.
- (B) The Principal Employer must not consent to payment of a lump sum under this Rule to the extent that paying a Member's benefits under the Section in lump sum form would result in the Section ceasing to qualify as a collective money purchase scheme for the purposes of the PSA 21.

Note: under section 3(5) of the PSA 21 collective money purchase benefits must consist of or include the payment of a pension. It is not clear whether allowing benefits to be fully commuted would be consistent with this requirement. Pending legislative clarification of this question, full commutation should not be permitted.

- (C) Subject to (B), a lump sum may only be paid in the following circumstances:
 - (i) the lump sum would constitute a serious ill health lump sum for the purposes of paragraph 4 of Schedule 29 to the FA 04;
 - (ii) the lump sum would be a trivial commutation lump sum as defined in paragraph 7 of Schedule 29 to the FA 04;
 - (iii) the lump sum would constitute a pension commencement excess lump sum for the purposes of paragraph 3C of Schedule 29 to the FA 04;
 - (iv) the lump sum would be a trivial commutation lump sum death benefit as defined in paragraph 20 of Schedule 29 to the FA 04; or

- (v) the payment would fall within the requirements for small lump sums set out in Part 2 of the Registered Pension Schemes (Authorised Payments) Regulations 2009.

Note: *benefits under the DBLS Section will need to be taken into account when determining whether the criteria for paying any of the above lump sums are satisfied.*

- (D) Any lump sum paid under (C)(ii), (iv) or (v) will extinguish all the benefits payable under this Section in respect of the person to whom it is paid.
- (E) Where a lump sum is paid under (C)(i):,
 - (i) the lump sum will be calculated on the basis that it is only the pension payable to the Member concerned which will be paid as a lump sum; and
 - (ii) any entitlement that a Dependant may have to a pension on the death of the Member concerned will be provided under a separate arrangement for the purposes of section 152 of the FA 04 on the same terms which would have applied if it had not been provided under a separate arrangement.

E.6 Payment of benefits

- (A) Subject to (B), no benefits will be paid under this Section in respect of a Member unless all the Member's benefits under this Section are brought into payment in conjunction with payment of all the Member's benefits under the DBLS Section. A Member is not permitted to receive a partial pension under this Section.
- (B) Sub-rule (A) is without prejudice to any entitlement of a Member to exercise rights under Chapter 1 of Part 4ZA of the PSA 93 in relation to his or her benefits in this Section separately to the exercise of such rights in relation to any category of benefits under the DBLS Section. Where a Member has exercised such a right in relation to his or her benefits under the DBLS Section but retains benefits under this Section, the Member's remaining benefits under this Section will come into payment in accordance with the provisions of this Part E.
- (C) Pensions payable under this Section will be paid in equal monthly instalments in arrears. The first payment following the retirement or death of a Member will be made on the last day of the month in which he or she retired or died, unless the Member retired or died on or after any applicable payroll cut-off date in that month, in which case the first payment will be on the last day of the month following the month in which the Member retired or died. In the latter case, the first payment must (unless the Member retires or dies on the last day of a month) include a proportionate amount for the period from the date of the Member's retirement or death to the end of the month of retirement or death.
- (D) Subject to Rule E.4(D), a pension payable under this Section will cease to be payable on the death of the recipient. Where the recipient dies part way through a month, a proportionate reduction to the final instalment of pension will be made.
- (E) Benefits payable under this Section may not be transferred to or otherwise used to augment benefits payable under the DBLS Section.

Note: *there is a risk that permitting CMP Section benefits to be transferred to the DBLS Section would result in the Plan ceasing to satisfy the requirement in section 3 of the PSA 21 for “appropriate separation” between the Sections. The prohibition in this Sub-rule (E) should not be relaxed unless the law on this point is clarified.*

- (F) Unless the Trustee otherwise determines, benefits will be paid by bank transfer. The Trustee may at the payee’s request make payments at the payee’s risk by cheque through letter posted to the payee’s last known address or by other means.
- (G) The Trustee may pay benefits in a currency other than sterling. Benefits paid in another currency will be converted into that currency at the rate of exchange obtainable from the bankers of the Trustee or its agents on the payment date.
- (H) The Trustee may pay interest on any sums payable to any person under this Section if such sums are not paid within 28 days of the date on which payment is due and at such rate as the Trustee may in any particular case decide.

PART F EXPENSES AND RESERVES

F.1 General

- (A) This Part sets out rules concerning payment of the Section's costs and expenses and the creation and operation of the Operational Expenses Reserve, the Continuity Expenses Reserve and the Employer Reserve.
- (B) This Part is subject to the provisions of Part H governing how the Section's costs and expenses are to be paid when an event set out in Rule H.2(A) occurs.

F.2 Expense reserves

- (A) Each Pay Period, in order to meet the costs and expenses of running the Section (other than Investment Expenses payable out of the Available Assets), each Employer will pay contributions in respect of each Active Member in its Service at the rate of 0.2% of that Member's Pensionable Pay. Such contributions will be credited towards an Operational Expenses Reserve.
- (B) Each Pay Period, in order to make provision for the costs referred to in section 14(2)(b) of the PSA 21, each Employer will pay contributions in respect of each Active Member in its Service at the rate of 0.1% of that Member's Pensionable Pay. Such contributions will be credited towards a Continuity Expenses Reserve.

Note: Section 14(2)(b) refers to the cost of resolving a triggering event, winding up the Section or running it as a closed scheme for up to two years.

- (C) The Operational Expenses Reserve and the Continuity Expenses Reserve will not be available for the provision of benefits to or in respect of the Members of the Section collectively and will therefore not form part of the Available Assets.
- (D) This Rule is subject to Rule F.5.

F.3 Investment of expense reserves

- (A) The Operational Expenses Reserve is not required to be invested in accordance with Part C and may instead be invested in such other manner as the Trustee determines after consultation with the Principal Employer.
- (B) The Trustee must invest the Continuity Expenses Reserve as follows:
 - (i) such part of the Continuity Expenses Reserve as does not exceed 150% of any minimum amount which the Trustee, after taking such advice as it considers appropriate and consulting with the Principal Employer, determines to be the minimum amount which would be required to be held within the Continuity Expenses Reserve for the purposes of satisfying the Pensions Regulator as to the sufficiency of the Section's financial resources for the purposes of section

14(2)(b) of the PSA 21 (ignoring for this purpose any resources which are not assets of the Section), after taking account of any “haircut” or discount which may be required in respect of assets attributable to the Continuity Expenses Reserve, (the “**Statutory Minimum**”) will not be invested in accordance with Part C and will instead be invested in Cash; and

- (ii) such part of the Continuity Expenses Reserve as exceeds 150% of the Statutory Minimum (or, where there is no Statutory Minimum, all of the Continuity Expenses Reserve) will be invested in accordance with the requirements of Part C save that:
 - (a) the proportion of such excess (or the proportion of the Continuity Expenses Reserve if there is no Statutory Minimum) to be invested in Cash (C%) will be zero; and
 - (b) it is not required that such excess (or all the Continuity Expenses Reserve if there is no Statutory Minimum) be invested in the same Return-Seeking Assets or Low Risk Assets as the other assets of the Section are invested in.
- (C) The Trustee must provide the Principal Employer with such information as the Principal Employer may from time to time reasonably request in relation to the Trustee’s determination, or any proposed determination, of the Statutory Minimum including any revised or updated determination, or proposal to revise or update its determination, of the Statutory Minimum.

F.4 Payment of expenses

- (A) Subject to (C) to (F), at any time prior to an event set out in Rule H.2(A) occurring, the Trustee must pay the costs and expenses of running the Section out of the assets attributable to the Operational Expenses Reserve.
- (B) Once an event set out in Rule H.2(A) occurs, the Trustee must pay the costs of running the Section in accordance with the relevant provisions of Part H.
- (C) Subject to (D) to (G), the Trustee must pay the Section’s Investment Expenses out of the Available Assets.
- (D) If the Section’s Investment Expenses fall within one of the following categories, the Trustee must pay them out of the Operational Expenses Reserve (or, if (G) applies, may pay them out of the Continuity Expenses Reserve):
 - (i) Investment Expenses to the extent they relate to the Operational Expenses Reserve or Continuity Expenses Reserve;
 - (ii) Investment Expenses (including investment manager fees, investment adviser fees, other adviser fees in relation to investment matters and custodian fees) which satisfy each of (a) to (c) below:

- (a) they do not fall within (i);
 - (b) they are not Transaction Costs; and
 - (c) they are calculated using a charge structure which is not permitted under the Charges Regulations but the use of such a charge structure is nonetheless consistent with operating an occupational pension scheme in the ordinary course on normal commercial terms; and
- (iii) any other Investment Expenses which the Principal Employer agrees can be (or directs must be) paid out of the Operational Expenses Reserve and/or the Continuity Expenses Reserve.
- (E) The Trustee may pay the Section's Investment Expenses out of the Operational Expenses Reserve (or, if (G) applies, may pay them out of the Continuity Expenses Reserve) if they would be permitted under the Charges Regulations as part of a collective combination charge structure (as defined in the Charges Regulations) and the use of a collective combination charge structure in respect of the relevant expenses is consistent with operating an occupational pension scheme in the ordinary course on normal commercial terms.
- (F) The Trustee must pay expenses (including Investment Expenses) relating to the Employer Reserve out of the Employer Reserve or out of the Operational Expenses Reserve in such proportions as it from time to time determines.
- (G) The Trustee may pay Investment Expenses relating to the Continuity Expenses Reserve out of the Continuity Expenses Reserve if, consistent with operating an occupational pension scheme on normal commercial terms, such Investment Expenses are deducted from assets attributable to the Continuity Expenses Reserve by a person holding or managing those assets on the Trustee's behalf.
- (H) To the extent that at any time prior to an event set out in Rule H.2(A) occurring the assets attributable to the Operational Expenses Reserve are insufficient to meet the costs and expenses of running the Section (other than Investment Expenses payable out of the Available Assets and expenses relating to the Employer Reserve which can be paid out of the Employer Reserve) as they fall due and the shortfall is not made up by exercise of the powers in Rule F.5(B), the Trustee may pay such costs and expenses out of the Available Assets.
- (I) For the avoidance of doubt, Rule C.4(B) applies in respect of any expenses paid out of the Operational Expenses Reserve or the Continuity Expenses Reserve under this Rule F.4.

F.5 Release of expense reserves and cessation of contributions to expense reserves

- (A) The Principal Employer and the Trustee may at any time agree that:
- (i) Employer contributions under Rule F.2(A) to the Operational Expenses Reserve will cease, be suspended or be reduced (either permanently or temporarily) and will instead (where applicable, for the period of any such suspension and/or to the extent of any such reduction) be redirected towards the provision of benefits to or in respect of Members collectively and therefore form part of the Available Assets; and/or
 - (ii) all or any part of the Operational Expenses Reserve will be released and made available for the provision of benefits to or in respect of Members collectively and therefore form part of the Available Assets.
- (B) Subject to (C), the Principal Employer and the Trustee may at any time when the Continuity Expenses Reserve exceeds 150% of the Statutory Minimum agree that:
- (i) further Employer contributions under Rule F.2(B) to the Continuity Expenses Reserve will cease, be suspended or be reduced (either permanently or temporarily) and will instead (where applicable, for the period of any such suspension and/or to the extent of any such reduction), as agreed by the Principal Employer and the Trustee and in such proportions as they agree, be:
 - (a) credited towards the Operational Expenses Reserve; and/or
 - (b) redirected towards the provision of benefits to or in respect of Members collectively and therefore form part of the Available Assets; and/or
 - (ii) all or any part of the Continuity Expenses Reserve in excess of 150% of the Statutory Minimum will, as agreed by the Principal Employer and the Trustee and in such proportions as they agree, be:
 - (a) transferred to the Operational Expenses Reserve; and/or
 - (b) released and made available for the provision of benefits to or in respect of Members collectively and therefore form part of the Available Assets.
- (C) If at any time while the Employers' obligations to contribute towards the Continuity Expenses Reserve have ceased or been reduced or suspended under (B) the Trustee becomes aware that the Continuity Expenses Reserve has fallen to less than 150% of the Statutory Minimum, the Trustee must inform the Principal Employer of that fact and the Employers must after that notification recommence contributing towards the Continuity Expenses Reserve in accordance with Rule F.2(B) (subject always to the powers in (B) to cease, suspend or reduce such contributions).

F.6 Employer Reserve

- (A) The Trustee must maintain a separate account to which Member and Employer contributions will be credited in the circumstances referred to in Rules E.2(C) and (D) (the “**Employer Reserve**”).
- (B) Subject to (D), the Principal Employer may at any time direct that some or all amounts standing to the credit of the Employer Reserve from time to time are to be credited to one or more of the Available Assets, the Operational Expenses Reserve and the Continuity Expenses Reserve in such proportions as it may direct. A corresponding debit will be made to the Employer Reserve.
- (C) Subject to (D), the Principal Employer may direct that any credit made to the Available Assets, the Operational Expenses Reserve or the Continuity Expenses Reserve under (B) will, to the extent of such credit, be treated as satisfying the contribution obligations under Part B, Rule F.2(A) or F.2(B), as applicable, of such one or more Employers as it may direct.
- (D) Where an event set out in Rule H.2(A) occurs, any amounts standing to the credit of the Employer Reserve will be credited towards one or more of the Available Assets, the Operational Expenses Reserve and the Continuity Expenses Reserve in such proportions as the Trustee determines. A corresponding debit will be made to the Employer Reserve and any outstanding contribution obligations under Part B, Rule F.2(A) or Rule F.2(B), as applicable, of one or more Employers will, to the extent of such credits, be treated as satisfied in such proportions as the Principal Employer directs (or, where Rule H.2(A)(vi) applies, in such proportions as the Trustee determines).
- (E) The Employer Reserve:
 - (i) is not required to be invested in accordance with Part C and may instead be invested in such other manner as the Trustee determines after consultation with the Principal Employer; and
 - (ii) subject to (B) to (D), will not be available for the provision of benefits payable under this Section and therefore will not form part of the Available Assets.

PART G

TRANSFERS AND ANNUITIES

G.1 Transfers-in

(A) The Trustee:

- (i) may with the consent of the Principal Employer; and
- (ii) must, if so requested by the Principal Employer,

accept a transfer to the Section of assets in respect of a person from another occupational pension scheme or personal pension scheme or the surrender value of an insurance policy or annuity contract made in the person's name.

(B) The Trustee must use the assets or surrender value to provide such benefits or additional benefits as the Trustee determines, having regard to the advice of the Actuary, in accordance with any relevant provision of any Principal Employer's Transfer-in Policy then in force, using the Actuary's Central Estimate of the appropriate assumptions and, if the Actuary considers it appropriate, making allowance for the expected demographics of the persons in respect of whom such transfers or surrender values will be paid.

G.2 Transfers-out

(A) Subject to the following provisions of this Rule, the Trustee may make, in respect of a Member who has ceased Active Membership and whose pension has not yet started, a transfer of assets from this Section to another scheme or arrangement so that benefits will be provided under the receiving scheme or arrangement in respect the Member concerned.

(B) Subject to the following provisions of this Rule, at the request of the Principal Employer the Trustee must make, in respect of one or more Members or other persons entitled to benefits under this Section, a transfer of assets from this Section to another scheme or arrangement so that benefits will be provided under the receiving scheme or arrangement in respect of the Members or persons concerned.

(C) Any transfer under this Rule G.2 must:

- (i) be a Recognised Transfer or otherwise be able to be made without prejudicing the status of the Plan as a Registered Pension Scheme or constituting an Unauthorised Payment; and
- (ii) to the extent applicable, comply with the Preservation Laws and the Transfer Value Laws.

- (D) A transfer of assets may be made (or in the case of (B) must be made) under this Rule G.2 without the consent of the Member concerned or any other person claiming through the Member save where this is not permitted by the Preservation Laws.
- (E) Subject to the Transfer Value Laws, the value of the assets to be transferred in respect of a Member must be the Actuary's best estimate of the share of the value of the Available Assets proportionate to that part of the Required Amount which is attributable to the Section's liabilities in respect of the Member concerned. For these purposes the value of the Available Assets will be the Actuary's best estimate as at the nearest practicable date prior to the transfer date and the Required Amount will be calculated in accordance with Rule D.3(F) subject to the following modifications:
 - (i) the Required Amount will be the Actuary's best estimate determined by reference to all the CMP Blocks and Adjusted CMP Blocks standing to the credit of Members and pensions in payment under Part E as at the transfer date and will allow for all part CMP Blocks accrued but not yet credited in respect of Members during the period on and from the last 1 April to but excluding the transfer date;
 - (ii) appropriate allowance will be made for the effect of expected future increases and decreases under Part D on the Required Amount; and
 - (iii) the Actuary will not be required to take into account the views of any investment adviser or other actuary or expert on the calculation of transfer values.
- (F) The Trustee may not pay a transfer value of an amount which is higher than an amount calculated and verified in accordance with regulation 7(1)(a) of the Occupational Pension Schemes (Transfer Value) Regulations 1996 without the consent of the Principal Employer.
- (G) Where a transfer is made in accordance with this Rule, the entitlements under this Section of the person in respect of whom the transfer is made (and all persons claiming through that person) will be extinguished and the Trustee will have no liability with respect to the application of the amount transferred.
- (H) This Rule G.2 is without prejudice to the rights of Members to a cash equivalent transfer value under Chapter 1 of Part 4ZA of the PSA 93.
- (I) Unless and to the extent the Principal Employer otherwise permits or directs, a Member with Money Purchase Benefits (as defined in the DBLS Rules) may only transfer out his or her benefits under this Section if he or she also transfers out his or her Money Purchase Benefits.
- (J) Unless the Principal Employer otherwise permits, a Member may not transfer out part only of his or her benefits under this Section.
- (K) This Rule is subject to the provisions of Part H governing the allocation, calculation and discharge of benefits where an event set out in Rule H.2(A) occurs.

G.3 Purchase of annuities

- (A) Subject to the following provisions of this Rule, instead of providing benefits under this Section in respect of any person, the Trustee may with the consent of the Principal Employer buy an insurance policy or annuity contract in the name of that person or transfer an insurance policy or annuity contract to that person. The consent of the Principal Employer is not required where the event set out in Rule H.2(A)(vi) occurs.
- (B) The insurance policy or annuity contract must comply with the Preservation Laws and any requirements under the FA 04.
- (C) The amount to be applied towards purchase of the insurance policy or annuity contract must be equal to the cash equivalent of the benefits of the person concerned determined in accordance with the Transfer Value Laws and Rule G.2(E).
- (D) Where the Preservation Laws require, the purchase of an insurance policy or annuity contract may only be made at the request or with the consent of the person concerned. It will not be necessary to obtain the consent of any person claiming through the person to whom the insurance policy or annuity contract relates.
- (E) Where an insurance policy or annuity contract is purchased or transferred to a person in accordance with this Rule G.3, the Trustee will be discharged from any obligation to provide the benefits to which the insurance policy or annuity contract relates.
- (F) This Rule G.3 is without prejudice to the rights of Members to apply their cash equivalent towards purchase of an insurance policy or annuity contract under Chapter 1 of Part 4ZA of the PSA 93.
- (G) This Rule G.3 is subject to the provisions of Part H governing the allocation, calculation and discharge of benefits where an event set out in Rule H.2(A) occurs.

PART H TERMINATION AND WINDING-UP

H.1 General

- (A) This Part H sets out the rules:
- (i) about when the Trustee is required or may decide to pursue continuity option 1 (discharge of liabilities and winding-up) referred to in section 34(2)(a) of the PSA 21 ("**Continuity Option 1**");
 - (ii) about when the Trustee can pursue continuity option 3 (conversion to closed scheme) referred to in section 34(2)(c) of the PSA 21 ("**Continuity Option 3**");
 - (iii) required by paragraph 3 of Schedule 6 to the CMPS Regulations as to how Continuity Option 1 is to be given effect, including the rules about how the rate or amount of periodic incomes payable under Schedule 6 to the CMPS Regulations is to be calculated and adjusted from time to time; and
 - (iv) referred to in section 38(5) of the PSA 21 as to how the conversion of the Section into a closed scheme is to be carried out.
- (B) Notwithstanding anything to the contrary in this Part (or any other provision of the Deed), payments of periodic income are not payments of benefits under the Section. Rather, they are payments made under and in accordance with paragraph 7 of Schedule 6 to the CMPS Regulations.
- (C) The provisions of the PSA 21, the CMPS Regulations and this Part override (and are deemed always to have overridden) any inconsistent provisions of any other Part other than Rule A.5.
- (D) To the extent there is any inconsistency between this Part and the requirements of:
- (i) clause 3, clause 3 prevails;
 - (ii) Rule A.5, Rule A.5 prevails; or
 - (iii) the PSA 21 or the CMPS Regulations, the PSA 21 or the CMPS Regulations (as applicable) prevail (in which case this Part shall apply with such modifications as the Principal Employer and the Trustee may agree so as to avoid such inconsistency or, in the circumstances referred to in Rule H.2(A)(vi), with such modifications as the Trustee decides are necessary so as to avoid such inconsistency but provided that the Trustee may not apply any modifications which:
 - (a) could give rise to, create or increase any liability of or on an Employer;

- (b) would cause the Section to cease to be a section of a qualifying scheme for the purposes of section 1(2)(b) of the PSA 21; or
 - (c) would conflict with clause 3 or Rule A.5.
- (E) Without prejudice to (B), the Trustee must not make any payment under this Part which would be prohibited by clause 3 or Rule A.5.
- (F) For the avoidance of doubt, clause 38 (Unauthorised Payments) applies to payments under this Part.

H.2 When this Part applies

- (A) If any of the following events should occur, then this Part applies (and for the purposes of any rule of law, this Part is deemed to have applied immediately before that event occurs):
 - (i) it is judicially determined that any of the benefits provided under this Section are not qualifying benefits within the definition in section 2(1) of the PSA 21;
 - (ii) it is judicially determined that this Section is not a qualifying scheme within the definition in section 3(1) of the PSA 21;
 - (iii) a decision by the Pensions Regulator to withdraw the Section's authorisation under section 9 of the PSA 21 becomes final;
 - (iv) any Employer is required to pay contributions in respect of this Section other than as provided in Rules B.1 and F.2;
 - (v) the Principal Employer gives notice in writing to the Trustee that one or more Employers are required to make provision in their accounts in respect of the cost of providing benefits from this Section;
 - (vi) an insolvency event within the meaning of section 121 of the PA 04 occurs in relation to the Principal Employer or the Trustee determines, after taking professional advice, that the Principal Employer is unlikely to continue as a going concern and in either case no other person is appointed to assume its responsibilities under the Plan;
 - (vii) the Trustee decides or is required to pursue Continuity Option 1 following the occurrence of a triggering event under section 31 of the PSA 21;
 - (viii) the Principal Employer gives notice in writing to the Trustee that this Part is to apply; and
 - (ix) the date is reached which is 12 months before the Ultimate Dissolution Date.
- (B) Subject to paragraph 4 of Schedule 6 to the CMPS Regulations:

- (i) the Winding-up Commencement Time is the time immediately before the time at which the first of the events listed in (A) occurs or, where Rule H.4 applies, the date on which the Trustee is required to wind up the Section under Rule H.4(E); and
- (ii) any doubt as to the Winding-up Commencement Time will be resolved by the Principal Employer or, if this Part applies in the circumstances set out in Rule H.2(A)(vi), by the Trustee.

H.3 Immediate consequences

(A) Subject to Rule H.4, when this Part applies:

- (i) no further person may be admitted as an Active Member;
- (ii) no further contributions will be payable to this Section by any Member or Employer except to the extent such contributions relate to any period before the Winding-up Commencement Time;
- (iii) any Member who is an Active Member immediately before the Winding-up Commencement Time will cease to be an Active Member;
- (iv) subject to (B), no pension or other benefits may be paid under the Section to or in respect of Beneficiaries;
- (v) no pension may be commuted under Rule E.5;
- (vi) no further benefits will accrue in respect of Members, and no further adjustments may be applied to CMP Blocks, Adjusted CMP Blocks and pensions in payment under Rules D.3 and D.4;
- (vii) subject to (C), the Trustee must determine whether to pursue Continuity Option 3 or pursue Continuity Option 1; and
- (viii) notwithstanding anything to the contrary in Part C, the Trustee may make such adjustments to the manner, and types of investments, in which the Section's assets are invested (including the allocation between Return-Seeking Assets, Low-Risk Assets and Cash) as it considers, after taking appropriate advice, are appropriate for the purposes of:
 - (a) promoting the stability of the total value of the Section's assets during the Winding-up Period (after allowing for the effect of paying periodic incomes during that period);
 - (b) facilitating the discharge of the Section's liabilities to pay benefits in accordance with Rule H.15; and

- (c) facilitating the payment of costs and expenses in accordance with Rule H.16;
 - (ix) Rules C.4(B) and (C), and the Trustee's obligations under Rules C.4(E) and (F) to assess and report on compliance with Rules C.4(B) and (C), cease to apply; and
 - (x) Rule F.4 ceases to apply.
- (B) Rule H.3(A)(iv) is without prejudice to:
- (i) the exercise of any right or power conferred by Chapter 2 of Part 4ZA of the PSA 93 or the discharge of any duty imposed by that Chapter;
 - (ii) requirements with respect to the payment of periodic incomes under Schedule 6 of the CMPS Regulations; and
 - (iii) obligations to discharge Beneficiaries' benefits in accordance with the requirements of Schedule 6 of the CMPS Regulations and this Part H.
- (C) Subject to section 38 of the PA 95:
- (i) on the occurrence of either of the events set out in Rules H.2(A)(vii) or (ix), or if the Trustee is otherwise required under section 34 of the PSA 21 to pursue Continuity Option 1, the Trustee must not pursue Continuity Option 3, and must instead pursue Continuity Option 1 in accordance with Schedule 6 to the CMPS Regulations and Rules H.5 to H.16 and Rule H.3(A)(viii) will apply; and
 - (ii) on the occurrence of any of the events set out in Rule H.2(A)(i) to (v) or (viii), the Trustee may only pursue Continuity Option 3 with the consent of the Principal Employer and, if the Principal Employer does not consent, must instead pursue Continuity Option 1 in accordance with Schedule 6 to the CMPS Regulations and Rules H.5 to H.16 and Rule H.3(A)(viii) will apply.
- Note:** *the disapplication of s38 to money purchase schemes in s38(3) will not apply as there is no provision permitting the CMP Section to be treated as a separate scheme from the DBLS Section for these purposes.*
- (D) If this Part applies in the circumstances set out in Rule H.2(A)(vi), all powers and discretions under the Deed, including the power set out in clause 10 (Amendment) may be exercised by the Trustee in relation to this Section in place of the Principal Employer or any other Employer, save that the Trustee is not permitted to exercise any such power or discretion in a way which:
- (i) could give rise to, create or increase any liability of or on an Employer; or
 - (ii) would cause the Section to cease to be a section of a qualifying scheme for the purposes of section 1(2)(b) of the PSA 21; or

(iii) would conflict with clause 3 or Rule A.5.

(E) If, in accordance with (A)(vii) and (C), the Trustee:

(i) pursues Continuity Option 3, Rule H.4 will apply; or

(ii) pursues Continuity Option 1, Rules H.5 to H.16 will apply.

H.4 Continuity Option 3 - continuation as closed scheme

(A) If the Trustee pursues Continuity Option 3 in accordance with Rules H.3(A)(vii) and H.3(C)(ii), this Rule will apply from the date the Trustee receives the notification referred to in section 38(4) of the PSA 21.

(B) While this Rule applies:

(i) no person may be admitted as an Active Member;

(ii) no further contributions will be payable to this Section by any Member or Employer except to the extent such contributions relate to any period before this Part applies;

(iii) no Member who was an Active Member immediately before this Part applies will be treated as an Active Member; and

(iv) subject to (C)(ii), no benefits will accrue in respect of Members.

(C) While this Rule applies, benefits will continue to be:

(i) paid in accordance with Part E; and

(ii) subject to periodic adjustment in accordance with Rules D.3 and D.4.

(D) While this Rule applies:

(i) Rule H.3(A)(viii) will cease to apply and the Trustee must use reasonable endeavours to transition back to instead investing the Section's assets in accordance with Part C and Rules F.3 and F.6(E)(i) as soon as reasonably appropriate having due regard to advice received regarding any practical or prudential considerations around the pace and manner of that transition; and

(ii) the Trustee must meet the costs and expenses of running the Section in accordance with Rule H.16.

(E) If this Rule applies, it will continue to apply until the earliest of:

(i) such date as the Principal Employer may notify in writing to the Trustee as the date when winding up of the Section should commence or, if section 38 of the

PA 95 applies or this Part applies in the circumstances set out in Rule H.2(A)(vi), such date as the Trustee may decide for the winding-up of the Section;

(ii) the date on which no further benefits are payable under the Section; and

(iii) the date which is 12 months before the Ultimate Dissolution Date,

whereupon the Trustee must pursue Continuity Option 1 in accordance with Schedule 6 to the CMPS Regulations and Rules H.5 to H.16 and Rule H.3(A)(viii) will apply.

H.5 Initial Quantification

(A) This Rule sets out how, in circumstances where the Trustee is pursuing Continuity Option 1, the amount that represents the value of each Beneficiary's accrued rights to benefits under the Section is to be quantified for the purposes of the initial estimate required under Schedule 6 to the CMPS Regulations (the "Initial Quantification").

(B) The Trustee must, before the end of 28 days beginning with the date of the Winding-up Commencement Time or before the end of such other period as may be permitted under the PSA 21, obtain from the Actuary an estimate of the Initial Quantification for each Beneficiary determined in accordance with the following formula:

$$(A / B) \times C$$

where

A is the value as at the Winding-up Commencement Time of the Section's liabilities to pay benefits to or in respect of that Beneficiary;

B is the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries; and

C is the realisable value of the Available Assets as at the nearest practicable date prior to the effective date of the Initial Quantification, where appropriate taking into account professional advice in relation to the realisable value of assets the realisable value of which is likely to be affected by the period within which they are expected to be realised, less any deduction under Rule H.16(A).

(C) For the purposes of A and B of the above formula:

(i) the Section's liabilities must be calculated on the basis of the benefits provided by the Section as set out in Parts D and E as if the Section had not commenced winding up and using a method and assumptions and resulting increases consistent with those used for the purposes of calculating transfer values immediately before the Winding-up Commencement Time in accordance with Rule G.2(E) as if references in that Rule to the "transfer date" were read as references to the Winding-up Commencement Time;

- (ii) no account is to be taken of any periodic incomes payable under Schedule 6 to the CMPS Regulations (calculated and adjusted in accordance with this Part); and
- (iii) no adjustment may be made to take into account:
 - (a) the death of any Beneficiary on or after the Winding-up Commencement Time, including where this causes any person to become entitled to benefits as a Pensioner Beneficiary under Schedule 6 to the CMPS Regulations (calculated and adjusted in accordance with this Part) or the Final Quantification in respect of that Beneficiary to be allocated to any Survivors under this Part; or
 - (b) a Beneficiary who was a Qualifying Child at the Winding-up Commencement Time ceasing to be a Qualifying Child after the Winding-up Commencement Time (but, when estimating the value of the Section's liabilities in respect of a Qualifying Child, the Actuary must assume that benefits will be paid until age 23 or, in the case of a Qualifying Child who at the date of the Member's death was dependent on the Member because of physical or mental impairment, for life).

H.6 Winding-up Quantification

- (A) This Rule sets out how, in circumstances where the Trustee is pursuing Continuity Option 1, the amount that represents the value of each Beneficiary's accrued rights to benefits under the Section is to be quantified for the purposes of the subsequent estimate required under Schedule 6 to the CMPS Regulations (the "**Winding-up Quantification**").
- (B) The Trustee must, within a period of six months beginning with the date on which the Pensions Regulator notifies the Trustee that the Trustee's implementation strategy is approved or within such other period as may be permitted under the PSA 21, obtain from the Actuary an estimate of the Winding-up Quantification for each Beneficiary:
 - (i) in accordance with:
 - (a) the formula in Rule H.5(B); and
 - (b) Rule H.5(C),

save that in C of the formula the reference to the effective date of the Initial Quantification is to be read as a reference instead to the effective date of the Winding-up Quantification and the reference to any deduction under Rule H.16(A) is to be read as a reference instead to any further deduction to be applied under Rule H.16; and
 - (ii) subject to Rule H.5(C)(iii), taking into account any changes in scheme data from that used for the purposes of the Initial Quantification.

H.7 Penultimate Quantification

- (A) This Rule sets out how, in circumstances where the Trustee is pursuing Continuity Option 1, the amount that represents the value of each Beneficiary's accrued rights to benefits under the Section is to be quantified for the purposes of the final estimate required under Schedule 6 to the CMPS Regulations (the "**Penultimate Quantification**").
- (B) The Trustee must, not less than one month before the proposed Discharge Time or within such other period as may be permitted under the PSA 21, obtain from the Actuary an estimate of the Penultimate Quantification for each Beneficiary:
- (i) in accordance with:
- (a) the formula in Rule H.5(B); and
- (b) Rule H.5(C),
- save that in C of the formula the reference to the effective date of the Initial Quantification is to be read as a reference instead to the effective date of the Penultimate Quantification and the reference to any deduction under Rule H.16(A) is to be read as a reference instead to any further deduction to be applied under Rule H.16; and
- (ii) subject to Rule H.5(C)(iii), taking into account any changes in scheme data from that used for the purposes of the Initial Quantification.

H.8 Final Quantification

- (A) This Rule sets out how, in circumstances where the Trustee is pursuing Continuity Option 1, the amount that represents the value of each Beneficiary's accrued rights to benefits under the Section is to be quantified for the purposes of the final figure required under Schedule 6 to the CMPS Regulations (the "**Final Quantification**").
- (B) The Trustee must, immediately before the Discharge Time or at such other time as the Trustee may determine and as may be permitted under the PSA 21, obtain from the Actuary the Final Quantification for each Beneficiary determined in accordance with the following formula:

$$((A / B) \times (C + D)) - (E + F)$$

where

- A is the Actuary's Central Estimate of the value as at the Winding-up Commencement Time of the Section's liabilities to pay benefits to or in respect of that Beneficiary;

- B is the Actuary's Central Estimate of the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries;
- C is the total of the realised value of any part of the Available Assets which has been realised on or before the date of the Final Quantification and the realisable value of the remaining part of the Available Assets as at the date of the Final Quantification, where appropriate taking into account professional advice in relation to the realisable value of those unrealised assets the realisable value of which is likely to be affected by the period within which they are expected to be realised, less any further deduction to be applied under Rule H.16;
- D is the total amount of all payments of periodic income paid during the Winding-up Period to all Beneficiaries and Dependants, subject to such timing adjustment(s) in respect of the period between each payment of periodic income and the effective date of Final Quantification as the Trustee, after obtaining the advice of the Actuary, may decide to apply;
- E is the total amount of all payments of periodic income paid during the Winding-up Period to or in respect of the Beneficiary, subject to such timing adjustment(s) in respect of the period between each such payment of periodic income and the effective date of Final Quantification as the Trustee after obtaining the advice of the Actuary may decide to apply,
- provided that if E as calculated above would result in the Final Quantification in respect of a Beneficiary being less than zero (such a Beneficiary thereby becoming a **"Proviso E Beneficiary"** for the purposes of F below), E will be reduced by such amount as would result in the Final Quantification in respect of that Beneficiary equalling zero (such reduction being a **"Proviso E Reduction"** for the purposes of F below);
- F only applies in respect of Beneficiaries who are not Proviso E Beneficiaries and is each such non-Proviso E Beneficiary's proportionate share of the aggregate Proviso E Reductions applied in respect of all Proviso E Beneficiaries, such proportionate share being determined on the basis of the formula A / G , where
- G is the Actuary's Central Estimate of the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries other than any Proviso E Beneficiaries.

(C) For the purposes of A, B and G in the above formula:

- (i) the Section's liabilities must be calculated on the basis of the benefits provided by the Section as set out in Parts D and E as if the Section had not commenced winding up and using a method and assumptions and resulting increases consistent with those used for the purposes of calculating transfer values immediately before the Winding-up Commencement Time as set out in Rule

G.2(E) as if references in that Rule to the “transfer date” were read as references to the Winding-up Commencement Time; and

- (ii) no account is to be taken of any periodic incomes payable under Schedule 6 to the CMPS Regulations (calculated and adjusted in accordance with this Part).
- (D) Save as provided in E of the above formula, no adjustment may be made in the Final Quantification to take into account:
- (i) the death of any Beneficiary on or after the Winding-up Commencement Time, including where this causes any person to become entitled to benefits as a Pensioner Beneficiary under Schedule 6 to the CMPS Regulations (calculated and adjusted in accordance with this Part) or the Final Quantification in respect of that Beneficiary to be allocated to any Survivors under this Part; or
 - (ii) a Beneficiary who was a Qualifying Child at the Winding-up Commencement Time ceasing to be a Qualifying Child after the Winding-up Commencement Time (but, when determining the value of the Section’s liabilities in respect of a Qualifying Child, the Actuary must assume that benefits will be paid until age 23 or, in the case of a Qualifying Child who at the date of the Member’s death was dependent on the Member because of physical or mental impairment, for life).
- (E) For the purposes of D and E of the above formula, payments of periodic income include amounts paid after the death of a Pensioner Beneficiary and before the Discharge Time but which, in accordance with Rule H.9(F), are not recovered.

H.9 Calculation of periodic incomes

- (A) This Rule sets out provisions required by paragraph 3(2)(e) of Schedule 6 to the CMPS Regulations determining how, in circumstances where the Trustee is pursuing Continuity Option 1, periodic incomes are to be calculated during the period before completion of the Initial Quantification and provisions relevant to the adjustment of periodic incomes during periods after the Initial Quantification in accordance with Rules H.10 to H.12.

***Note:** under paragraph 7 of Schedule 6 to the CMPS Regulations, periodic incomes are payable to persons who were pensioner beneficiaries immediately prior to the beginning of the winding-up period and persons who would have become pensioner beneficiaries during the winding-up period had the winding-up of the Section not commenced. The periodic income in respect of a person must be paid on the same dates that a pension would have been paid under Part E had the winding-up of the Section not commenced and continue until the earlier of the discharge time in relation to that person and the date that person would otherwise have ceased to be a pensioner beneficiary. Thus, a periodic income payable to a pensioner beneficiary who is a child will cease to be payable if the pensioner beneficiary ceases to qualify as a child.*

- (B) The amount of the periodic income payable to each Pensioner Beneficiary is to be determined by reference to a base amount (the “**Base Periodic Income**”) as follows:

- (i) in the case of a person who was a Pensioner Beneficiary immediately before the Winding-up Commencement Time, the Base Periodic Income is equal to the last payment of pension made to him or her under Part E immediately before the Winding-up Commencement Time; and
 - (ii) in the case of a person who becomes a Pensioner Beneficiary during the Winding-up Period, the Base Periodic Income is equal to the pension which would have been paid to him or her under Parts D and E had winding-up not commenced based on his or her accrued benefits as at the Winding-up Commencement Time (or, in the case of a Dependant who becomes a Pensioner Beneficiary during the Winding-up Period, based on his or her contingent benefits as at the Winding-up Commencement Time) subject to such adjustments (if any) as may be required to comply with paragraph 7(6)(b) of Schedule 6 to the CMPS Regulations.
- (C) In relation to the period prior to completion of the Initial Quantification, the amount of the periodic income payable to a Pensioner Beneficiary is equal to that Pensioner Beneficiary's Base Periodic Income.
- (D) In relation to periods following completion of the Initial Quantification, the amount of the periodic income payable to a Pensioner Beneficiary is determined by applying an adjustment to the Base Periodic Income in respect of that Pensioner Beneficiary in accordance with Rules H.10 to H.12.
- (E) For the avoidance of doubt, where a Dependant dies during the Winding-up Period, no periodic incomes are payable in respect of the Survivors of that Dependant.
- (F) If a Pensioner Beneficiary dies before the Discharge Time but the Trustee is not notified of that fact in sufficient time to stop one or more payments of periodic income being made in respect of that Pensioner Beneficiary, the Trustee is not required to seek recovery of those payments.

H.10 Adjustment of periodic incomes following Initial Quantification

- (A) This Rule sets out provisions required by paragraphs 3(2)(e) and 7(7)(b) of Schedule 6 to the CMPS Regulations concerning how, in circumstances where the Trustee is pursuing Continuity Option 1, periodic incomes are to be adjusted following completion of the Initial Quantification.
- (B) If the Initial Quantification establishes that:
- (i) the value of the Available Assets (as determined for the purposes of the Initial Quantification)

exceeds
 - (ii) the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries (as determined by the

Initial Quantification but using methods and assumptions determined in accordance with (F)(i)) less the total amount of all payments of periodic income made on or after the Winding-up Commencement Time and before completion of the Initial Quantification, subject to such timing adjustment(s) in respect of that period as the Trustee after obtaining the advice of the Actuary may decide to apply to such payments,

(the “**Initial Quantification Adjusted Liability Value**”),

the Trustee must apply a percentage increase to the Base Periodic Income of each Pensioner Beneficiary equal to the percentage increase which, if applied to the Initial Quantification Adjusted Liability Value would result in the value of the Available Assets (as determined for the purposes of the Initial Quantification) equalling the Initial Quantification Adjusted Liability Value.

- (C) If the Initial Quantification establishes that the value of the Available Assets (as determined for the purposes of the Initial Quantification) is less than the Initial Quantification Adjusted Liability Value, the Trustee must apply a percentage reduction to the Base Periodic Income of each Pensioner Beneficiary equal to the percentage decrease which, if applied to the Initial Quantification Adjusted Liability Value would result in the value of the Available Assets (as determined for the purposes of the Initial Quantification) equalling the Initial Quantification Adjusted Liability Value.
- (D) If the Initial Quantification establishes that the value of the Available Assets (as determined for the purposes of the Initial Quantification) is equal to the Initial Quantification Adjusted Liability Value, no increase or reduction will be applied to periodic incomes following completion of the Initial Quantification.
- (E) If an increase or reduction is applied to a Pensioner Beneficiary’s Base Periodic Income under (B) or (C), the periodic income payable to that Pensioner Beneficiary during the period starting on (and including) the first date on which periodic income is due to be paid after completion of the Initial Quantification and ending immediately before the first date on which periodic income is due to be paid following completion of the Winding-up Quantification will be equal to the Pensioner Beneficiary’s Base Periodic Income as so increased or reduced.
- (F) For the purposes of this Rule H.10:
 - (i) the value of the Section’s total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries must be calculated in the manner described in Rule H.5(C) save that for the purposes of H.5(C)(i) the method and assumptions and resulting increases must be consistent with those used (or which would have been used but for the commencement of winding-up) for the purposes of calculating transfer values immediately before the time of the Initial Quantification in accordance with Rule G.2(E) but on the basis that:
 - (a) references in that Rule to the “transfer date” are read as references to the time of the Initial Quantification;

- (b) the assumptions are determined consistently with Rule H.5(C)(iii); and
- (c) no allowance is made for any decreases in benefits that could be assumed under Rule G.2(E)(iii) when calculating transfer values; and
- (ii) the value of the Available Assets must be determined net of any deduction under Rule H.16(A).

H.11 Adjustment of periodic incomes following Winding-up Quantification

- (A) This Rule sets out provisions required by paragraphs 3(2)(e) and 7(7)(c) of Schedule 6 to the CMPS Regulations concerning how, in circumstances where the Trustee is pursuing Continuity Option 1, periodic incomes are to be adjusted following completion of the Winding-up Quantification.

- (B) If the Winding-up Quantification establishes that:

- (i) the value of the Available Assets (as determined for the purposes of the Winding-up Quantification)

exceeds

- (ii) the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries (as determined by the Winding-up Quantification but using methods and assumptions determined in accordance with (F)(i)) less the total amount of all payments of periodic income made on or after the Winding-up Commencement Time and before completion of the Winding-up Quantification, subject to such timing adjustment(s) in respect of that period as the Trustee after obtaining the advice of the Actuary may decide to apply to such payments,

(the "**Winding-up Quantification Adjusted Liability Value**),

the Trustee must apply a percentage increase to the Base Periodic Income of each Pensioner Beneficiary equal to the percentage increase which, if applied to the Winding-up Quantification Adjusted Liability Value would result in the value of the Available Assets (as determined for the purposes of the Winding-up Quantification) equalling the Winding-up Quantification Adjusted Liability Value.

- (C) If the Winding-up Quantification establishes that the value of the Available Assets (as determined for the purposes of the Winding-up Quantification) is less than the Winding-up Quantification Adjusted Liability Value, the Trustee must apply a percentage reduction to the Base Periodic Income of each Pensioner Beneficiary equal to the percentage decrease which, if applied to the Winding-up Quantification Adjusted Liability Value would result in the value of the Available Assets (as determined for the purposes of the Winding-up Quantification) equalling the Winding-up Quantification Adjusted Liability Value.

- (D) If the Winding-up Quantification establishes that the value of the Available Assets (as determined for the purposes of the Winding-up Quantification) is equal to the Winding-up Quantification Adjusted Liability Value, no increase or reduction will be applied to periodic incomes following completion of the Winding-up Quantification.
- (E) If an increase or reduction is applied to a Pensioner Beneficiary's Base Periodic Income under (B) or (C), the periodic income payable to that Pensioner Beneficiary during the period starting on (and including) the first date on which periodic income is due to be paid after completion of the Winding-up Quantification and ending immediately before the first date on which periodic income is due to be paid following completion of the Penultimate Quantification will be equal to the Pensioner Beneficiary's Base Periodic Income as so increased or reduced.
- (F) For the purposes of this Rule H.11:
 - (i) the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries must be calculated in the manner described in Rule H.5(C) save that for the purposes of H.5(C)(i) the method and assumptions and resulting increases must be consistent with those used (or which would have been used but for the commencement of winding-up) for the purposes of calculating transfer values immediately before the time of the Winding-up Quantification in accordance with Rule G.2(E) but on the basis that:
 - (a) references in that Rule to the "transfer date" are read as references to the time of the Winding-up Quantification;
 - (b) the assumptions are determined consistently with Rule H.5(C)(iii); and
 - (c) no allowance is made for any decreases in benefits that could be assumed under Rule G.2(E)(iii) when calculating transfer values; and
 - (ii) the value of the Available Assets must be determined net of any deduction under Rule H.16(A).

H.12 Adjustment of periodic incomes following Penultimate Quantification

- (A) This Rule sets out provisions required by paragraphs 3(2)(e) and 7(7)(d) of Schedule 6 to the CMPS Regulations concerning how, in circumstances where the Trustee is pursuing Continuity Option 1, periodic incomes are to be adjusted following completion of the Penultimate Quantification.
- (B) If the Penultimate Quantification establishes that:
 - (i) the value of the Available Assets (as determined for the purposes of the Penultimate Quantification)

exceeds

- (ii) the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries (as determined by the Penultimate Quantification but using methods and assumptions determined in accordance with (F)(i)) less the total amount of all payments of periodic income made on or after the Winding-up Commencement Time and before completion of the Penultimate Quantification, subject to such timing adjustment(s) in respect of that period as the Trustee after obtaining the advice of the Actuary may decide to apply to such payments,

(the "**Penultimate Quantification Adjusted Liability Value**),

the Trustee must apply a percentage increase to the Base Periodic Income of each Pensioner Beneficiary equal to the percentage increase which, if applied to the Penultimate Quantification Adjusted Liability Value would result in the value of the Available Assets (as determined for the purposes of the Penultimate Quantification) equalling the Penultimate Quantification Adjusted Liability Value.

- (C) If the Penultimate Quantification establishes that the value of the Available Assets (as determined for the purposes of the Penultimate Quantification) is less than the Penultimate Quantification Adjusted Liability Value, the Trustee must apply a percentage reduction to the Base Periodic Income of each Pensioner Beneficiary equal to the percentage decrease which, if applied to the Penultimate Quantification Adjusted Liability Value would result in the value of the Available Assets (as determined for the purposes of the Penultimate Quantification) equalling the Penultimate Quantification Adjusted Liability Value.
- (D) If the Penultimate Quantification establishes that the value of the Available Assets (as determined for the purposes of the Penultimate Quantification) is equal to the Penultimate Quantification Adjusted Liability Value, no increase or reduction will be applied to periodic incomes following completion of the Penultimate Quantification.
- (E) If an increase or reduction is applied to a Pensioner Beneficiary's Base Periodic Income under (B) or (C), the periodic income payable to that Pensioner Beneficiary during the period starting on (and including) the first date on which periodic income is due to be paid after completion of the Penultimate Quantification and ending immediately before the Discharge Time in respect of that Pensioner Beneficiary will be equal to the Pensioner Beneficiary's Base Periodic Income as so increased or reduced.
- (F) For the purposes of this Rule H.12:
 - (i) the value of the Section's total liabilities as at the Winding-up Commencement Time to pay benefits to or in respect of all Beneficiaries must be calculated in the manner described in Rule H.5(C) save that for the purposes of H.5(C)(i) the method and assumptions and resulting increases must be consistent with those used (or which would have been used but for the commencement of winding-up) for the purposes of calculating transfer values immediately before the time of the Penultimate Quantification in accordance with Rule G.2(E) but on the basis that:

- (a) references in that Rule to the “transfer date” are read as references to the time of the Penultimate Quantification;
 - (b) the assumptions are determined consistently with Rule H.5(C)(iii); and
 - (c) no allowance is made for any decreases in benefits that could be assumed under Rule G.2(E)(iii) when calculating transfer values; and
- (ii) the value of the Available Assets must be determined net of any deduction under Rule H.16(A).

H.13 Determination of Discharge Amounts

(A) Subject to (D) and Rule H.14, in circumstances where the Trustee is pursuing Continuity Option 1, the Trustee must determine the amount which is to be applied to discharge the benefits under this Section in respect of each Beneficiary (the “**Discharge Amount**”) as follows:

- (i) where the Beneficiary is still alive at the Discharge Time, the Discharge Amount is equal to the Final Quantification in respect of that Beneficiary;
- (ii) where the Beneficiary has died on or after the Winding-up Commencement Time and before the Discharge Time in respect of that Beneficiary, the Trustee must allocate the Final Quantification in respect of that Beneficiary as follows:
 - (a) subject to (b), if the Beneficiary was a Member, the Trustee must determine which of the Member’s Dependants would have been entitled to a pension, and in what proportions, under Part E if the Section had not commenced winding-up and allocate the Final Quantification in respect of the Member amongst such Dependants pro rata to the annual amount of the pension which would have been payable to each of them. The Discharge Amount for each Dependant is equal to that part of the Final Quantification allocated to him or her;
 - (b) if the Beneficiary was a Member but is not survived by a Dependant, the Trustee must determine which of the Member’s other Survivors will be entitled to benefits under the Section in respect of the Member and in what proportions and allocate the Final Quantification in respect of the Member accordingly. The Discharge Amount for each such Survivor is equal to that part of the Final Quantification allocated to him, her or it; or
 - (c) if the Beneficiary was a Dependant to whom a pension had become payable under Part E before the Winding-up Commencement Time, the Trustee must determine which of the Dependant’s Survivors will be entitled to benefits under the Section in respect of the Dependant and in what proportions and allocate the Final Quantification in respect of the Dependant accordingly. The Discharge Amount for each such Survivor is equal to that part of the Final Quantification allocated to him, her or it.

- (B) If a Dependant to whom a periodic income has become payable under Schedule 6 to the CMPS Regulations as a result of a Member dying after the Winding-up Commencement Time dies on or after the date the periodic income becomes payable and before the Discharge Time in respect of that Dependant, the Trustee must determine which of the Dependant's Survivors will be entitled to benefits under the Section in respect of the Dependant and in what proportions and allocate the Final Quantification in respect of the Dependant accordingly. The Discharge Amount for each such Survivor is equal to that part of the Final Quantification allocated to him, her or it.
- (C) Where a Survivor to whom any part of the Final Quantification in respect of a Member or Dependant has been allocated dies before the Discharge Time, the Trustee must reallocate that part of the Final Quantification amongst the other Survivors of that Member or Dependant in such proportions as the Trustee determines. The Discharge Amount for each Survivor to whom any part of such Final Quantification is reallocated will be equal to (or, as applicable, will be increased by) that part of such Final Quantification reallocated to him, her or it.
- (D) If the Trustee is unable by the proposed Discharge Time to determine how the Final Quantification in respect of a Beneficiary, Dependant or Survivor who dies on or after the Winding-up Commencement Time should be allocated under (A)(ii), (B) or (C), whether because the Trustee has received insufficient notice of the Beneficiary's, Dependant's or Survivor's death in advance of the proposed Discharge Time, the Trustee has insufficient information about the potential persons amongst whom the Final Quantification should be allocated or for some other reason, the Trustee must delay discharging the benefits in respect of that Beneficiary, Dependant or Survivor until such time as it has determined how the Final Quantification should be allocated under (A)(ii), (B) or (C) (as applicable), in which case the Discharge Time in respect of that Beneficiary, Dependant or Survivor must be revised accordingly and the Final Quantification in respect of the Beneficiary or Dependant must be adjusted to take into account any return (or loss) on the assets allocated towards discharging those benefits between the originally proposed Discharge Time and the revised Discharge Time. The Discharge Amount(s) in respect of the deceased Beneficiary, Dependant or Survivor must be determined in accordance with (A)(ii), (B) or (C) (as applicable) but taking into account the adjustment (if any) referred to in the preceding sentence.

Note: *the Trustee may need to make arrangements with the receiving scheme or arrangement such that, in cases where the Trustee is not notified of a Member's, Dependant's or Survivor's death before the Discharge Amount is transferred to the receiving scheme or arrangement, the Discharge Amount will be transferred back to the Section so as to allow the Trustee to allocate the Final Quantification in accordance with (A)(ii), (B) or (C) and effect its discharge in accordance with Rule H.15. There may need to be a delay between the proposed Discharge Time and the completion of winding-up of the Section to allow for this possibility.*

- (E) Where:
 - (i) a person was a Beneficiary by virtue of being a Qualifying Child; or

- (ii) a Beneficiary, Dependant or Survivor dies after the Winding-up Commencement Time and under (A)(ii), (B) or (C) the Trustee allocates to a child (whether or not a Qualifying Child) some or all of the Final Quantification in respect of that Beneficiary, Dependant or Survivor,

the Discharge Amount in respect of that child will be applied for the benefit of that child in accordance with Rule H.15 irrespective of whether at the Discharge Time he or she remains a Qualifying Child.

Note: *If a child is receiving a pension at the start of winding-up or starts receiving a periodic income on the death of a member during the winding-up, the intention is that he or she will be allocated a “pot” out of which the periodic income will be paid during the winding-up period. If the child ceases to qualify as a child, the periodic income will stop. If there is any money left in the former child’s “pot” after the periodic income stops, it will be paid out in the manner permitted by paragraph 2 of Schedule 6 to the CMPS Regulations. If a dependant dies during the winding-up period and the dependant’s “pot” is allocated to a child, no periodic income will be payable and the “pot” will be paid out in the manner permitted by paragraph 2 of Schedule 6 to the CMPS Regulations.*

H.14 Unknown Beneficiaries

If, in circumstances where the Trustee is pursuing Continuity Option 1, a Member has died before the Winding-up Commencement Time and the Trustee is unable by the proposed Discharge Time to determine what pensions were payable to the Member’s Dependants (if any) under Part E so as to be able to determine the Discharge Amount in respect of each Dependant, whether because the Trustee has received insufficient notice of the Member’s death in advance of the proposed Discharge Time, the Trustee has insufficient information about the Member’s Dependants or for some other reason, the Trustee must carry out the Final Quantification as if the Member had not died and delay discharging the benefits in respect of that Member until such time as it has determined how the Final Quantification in respect of the Member should be allocated amongst the Member’s Dependants (or if the Member had no Dependants, amongst the Member’s other Survivors). In such a case:

- (A) the Discharge Time in respect of that Member will be revised accordingly and the Final Quantification in respect of that Member must be adjusted to take into account any return (or loss) on the assets allocated towards discharging those benefits between the originally proposed Discharge Time and the revised Discharge Time; and
- (B) the Discharge Amount in respect of each Dependant (or Survivor) will correspond to that part of the Final Quantification allocated to that Dependant (or Survivor) taking into account the adjustment referred to in (A).

Note: *the Trustee may need to make arrangements with the receiving scheme or arrangement such that, in cases where the Trustee is not notified of the Member’s death before the Discharge Time, the Discharge Amount will be transferred back to the Section so as to allow the Trustee to allocate Final Quantification amongst the*

Member's Dependants in accordance with Part E (or Survivors if the Member has no Dependants) and effect its discharge in accordance with Rule H.15. There may need to be a delay between the proposed Discharge Time and the completion of winding-up of the Section to allow for this possibility.

H.15 Discharge of benefits

- (A) Subject to Rules H.13(D) and H.14, in circumstances where the Trustee is pursuing Continuity Option 1, the Trustee must at such time as it selects in relation to each Beneficiary, Dependant and Survivor to whom a Discharge Amount has been allocated (the “**Discharge Time**”) discharge the Section’s liabilities to pay benefits in respect of that Beneficiary, Dependant or Survivor by applying the Discharge Amount for the benefit of that Beneficiary, Dependant or Survivor in one or more of the ways permitted under section 36(2) of the PSA 21.
- (B) The Trustee may apply the Discharge Amounts in respect of different persons at different times and/or in different ways and, where the Discharge Amount in respect of a person is to be increased as a result of the allocation of additional benefits to that person following the death of another person, may apply the increase to the Discharge Amount at a different time to the original Discharge Amount in respect of that person and may treat the increase as a separate Discharge Amount in respect of that person.
- (C) Where the Trustee applies the Discharge Amount in respect of a Beneficiary, a Dependant or a Survivor in accordance with (A), the Trustee will cease to have any further obligation to provide benefits under this Section in respect of that Beneficiary, Dependant or Survivor, as applicable.

H.16 Payment of expenses

- (A) Unless the Trustee decides or is required to administer the Section as a closed scheme (Continuity Option 3) under Rule H.4, the Trustee must, as soon as practicable following the Winding-up Commencement Time and after taking such advice as it considers necessary, estimate the costs and expenses (other than Investment Expenses payable out of the Available Assets) of running the Section during the Winding-up Period and winding up the Section (Continuity Option 1). If the Trustee’s estimate exceeds the assets attributable to the Operational Expenses Reserve and the Continuity Expenses Reserve, after making allowance for:
 - (i) the Actuary’s estimate of the expected returns on such assets; and
 - (ii) any additional amounts expected to be paid into the Operational Expenses Reserve and/or the Continuity Expenses Reserve during the Winding-up Period, whether from the Employers, out of any escrow arrangement or otherwise, and the Actuary’s estimate of the expected returns on such amounts,

the Trustee may, if and to the extent permitted under section 45 of the PSA 21, deduct such excess from the Available Assets and make a corresponding credit to the Continuity Expenses Reserve.

(B) Subject to (C), the Trustee must pay the costs and expenses of:

- (i) running the Section during the Winding-up Period and winding up the Section (Continuity Option 1); or
- (ii) running the Section during any period while it is being administered as a closed scheme (Continuity Option 3),

out of the assets attributable to the Operational Expenses Reserve and/or the Continuity Expenses Reserve. To the extent there are insufficient assets comprised within the Operational Expenses Reserve and the Continuity Expenses Reserve to meet such costs and expenses and none of the Employers agrees to meet them, the Trustee must, if and to the extent permitted under section 45 of the PSA 21, pay such costs and expenses out of the Available Assets.

(C) Subject to any restrictions imposed by section 45 of the PSA 21 and subject also to (D) to (F), the Trustee must pay Investment Expenses which become payable during the Winding-up Period or while the Section is being administered as a closed scheme out of the Available Assets.

(D) If Investment Expenses fall within one of the following categories, the Trustee must pay them out of the Operational Expenses Reserve and/or the Continuity Expenses Reserve:

- (i) Investment Expenses to the extent they relate to the Operational Expenses Reserve or Continuity Expenses Reserve;
- (ii) Investment Expenses (including investment manager fees, investment adviser fees, other adviser fees in relation to investment matters and custodian fees) which satisfy each of (a) to (c) below:
 - (a) they do not fall within (i);
 - (b) they are not Transaction Costs; and
 - (c) they are calculated using a charge structure which is not permitted under the Charges Regulations but the use of such a charge structure is nonetheless consistent with operating an occupational pension scheme in the ordinary course on normal commercial terms; and
- (iii) any other Investment Expenses which the Principal Employer agrees can be, or directs must be (or, if this Part applies in the circumstances set out in Rule H.2(A)(vi), the Trustee determines can be) paid out of the Operational Expenses Reserve and/or the Continuity Expenses Reserve.

(E) The Trustee may pay the Section's Investment Expenses out of the Operational Expenses Reserve and/or the Continuity Expenses Reserve if they would be permitted under the Charges Regulations as part of a collective combination charge structure (as

defined in the Charges Regulations) and the use of a collective combination charge structure in respect of the relevant expenses is consistent with operating an occupational pension scheme in the ordinary course on normal commercial terms.

- (F) To the extent paying Investment Expenses out of the Available Assets would not be permitted under section 45 of the PSA 21, the Trustee may pay them out of the Operational Expenses Reserve and/or the Continuity Expenses Reserve.
- (G) If the assets attributable to the Operational Expenses Reserve and the Continuity Expenses Reserve are greater than those needed to pay the costs and expenses referred to in (B)(i), the Trustee may use such excess assets to supplement the Discharge Amounts or provide additional Discharge Amounts in respect of all or any Members or former Members or Dependants or Survivors of persons who are or have been Members as the Trustee, with the agreement of the Principal Employer, determines. The Principal Employer's agreement is not required if this Part applies in the circumstances referred to in Rule H.2(A)(vi).

H.17 Application of residual assets

If any assets remain after application of the Section's assets in accordance with Rules H.15 and H.16, the Trustee must, subject to the requirements of section 76 of the PA 95, pay the residual assets to such persons (who may include Employers) and in such proportions as the Principal Employer and the Trustee agree or, in the circumstances referred to in Rule H.2(A)(vi), to such persons (who may include Employers) and in such proportions as the Trustee decides.

Note: *the intention is that the Section's assets would be used to provide benefits rather than return surplus on a winding-up. A requirement to distribute surplus is nevertheless included in case, for example, there is a surplus at the end of winding-up which is too small to provide an increase to members' benefits because the costs of doing so would be greater than the surplus.*

H.18 Additional definitions

The following additional definitions apply for the purposes of this Part:

"Base Periodic Income" has the meaning give in Rule H.9(B).

"Beneficiary" means each person who is either:

- (a) a Member at the Winding-up Commencement Time; or
- (b) in relation to a Member who has died before the Winding-up Commencement Time, a Dependancy of that Member who is entitled immediately before the Winding-up Commencement Time to receive a pension under Part E.

"Continuity Option 1" has the meaning given in Rule H.1(A)(i).

“Continuity Option 3” has the meaning given in Rule H.1(A)(ii).

“Discharge Amount” has the meaning given in Rule H.13(A).

“Discharge Time” has the meaning give in Rule H.15(A).

“Final Quantification” has the meaning given in Rule H.8(A).

“Initial Quantification” has the meaning given in Rule H.5(A).

“Pensioner Beneficiary” means a person who is entitled to the present payment of pension under the Section or who would have become so entitled had the winding-up of the Section not commenced.

“Penultimate Quantification” has the meaning given in Rule H.7(A).

“Survivor” means, in relation to a person, any of:

- (a) that person’s surviving spouse (of any gender) or Civil Partner (of any gender), parents, grandparents (including adoptive parents and grandparents or step-parents and step-grandparents), children (including children conceived before that person’s death and born after, adopted children and step-children), siblings and other relatives;
- (b) the spouses (of any gender) or Civil Partners (of any gender) of all of those Survivors listed in (a);
- (c) the descendants and the spouses (of any gender) or Civil Partners (of any gender) of those descendants of all of those Survivors listed in (a);
- (d) any person with whom that person was living prior to the date of death;
- (e) any person who was not married to, or a Civil Partner of, that person at the date of that person’s death and is not a child of that person and, in the opinion of the Trustee, was at the date of that person’s death:
 - (i) financially dependent on that person;
 - (ii) in a financial relationship with that person of mutual dependence; or
 - (iii) dependent on that person because of physical or mental impairment;
- (f) any person other than a creditor with an interest in that person’s estate; or
- (g) any person who has incurred funeral expenses or who is entitled to remuneration in relation to funeral arrangements for that person.

For the avoidance of doubt, a Survivor can be a person who is also a Dependant.

“Winding-up Commencement Time” has the meaning given in Rule H.2(B).

“Winding-up Period” has the meaning given in paragraph 1(1) of Schedule 6 to the CMPS Regulations.

“Winding-up Quantification” has the meaning given in Rule H.6(A).

SCHEDULE 2

RULES OF THE DBLS SECTION

	Page
Part A General	
A.1 Name of this Section	102
A.2 Commencement date	102
A.3 Purpose and structure of this Section	102
A.4 Definitions	102
Part B Contributions	
B.1 Employers' contributions	106
B.2 Members' contributions	106
B.3 Lump Sum Booster Contributions	106
B.4 Money Purchase AVCs	107
B.5 Money Purchase AVCs (Royal Mail Shares)	107
B.6 Cash Balance Risk Assets	108
B.7 Employer Reserve	108
Part C Investment of DBLS Fund	
C.1 General	110
C.2 Investment objective	110
C.3 Modification of investment objective	111
C.4 Investment of Money Purchase AVCs	112
Part D Calculation of Cash Balance Benefits	
D.1 General	114
D.2 Calculation of Notional Cash Balance and Available Cash Balance	114
D.3 Periodic increases to Notional Cash Balance	117
D.4 Notice of changes to Valuation Effective Date etc	119
Part E Payment of benefits	
E.1 Benefits on retirement of Active Member	120
E.2 Benefits on ceasing Active Membership – contribution refund or cash transfer sum	121
E.3 Benefits on ceasing Active Membership – deferred pension	122
E.4 Benefits on death	124
E.5 Payment of benefits	126
Part F Transfers and annuities	
F.1 Transfers-in	128
F.2 Transfers-out	128
F.3 Purchase of annuities	129

Part G Termination and Winding Up

G.1	General	131
G.2	When this Part applies	131
G.3	Immediate consequences	131
G.4	Closed scheme	132
G.5	Winding-up	133

PART A GENERAL

A.1 Name of this Section

This Section is called the DBLS Section.

A.2 Commencement date

This Section comes into operation on the later of:

- (A) the date when the Plan has at least two Members; and
 - (B) the date the Plan becomes a registered pension scheme under Chapter 2 of the FA 04,
- and these Rules take effect on that date.

A.3 Purpose and structure of this Section

- (A) The purpose of this Section is to provide cash balance benefits, death in service lump sum benefits and money purchase benefits which are not qualifying benefits for the purposes of Section 2 of the PSA 21.
- (B) The benefits provided under this Section are to be provided to or in respect of individuals who have become Members in accordance with clauses 27 and 28.
- (C) Part B contains provisions concerning the contributions to be paid to this Section.
- (D) Part C contains provisions concerning investment of the Section's assets.
- (E) The rate or amount of the cash balance benefits to be provided under this Section is to be calculated in accordance with Part D and paid to or in respect of Members in accordance with Parts E and F. The rate or amount of death in service lump sum benefits and money purchase benefits is to be determined in accordance with Part E and paid in accordance with Parts E and F.
- (F) Part G contains provisions concerning the termination and winding up of this Section.

A.4 Definitions

- (A) In these Rules, the following words and expressions bear the following meanings.

"Annual Pensionable Pay" means the greater of:

- (a) Pensionable Pay in respect of the last complete Pay Period prior to the Member's death multiplied by 12 where he or she is paid each month and multiplied by 52 where he or she is paid each week; and

- (b) the total Pensionable Pay paid or payable to the Member in respect of the last 12 complete Pay Periods (or where there are fewer than 12 complete Pay Periods, the actual number) where he or she is paid each month or the last 52 complete Pay Periods (or where there are fewer than 52 complete Pay Periods, the actual number) where he or she is paid each week prior to the Member's death.

Any annual bonus or other element of remuneration not paid on a regular basis in respect of each Pay Period will be excluded for the purposes of (a) but not (b). Any questions concerning what elements of remuneration are excluded for the purposes of (a) will be decided by the Principal Employer, whose decision is final.

Where the Member has not worked for an Employer for a complete Pay Period, the Pensionable Pay that would (in the opinion of the Employer) have been paid, had he or she completed one Pay Period will be used for the purposes of the calculation at (a) above.

Where a Member has been on Unpaid Absence, temporary loan to another employer, sick leave or Family Leave, Annual Pensionable Pay will be determined by the Employer based on the Pensionable Pay that would have been applicable had the Member been at work normally during the period of leave or Unpaid Absence.

Where:

- (a) at the date of death, a Member is in receipt of insured disability income arranged by his or her Employer; or
- (b) the date of a Member's death is less than three years from the date on which he or she left Service and, immediately prior to leaving Service, the Member was eligible to receive insured disability income arranged by his or her Employer but opted for a lump sum in lieu of insured disability income arranged by his or her Employer,

that Member's Annual Pensionable Pay will be determined by the Employer based on the Pensionable Pay that would have been paid by his or her Employer in a Pay Period had the Member been working normally on the date of death in the same grade of employment as when he or she was last in Service.

“Available Cash Balance” means, in relation to a Member, the amount available for the provision of Cash Balance Benefits in respect of that Member under this Section as determined in accordance with Rule D.2(C).

“AVC Account” means, in relation to a Member, an account recording the accumulated value from time to time of:

- (a) the Member's Money Purchase AVCs;
- (b) any contributions paid by an Employer in respect of the Member under Rule B.4(F);

- (c) any transfer of assets to this Section which is credited to a Member's AVC Account under Rule F.1; and
- (d) any other payment to this Section in respect of the Member which is not credited to the Member's Notional Cash Balance in accordance with the Rules,

as adjusted to take account of:

- (e) any investment gains or losses (whether income or capital in nature) attributable to such amounts;
- (f) any charges which are applied to the Member's AVC Account;
- (g) the value of any benefits paid from or amounts transferred out of the Member's AVC Account;
- (h) any amount in respect of contributions to the Member's AVC Account which is required to be credited to the Employer Reserve; and
- (i) any other amounts which are deducted from the Member's AVC Account in accordance with the Rules.

"Cash Balance Assets" means those of the assets of the DBLS Fund which are neither Cash Balance Risk Assets nor attributable to Members' AVC Accounts, and which do not form part of the Employer Reserve;

"Cash Balance Benefits" means, in relation to a Member, the benefits payable to or in respect of that Member under this Section other than:

- (a) benefits to be provided using the Member's AVC Account (if applicable); and
- (b) the lump sum death benefits referred to in Rules E.4(A)(iii) and E.4(B).

"Cash Balance Liabilities" has the meaning given in Rule C.2(A)(i).

"Cash Balance Risk Assets" has the meaning given in Rule B.6(A).

"Employer Reserve" has the meaning given in Rule B.7(A).

"Incapacity" means serious physical or mental ill health (not simply a decline in energy or ability) such that, in the opinion of his or her Employer, the Member is permanently incapable of:

- (a) carrying out his or her current duties;
- (b) carrying out such other duties for his or her Employer as his or her Employer might reasonably expect him or her to perform; and

- (c) engaging in employment with any other employer of a type which in the opinion of his or her Employer would be reasonable and appropriate for the Member.

The Principal Employer may from time to time notify the Trustee that “Incapacity” will have such other meaning as the Principal Employer specifies in the notification, provided that, if and to the extent such notification would constitute a modification of the Plan which on taking effect would alter the nature or extent of any person’s subsisting rights under the Plan for the purposes of section 67A of the PA 95, then the terms of such notification may not be such as would give rise to a detrimental modification for these purposes.

“Increase Date” has the meaning given in Rule D.3(A).

“Lump Sum Booster Contributions” has the meaning given in Rule B.3(A).

“Money Purchase AVCs” has the meaning given in Rule B.4(A).

“Money Purchase Benefits” means, in relation to a Member, benefits to be provided under this Section using the Member’s AVC Account (if applicable).

“Notional Cash Balance” means, in relation to a Member, the notional amount of his or her Cash Balance Benefits determined in accordance with Rule D.2(B).

“Relevant Discretionary Increase Policy” has the meaning given in Rule D.3(A).

“Royal Mail Shares” means such shares in Royal Mail plc as are either (a) beneficially owned by the Member on date he or she leaves Service or (b) acquired by the Member after the date on which he or she leaves Service pursuant to a right or entitlement granted to the Member on or before the date he or she leaves Service.

“Rules” means the rules set out in this Schedule 2 and all amendments and additions made to them from time to time.

“Valuation” means a valuation carried out in accordance with the requirements of a Relevant Discretionary Increase Policy for the purposes of determining the increases to be applied to Members’ Cash Balance Benefits under Rule D.3.

“Valuation Effective Date”, in relation to a Valuation, means 31 March or such other date as the Principal Employer may, subject to Rule D.4, from time to time determine and notify to the Trustee.

“Winding-up Period” means the period beginning with the time when the winding-up of the Section commences and ending when the winding-up of the Section is completed.

- (B) Terms not otherwise defined in this Section have the same meanings given them in clause 1.1 of the Deed.

PART B CONTRIBUTIONS

B.1 Employers' contributions

- (A) Each Pay Period, each Employer will pay contributions to the Trustee in respect of each Active Member in its Service at the rate of 2.1% of that Member's Pensionable Pay.
- (B) In respect of any period during which an Active Member is on Ordinary Maternity Leave (whether or not paid) or any other Family Leave which is paid, the Member's Employer will pay contributions in respect of that Active Member as though that Active Member had been working normally.
- (C) Each Employer will pay such additional contributions as the Principal Employer may from time to time agree with the Trustee are required to be paid by it in order to provide the benefits payable under this Section.
- (D) The Principal Employer may at any time direct by notice to the Trustee that no further contributions are payable whether by the Principal Employer or by any one or more of the other Employers.
- (E) This Rule is subject to Rule G.3(A)(ii).

B.2 Members' contributions

- (A) Each Active Member will pay contributions at the rate of 2% of that Active Member's Pensionable Pay.
- (B) Each Pay Period, each Employer will collect the contributions of each Active Member in its Service by deduction from that Active Member's remuneration and pay them to the Trustee.
- (C) Contributions paid by an Employer under a Salary Sacrifice Agreement in lieu of an Active Member's contributions will be treated as having been paid by that Active Member for the purposes of this Rule.
- (D) In respect of any period of Family Leave which is paid, an Active Member will continue to pay contributions calculated in accordance with (A) but by reference to actual Pensionable Pay during that period.
- (E) This Rule is subject to Rule G.3(A)(ii).

B.3 Lump Sum Booster Contributions

- (A) In addition to the contributions referred to in Rule B.2, an Active Member may elect to pay such additional contributions as the Principal Employer may from time to time permit and, in respect of any Active Member so electing, his or her Employer will pay such additional contributions as the Principal Employer may require (together, "**Lump**

Sum Booster Contributions”), in order for the Active Member to be credited with the additional Cash Balance Benefits referred to in Rule D.2(B)(i)(b).

- (B) An Active Member wishing to pay Lump Sum Booster Contributions or cease paying Lump Sum Booster Contributions must give such notice in such form and at such time as the Trustee may from time to time require.
- (C) Rules B.1(B) to (E) and B.2(B) to (E) apply in respect of Lump Sum Booster Contributions.

B.4 Money Purchase AVCs

- (A) In addition or as an alternative to Lump Sum Booster Contributions, an Active Member may pay additional voluntary contributions on a money purchase basis (“**Money Purchase AVCs**”). The Member must give such notice in such form and at such time as the Trustee may from time to time require of his or her intention to start, increase, reduce or cease paying Money Purchase AVCs.
- (B) Each Pay Period, the Employer will collect the Member’s Money Purchase AVCs by deduction from that Member’s remuneration and pay them to the Trustee, who will credit them to the Member’s AVC Account.
- (C) Rule B.2(C) applies in respect of Money Purchase AVCs.
- (D) A Member’s Money Purchase AVCs must not be less than any minimum or exceed any maximum specified by the Principal Employer from time to time.
- (E) A Member’s Money Purchase AVCs will be discontinued when the Member ceases Active Membership.
- (F) An Employer may pay such additional contributions to a Member’s AVC Account as it may from time to time agree with the Member concerned. The Member need not be an Active Member for this Sub-rule (F) to apply.
- (G) Unless the Principal Employer otherwise agrees, amounts credited to a Member’s AVC Account may not be credited to a Member’s Notional Cash Balance.
- (H) This Rule is subject to Rule G.3(A)(ii).

B.5 Money Purchase AVCs (Royal Mail Shares)

- (A) A Member who leaves Service and in respect of whom the Principal Employer determines this Rule B.5 applies may, by giving notice to the Trustee, pay Money Purchase AVCs from the proceeds of the sale of such of his or her Royal Mail Shares as the Principal Employer may from time to time determine provided that:

- (i) the Member must, if requested, prior to payment provide evidence to the reasonable satisfaction of the Principal Employer that such Money Purchase AVCs are paid from the proceeds of the sale of those Royal Mail Shares; and
 - (ii) such Money Purchase AVCs may only be paid in the period up to six months after leaving Service.
- (B) A Member's Money Purchase AVCs paid under this Rule B.5 must be paid in accordance with the Trustee's instructions and will be credited to the Member's AVC Account. A Member who elects to pay Money Purchase AVCs under this Rule B.5 will be responsible for claiming tax relief on those Money Purchase AVCs from HMRC.

B.6 Cash Balance Risk Assets

- (A) Each Pay Period, in order to make provision against the risk of the DBLS Fund not being sufficient to provide the Cash Balance Benefits, the Trustee will deduct from the contributions received from the Employers in respect of each Active Member (including, if applicable, any Lump Sum Booster Contributions), and credit towards an account within the DBLS Fund, such amount as the Principal Employer from time to time determines and notifies to the Trustee. The assets deriving from such amounts from time to time will be the "**Cash Balance Risk Assets**".
- (B) The Trustee must keep or cause to be kept records and administer the DBLS Fund in such a way that enables the Cash Balance Risk Assets to be readily identified.
- (C) The Cash Balance Risk Assets:
 - (i) must be invested in accordance with Part C; and
 - (ii) save where Rule G.5 applies, will only be available for the provision of benefits payable under this Section if and to the extent the Principal Employer so directs.

B.7 Employer Reserve

- (A) The Trustee must maintain a separate account to which Member and Employer contributions will be credited in the circumstances referred to in Rules E.2(C) and (D) (the "**Employer Reserve**").
- (B) Subject to (D), the Principal Employer may at any time direct that some or all amounts standing to the credit of the Employer Reserve from time to time are to be credited to one or both of the Cash Balance Assets and the Cash Balance Risk Assets in such proportions as it may direct. A corresponding debit will be made to the Employer Reserve.
- (C) Subject to (D), the Principal Employer may direct that any credit made to the Cash Balance Assets or the Cash Balance Risk Assets under (B) will, to the extent of such credit, be treated as satisfying the contribution obligations under this Part B of such one or more Employers as it may direct.

- (D) Where an event set out in Rule G.2 occurs, any amounts standing to the credit of the Employer Reserve will be credited towards the Cash Balance Assets. A corresponding debit will be made to the Employer Reserve and any outstanding contribution obligations under this Part B of one or more Employers will, to the extent of such credits, be treated as satisfied in such proportions as the Principal Employer directs (or, where Rule G.2(B) applies, in such proportions as the Trustee determines).
- (E) The Employer Reserve:
 - (i) is not required to be invested in accordance with Part C and may instead be invested in such other manner as the Trustee determines after consultation with the Principal Employer; and
 - (ii) subject to (B) to (D), will not be available for the provision of benefits payable under this Section.

PART C INVESTMENT OF DBLS FUND

C.1 General

- (A) Notwithstanding anything to the contrary in this Deed but subject to (D), the following provisions apply to the investment of the Cash Balance Assets and the Cash Balance Risk Assets and are overriding.
- (B) Nothing in Rules C.2 and C.3 will apply to the investment of a Member's Money Purchase AVCs save to the extent the Principal Employer agrees that Money Purchase AVCs can be credited to the Member's Notional Cash Balance.
- (C) Nothing in Rule C.4 will apply to the investment of Cash Balance Assets or Cash Balance Risk Assets.
- (D) This Part C is subject to Rule B.7(E) concerning how assets attributable to the Employer Reserve are to be invested and any provisions of Part G concerning how the Section's assets are to be invested where an event set out in Rule G.2 occurs.

C.2 Investment objective

- (A) Subject to (C) and Rule C.3, the Trustee must invest the Cash Balance Assets and the Cash Balance Risk Assets in a manner which it considers, having taken appropriate advice, is reasonably consistent with a best estimate of what is required to achieve in future the long-term return objective at (i) below while also meeting the risk control constraint at (ii) below (in both cases ignoring temporary deviations which the Trustee considers, having taken appropriate advice, to be capable of being resolved within a reasonable timeframe), where:
 - (i) is a long-term objective of future investment returns (so ignoring prior realised investment returns) of X% pa in excess of the spot (zero coupon) yield available on conventional (fixed interest) UK Government-issued bonds (gilts) of the same duration (present value-weighted average term) as the Actuary determines on an annual basis to be the estimated duration of the currently accrued liabilities of the Section in respect of Cash Balance Benefits ("**Cash Balance Liabilities**"); and
 - (ii) is compliance (to be tested annually but not more frequently unless the Trustee considers, having taken appropriate advice, that there has been a significant change in financial markets such that an additional test is appropriate) with a risk control requirement that the Volatility of the assets should be less than a multiple of 2.6 times X%, where:
 - (a) X% under (i) and (ii) above:
 - is 3.6% on C Day, but

- reduces once the duration of the Cash Balance Liabilities reduces below 10 years to a percentage figure which results from a linear interpolation from 3.6% to 1.4% based on the proportionate reduction in the duration of the Cash Balance Liabilities from 10 years to nil, and

- (b) **“Volatility”** means the standard deviation of 1 year asset returns relative to liabilities, as calculated on a forward-looking, stochastic basis and determined by the Trustee’s investment adviser using a model which the adviser certifies is appropriate for this purpose,

provided that, if the Trustee considers, having taken appropriate advice, that there is a conflict between (i) and (ii) that cannot be resolved under any reasonable investment policy then, until such time as the Trustee considers, having taken appropriate advice, that that conflict no longer exists, this paragraph will apply as if for “X% pa” in (i) above (but for the avoidance of doubt not in (ii) above) there will be substituted “Y% pa”, where Y% is the Trustee’s estimate, having taken appropriate advice, of the highest rate of return (if any) which can be achieved while still retaining the risk control objective set out at (ii), and the Trustee must inform the Principal Employer of this.

- (B) The Trustee must instruct the Actuary to carry out such determinations and calculations as it considers necessary for the purposes of (A) on an annual basis (but not more often) and rely on the Actuary’s advice accordingly, provided that the Actuary must carry out such determinations on the basis that liabilities are: (i) valued assuming no further increases to accrued Cash Balance Benefits; and (ii) discounted by reference to the spot yields at each annual duration (the ‘nominal yield curve’) derived from the prices of conventional (fixed interest) UK Government-issued bonds (gilts) as at the relevant date, and using demographic assumptions which are consistent with those used in respect of the Cash Balance Liabilities as set out in the most recent statement of funding principles for the DBLS Fund required under Part 3 of the PA 04 at the time of his or her determination or calculation.
- (C) The Trustee must use reasonable endeavours to procure that the Cash Balance Assets and the Cash Balance Risk Assets are during the period prior to the second anniversary of C Day invested in accordance with (A), recognising that during this period practical requirements may restrict the ability of the Trustee to comply with (A).

C.3 Modification of investment objective

- (A) For so long as:
- (i) the Trustee, having taken appropriate advice, considers that, if it continued to comply with Rule C.2 over the following year there would be a material and unacceptable risk of the value at the end of that year of the accrued Cash Balance Liabilities (where the value of such liabilities are determined by the Actuary at the time according to the requirements of this Rule C.3 as set out below) exceeding the Cash Balance Assets together with the Cash Balance Risk Assets in circumstances where the Trustee further considers, having taken appropriate

advice, that that level of risk would be insufficiently supported by the employer covenant relevant to this Section; and

- (ii) having notified the Principal Employer of this fact, the Trustee has not within 45 days of such notification reached agreement with the Principal Employer as to how to remedy that situation,

the Trustee may at its absolute discretion reduce the multiple of X% in Rule C.2(A)(ii)(a) to an amount which is less than 2.6 (but greater than zero) and invest as if the return objective in Rule C.2(a)(i) were not stipulated.

- (B) For the purposes of (A) the liabilities must be valued using discount rates derived from the prevailing redemption yields of a suitable portfolio of investible high quality conventional sterling corporate bonds or other assets with a higher expected yield than such corporate bonds which the Actuary considers appropriate for this purpose (or, where the Actuary considers that neither such corporate bonds nor such higher yielding assets of appropriate duration and currency exist, by reference to UK Government-issued bonds, sterling interest rate swaps and sterling cash) as at the relevant date, provided that:

- (i) the projected yields reflect a portfolio of bonds or other suitable assets with projected income (both coupon and principal) of approximately the same amounts falling due at approximately the same dates as the accrued Cash Balance Liabilities; and
- (ii) the projected yields are determined net of an allowance (i.e. the yield is reduced) for a prudent rate of default loss according to the creditworthiness at the time of the assets to which they relate and net of a prudent allowance for the ongoing costs of maintaining a portfolio of such assets over its life (including, but not limited to, investment management fees and expenses) and net of the costs of disinvestment from existing Cash Balance Assets and Cash Balance Risk Assets and reinvestment in such assets.

C.4 Investment of Money Purchase AVCs

- (A) Subject to (B), each Member by written notice to the Trustee:
 - (i) must select the investment options (from a range chosen by the Trustee) in which amounts credited to his or her AVC Account are to be invested;
 - (ii) if the Member selects more than one investment option, must select how amounts credited to his or her AVC Account are to be split between each investment option, subject to any restrictions on the maximum number of investment options a Member may select which the Trustee may impose from time to time; and
 - (iii) may vary these decisions from time to time subject to any administrative charges, notice requirements and restrictions which may be imposed by the Trustee from time to time.

- (B) The Trustee may from time to time specify how amounts credited to a Member's AVC Account will be invested if the Member fails to make a selection under (A).
- (C) Subject to (B) and (E), the Trustee must, unless unable to do so for reasons beyond its control or it considers it to be not reasonably practicable for it to do so, invest a Member's AVC Account in accordance with the decisions made by the Member under (A).
- (D) Except as may be required by law, the Trustee is not required to provide or arrange the provision of advice on investments selected by a Member and will not be liable for any loss suffered as a result of any investment decision made by a Member or failure by a Member to make a decision.
- (E) The Trustee may at any time change the selection of investment options available to Members or particular Members, whether for future or past contributions. If the Trustee makes such a change, it may, without the consent of Members affected by the change, move all or part of the investments in which the Members' AVC Accounts are invested to an investment or investments of the Trustee's choice. In making any change the Trustee must take account of, but is not bound to follow, the Member's previous investment choices.

PART D

CALCULATION OF CASH BALANCE BENEFITS

D.1 General

This Part D sets out the rules about how the rate or amount of a Member's Cash Balance Benefits is to be determined, including:

- (A) the method the Trustee must apply to determine the Notional Cash Balance of each Member; and
- (B) the method the Trustee must apply to determine the Available Cash Balance of each Member.

D.2 Calculation of Notional Cash Balance and Available Cash Balance

- (A) The Available Cash Balance of each Member will be determined by first determining his or her Notional Cash Balance under (B) and then applying to that Notional Cash Balance the principles set out in (C).
- (B) The Notional Cash Balance of a Member will at any time be the total of amounts credited to the Member under (i), (ii) and (iii) below less any amounts deducted under (iv).
 - (i) On 1 April in each year there will be credited to each Member who was in Active Membership on the 31 March immediately preceding that 1 April Cash Balance Benefits in the form of a lump sum payable at Normal Retirement Date of:
 - (a) 3/80ths (or at such other rate as, subject to Rule D.4, the Principal Employer may determine and notify to the Trustee from time to time) of the Pensionable Pay received by that Member during the year immediately preceding that 1 April; and
 - (b) in respect of any Pay Period during that year in which Lump Sum Booster Contributions have been paid in respect of that Member, such percentage of the Pensionable Pay received by the Member in respect of that Pay Period as, subject to Rule D.4, the Principal Employer determines and notifies to the Trustee from time to time.
 - (ii) At a Member's Exit Date there will be credited to the Member's Notional Cash Balance additional Cash Balance Benefits in the form and at the rate referred to in (i)(a) and, to the extent applicable, (i)(b) in respect of any period of Active Membership between the immediately preceding Increase Date and the Exit Date (with C Day being treated as an Increase Date for these purposes in respect of a Member whose Exit Date falls before 31 March 2025).
 - (iii) The Trustee must at the relevant times credit the Member with the following additional amounts:

- (a) such increases (if any) as may arise pursuant to Rule D.3;
 - (b) any amount attributable to any transfer of assets to, or surrender value or receipts paid to, this Section in respect of the Member which is required to be credited to the Member's Notional Cash Balance in accordance with Rule F.1; and
 - (c) any other amount to be paid to this Section by or in respect of the Member which the Deed or the Rules require to be credited to the Member's Notional Cash Balance.
- (iv) The Trustee must at the relevant times apply the following deductions in respect of a Member:
 - (a) on payment or transfer out of any Cash Balance Benefits to or in respect of the Member, such amount of the Member's Notional Cash Balance as bears the same proportion to his or her Notional Cash Balance immediately prior to such payment or transfer as the value of the Cash Balance Benefits paid or transferred bears to his or her Available Cash Balance immediately prior to such payment or transfer;
 - (b) the amount of any reduction required under Rule D.3(D); and
 - (c) any other amount which the Deed or the Rules require to be deducted from the Member's Notional Cash Balance.
- (v) For the avoidance of doubt:
 - (a) subject to (b) below, amounts credited to a Member's Notional Cash Balance may not be increased or reduced (including on account of Section expenses or investment returns (whether positive or negative)) except in accordance with this Part D;
 - (b) at any time before reaching Normal Retirement Date a Member's Notional Cash Balance may exceed his or her Available Cash Balance, with the result that, on payment, transfer or reduction of any Cash Balance Benefits to or in respect of a Member, his or her Notional Cash Balance may reduce under (iv) above by an amount greater than the amount of the Available Cash Balance actually paid, transferred to or reduced in respect of the Member; and
 - (c) Cash Balance Benefits will be treated as accruing on a daily basis while a Member is in Active Membership notwithstanding that accrual will only be credited on a 1 April or at an Exit Date.
- (C) The Trustee must determine a Member's Available Cash Balance by reference to his or her Notional Cash Balance as follows:

- (i) at or after Normal Retirement Date the Member's Available Cash Balance is equal to his or her Notional Cash Balance;
- (ii) if the Member dies and the Principal Employer has not, prior to the Member's death, determined and notified the Trustee, either generally or in that Member's case (or in circumstances which apply in that Member's case), that this paragraph (ii) does not apply, the Member's Available Cash Balance is equal to his or her Notional Cash Balance;
- (iii) if both:
 - (a) the Member retires due to Incapacity under Rule E.1(D) (but not, for the avoidance of doubt, if his or her Cash Balance Benefits are paid before Normal Retirement Date on any other ground or under any other provision); and
 - (b) the Principal Employer has not prior to the Member's retirement determined and notified the Trustee, either generally or in that Member's case (or in circumstances which apply in that Member's case) that this paragraph (iii) will not apply,

the Member's Available Cash Balance is equal to his or her Notional Cash Balance;

- (iv) save as set out in paragraphs (i) to (iii) above and (v) below, the Member's Available Cash Balance will be an amount calculated by the Actuary equal to the lesser of (a) and (b), where:
 - (a) is the Actuary's best estimate of the amount which is required, as at the date at which such amount is required to be calculated under the Rules or applicable law (the "**Calculation Date**"), to make provision within this Section for the payment at Normal Retirement Date of an amount equal to the Member's Notional Cash Balance as at the Calculation Date, making allowance for:
 - i. expected investment returns on the Cash Balance Assets; and
 - ii. the level of increases expected to be granted under Rule D.3,
 in both cases in respect of the period between the Calculation Date and Normal Retirement Date; and
 - (b) is the Member's Notional Cash Balance as at the Calculation Date.

The Actuary's calculation under (a) above must use methods and factors specified by the Principal Employer, provided that, if the Trustee is not reasonably satisfied that the amount of the Available Cash Balance calculated in accordance with such methods and factors complies with applicable

requirements of the Preservation Laws, the Principal Employer must make such adjustment to those methods and factors as the Trustee agrees, after taking the advice of the Actuary, are necessary for those requirements to be satisfied.

For the avoidance of doubt, this paragraph (iv) is without prejudice to any provision of the Deed, the Rules or applicable law which permits or requires a Member's Cash Balance Benefits to be paid or discharged through the application of an amount which is less than the Available Cash Balance in relation to that Member.

(v) Where the Principal Employer has made a determination and notified the Trustee of that determination under paragraph (ii) or (iii)(b) above, the Member's Available Cash Balance will be determined in accordance with the requirements of the Principal Employer's determination, provided that:

- (a) the Member's Available Cash Balance must not be less than an amount determined in accordance with paragraph (iv) above; and
- (b) if and to the extent such determination and notification would constitute a modification of the Plan which on taking effect would alter the nature or extent of any person's subsisting rights under the Plan for the purposes of section 67A of the PA 95, then the terms of such determination and notification may not be such as would give rise to a detrimental modification for those purposes.

(D) Any allocation of assets to a Member's Notional Cash Balance or Available Cash Balance is for benefit calculation purposes only. No Member is entitled to any assets of this Section.

D.3 Periodic increases to Notional Cash Balance

(A) Subject to (B), (C) and (D) and to the agreement of the Principal Employer, on each 31 March in the year following a Valuation Effective Date, or on such other date as the Principal Employer may, subject to Rule D.4, determine and notify to the Trustee, (the "**Increase Date**") the Trustee must, after obtaining the advice of the Actuary, apply to each Member's Notional Cash Balance as at the 1 April preceding the Increase Date (therefore ignoring any amounts credited to the Member's Notional Cash Balance in respect of or during the year ending on that Increase Date other than amounts credited under Rule D.2(B)(i) on that 1 April) such level of increases (if any) as may arise in accordance with the cash balance increases policy adopted and notified to the Trustee by the Principal Employer as applying at the relevant Increase Date (the "**Relevant Discretionary Increase Policy**"). The first such increase will be applied on 31 March 2026 in respect of Members' Notional Cash Balances as at 1 April 2025.

(B) If immediately before any Increase Date the Trustee, having taken appropriate advice, considers that:

- (i) applying increases to Member's Notional Cash Balances in accordance with the Relevant Discretionary Increase Policy on that Increase Date would lead to a material and unacceptable risk that the Cash Balance Assets and the Cash Balance Risk Assets (in both cases as expected to be at the relevant Increase Date) will ultimately prove insufficient to provide each such Member with his or her Available Cash Balance insofar as referable to Active Membership before that Increase Date and without any further increases; and
- (ii) that level of risk would be insufficiently supported by the employer covenant relevant to this Section,

then the Trustee may apply a nil increase under (A) to the relevant Notional Cash Balances of all such Members on that Increase Date rather than the increase which would otherwise arise in accordance with the Relevant Discretionary Increase Policy.

- (C) Where payment is made to or in respect of a Member, or a Member transfers out, his or her Cash Balance Benefits on a date falling after 31 March 2025 which is not an Increase Date, an increase to the Member's Notional Cash Balance must be applied on the date of payment or transfer as follows:
 - (i) where the date of payment or transfer falls before 1 April 2026, an increase must be applied in respect of the period from 31 March 2025 to the date of payment or transfer which is determined in accordance with the Relevant Discretionary Increase Policy; or
 - (ii) where the date of payment or transfer falls after 31 March 2026, an increase must be applied in respect of the period from the Increase Date immediately preceding such payment or transfer to the date of payment or transfer based on the increases applied by the Trustee in respect of the year ending on the preceding Increase Date,

the period referred to in (i) or (ii) being the "**Final Period**". In either case the increase must be applied pro rata to the number of months completed during the Final Period (on the basis that the final month in such period will be deemed to be completed where the payment or transfer date falls on or after the 15th day of that month). The Trustee may apply a lower or no pro rata increase in respect of the Final Period if it considers, having obtained appropriate advice, that this would be appropriate in light of changes in market conditions since the Increase Date.

- (D) If the Trustee exercises any power it may have under section 84 of the Pension Schemes Act 1993 to revalue the Cash Balance Benefits of any Member whose Active Membership has terminated before normal pension age using the final salary method, the Notional Cash Balance of each Member (whether or not the Member's Active Membership has ended) must immediately be reduced by multiplying it by A/B where:

A is the Actuary's estimate of the cost of discharging the Section's liabilities in respect of the Member's Cash Balance Benefits by purchasing an annuity of the kind described in section 74(3)(c) of the Pensions Act 1995 on the assumption

that his or her Cash Balance Benefits will not receive any further increases or any revaluation (whether pursuant to (A) or (C) above, by application of the final salary method or otherwise); and

- B is the Actuary's estimate of the cost of discharging the Section's liabilities in respect of the Member's Cash Balance Benefits by purchasing an annuity of the kind described in section 74(3)(c) of the PA 95 on the assumption that his or her Cash Balance Benefits will be revalued using the final salary method.

For the purposes of this paragraph (D), "pensionable service" and "final salary method" have the meanings given to those terms for the purposes of section 84 of the PSA 93 and "normal pension age" has the meaning given in section 180 of the PSA 93.

D.4 Notice of changes to Valuation Effective Date etc

- (A) The Principal Employer must give the Trustee a minimum of six months' notice (or such lesser period of notice as the Trustee may agree, either generally or in relation to any particular change) and consult with the Trustee before making any change to the Valuation Effective Date or the Increase Date and shall not make any such change where the Principal Employer considers (or would consider if it were acting reasonably and in good faith after having taken due account of any representations made by the Trustee) that it is reasonably likely to render any aspect of the Scheme unlawful or operationally unworkable.
- (B) The Principal Employer must give the Trustee a minimum of three months' notice (or such lesser period of notice as the Trustee may agree, either generally or in relation to any particular change) of any change to the rate of accrual (including in respect of Lump Sum Booster Contributions) and shall not make any such change where the Principal Employer considers (or would consider if it were acting reasonably and in good faith after having taken due account of any representations made by the Trustee) that it is reasonably likely to render any aspect of the Scheme unlawful or operationally unworkable.

PART E
PAYMENT OF BENEFITS

E.1 Benefits on retirement of Active Member

- (A) Each Active Member who leaves Active Membership at Normal Retirement Date and is either a C Day Member or has completed one year's Qualifying Service will be paid benefits consisting of:
- (i) Cash Balance Benefits equal to his or her Available Cash Balance at that date; and
 - (ii) if applicable, Money Purchase Benefits equal to the value of his or her AVC Account at the date on which they are paid.
- (B) An Active Member who is either a C Day Member or has completed one year's Qualifying Service may with the consent of his or her Employer elect to receive his or her benefits at any time on or after Normal Minimum Pension Age and before Normal Retirement Date. The benefits will consist of:
- (i) Cash Balance Benefits equal to his or her Available Cash Balance at the date on which they are paid; and
 - (ii) if applicable, Money Purchase Benefits equal to the value of his or her AVC Account at the date on which they are paid.
- (C) A Member who remains in Active Membership after Normal Retirement Date will continue to accrue Cash Balance Benefits in accordance with Rule D.2 until such time as he or she ceases Active Membership and may continue to pay Money Purchase AVCs. If on ceasing Active Membership he or she either has completed one year's Qualifying Service or is a C Day Member, he or she will receive benefits consisting of:
- (i) Cash Balance Benefits equal to his or her Available Cash Balance at the date of ceasing Active Membership. No increase will be applied to take into account the later age at which the Member's Cash Balance Benefits become payable; and
 - (ii) if applicable, Money Purchase Benefits equal to the value of his or her AVC Account at the date on which they are paid.
- (D) Subject to (E), an Active Member who:
- (i) ceases Active Membership before Normal Retirement Date; and
 - (ii) is suffering from Incapacity at the date of ceasing Active Membership,
- may elect to receive his or her benefits early. The benefits will consist of:

- (iii) Cash Balance Benefits equal to his or her Available Cash Balance at the date on which they are paid; and
 - (iv) if applicable, Money Purchase Benefits equal to the value of his or her AVC Account at the date on which they are paid.
- (E) A Member may not receive his or her benefits under (D) before Normal Minimum Pension Age unless the ill health condition set out in paragraph 1 of Schedule 28 to the FA 04 is met.
- (F) If a Member is suffering from Incapacity such that in the opinion of the Principal Employer he or she is incapable of deciding whether he or she should receive his or her benefits early, the Principal Employer may make an election under (D) on his or her behalf.
- (G) Subject to (H), any benefits paid under this Rule E.1 must constitute all of the Cash Balance Benefits and Money Purchase Benefits payable to the Member under this Section. A Member is not permitted to receive part of his or her Cash Balance Benefits or part of his or her Money Purchase Benefits under this Section or receive his or her Cash Balance Benefits separately from his or her Money Purchase Benefits.
- (H) Sub-rule (G) is without prejudice to any entitlement of a Member to exercise rights under Chapter 1 of Part 4ZA of the PSA 93 in relation to his or her Cash Balance Benefits separately to the exercise of such rights in relation to his or her Money Purchase Benefits. Where a Member has exercised such a right in relation to one category of benefits but not the other, the Member's remaining benefits will come into payment in accordance with the provisions of this Rule E.1.
- (I) A Member who leaves Active Membership on or after Normal Retirement Date neither being a C Day Member nor having completed one year's Qualifying Service will be entitled to benefits as follows:
 - (i) if a transfer payment has not been made to the Plan in respect of the Member's rights under a personal pension scheme, he or she will be entitled to the benefits referred to in Rule E.2(B) as if for the purpose of eligibility for benefits he or she had left Active Membership before Normal Retirement Date (but, for the avoidance of doubt, any period of Active Membership on or after Normal Retirement Date will be taken into account for the purposes of calculating the amount of those benefits); or
 - (ii) if a transfer payment has been made to the Plan in respect of the Member's rights under a personal pension scheme, he or she will on leaving Active Membership be paid the benefits referred to in (A) or (C) above as applicable.

E.2 Benefits on ceasing Active Membership – contribution refund or cash transfer sum

- (A) This Rule E.2 applies to a Member in relation to whom both (i) and (ii) apply:
- (i) the Member has ceased Active Membership before Normal Retirement Date otherwise than by death and in circumstances where the Member does not elect (or no election is made on the Member's behalf under Rule E.1(F)) to receive immediately his or her benefits under Rule E.1D) (if that Rule applies); and
 - (ii) the Member is not a C Day Member, has not completed one year's Qualifying Service and no transfer payment has been made to the Plan in respect of his or her rights under a personal pension scheme.

- (B) A Member to whom this Rule E.2 applies is entitled to:

- (i) such benefits as may be required under Chapter 2 of Part 4ZA of the PSA 93; or

Note: Chapter 2 of Part 4ZA of the PSA 93 provides a statutory entitlement to a cash transfer sum or a contribution refund if the Member has at least three months' Active Membership.

- (ii) if no benefits are required to be paid under (i), a refund of all the contributions other than Money Purchase AVCs he or she has made to the Section (which, for the avoidance of doubt, includes any Lump Sum Booster Contributions he or she has paid to the Section but excludes any of the Member's contributions paid by his or her Employer pursuant to a Salary Sacrifice Agreement). Where the Trustee considers that the part or parts of the DBLS Fund in which contributions were (or would have been) invested has or have reduced in value during the period between the date they were made and the date they are to be refunded, the Trustee may reduce the amount to be refunded to take account of this reduction in value.

In addition, if applicable, the Member is entitled to Money Purchase Benefits equal to the value of his or her AVC Account.

- (C) If (A) applies in circumstances where the Member's contributions have not been paid by his or her Employer pursuant to a Salary Sacrifice Agreement and the Member opts for or is entitled only to a contribution refund under (B), an amount equal to his or her Employer's contributions to the Section in respect of him or her must be credited to the Employer Reserve.
- (D) If (A) applies in circumstances where the Member's contributions have been paid by his or her Employer pursuant to a Salary Sacrifice Agreement and the Member does not opt for, or is not eligible for, a cash transfer sum under section 101AB of the PSA 93, an amount equal to his or her Employer's contributions to the Section in respect of him, including his or her own contributions paid by his or her Employer pursuant to the Salary Sacrifice Agreement, must be credited to the Employer Reserve.

E.3 Benefits on ceasing Active Membership – deferred pension

- (A) This Rule E.3 applies to a Member in relation to whom both (i) and (ii) apply:
 - (i) the Member has ceased Active Membership before Normal Retirement Date otherwise than by death and in circumstances where the Member does not elect (or no election is made on the Member's behalf under Rule E.1(F)) to receive immediately his or her benefits under Rules E.1(B) or (D) (if those Rules apply); and
 - (ii) the Member is a C Day Member, has completed one or more years of Qualifying Service or a transfer payment has been made to the Plan in respect of his or her rights under a personal pension scheme.
- (B) A Member to whom this Rule E.3 applies will be granted deferred benefits calculated as set out in Rule E.1(A) payable at Normal Retirement Date.
- (C) A Member who is entitled to deferred benefits under (B) may with the consent of the Trustee elect to receive his or her deferred benefits:
 - (i) at any time on or after Normal Minimum Pension Age and before Normal Retirement Date; or
 - (ii) prior to Normal Minimum Pension Age if the Trustee is satisfied that the ill health condition set out in paragraph 1 of Schedule 28 to the FA 04 is met.

The benefits will consist of:

- (a) Cash Balance Benefits equal to the Member's Available Cash Balance at the date on which they are paid; and
 - (b) if applicable, Money Purchase Benefits equal to the value of the Member's AVC Account at the date on which they are paid.
- (D) If a Member is suffering from ill health such that in the opinion of the Trustee he or she is incapable of deciding whether he or she should receive his or her benefits early, the Trustee may make an election under (C) on his or her behalf.
 - (E) Subject to (F), any benefits paid under this Rule E.3 must constitute all of the Cash Balance Benefits and Money Purchase Benefits payable to the Member under this Section. A Member is not permitted to receive part of his or her Cash Balance Benefits or part of his or her Money Purchase Benefits under this Section or receive his or her Cash Balance Benefits separately from his or her Money Purchase Benefits.
 - (F) Sub-rule (E) is without prejudice to any entitlement of a Member to exercise rights under Chapter 1 of Part 4ZA of the PSA 93 in relation to his or her Cash Balance Benefits separately to the exercise of such rights in relation to his or her Money Purchase Benefits. Where a Member has exercised such a right in relation to one category of benefits but not the other, the Member's remaining benefits will come into payment in accordance with the provisions of this Rule E.3.

- (G) A Member who has ceased Active Membership before Normal Retirement Date is not entitled to defer payment of his or her benefits after Normal Retirement Date. The benefits of a Member who ceases Active Membership after Normal Retirement Date are set out in Rule E.1(C) and (I).

E.4 Benefits on death

- (A) On the death of an Active Member his or her Dependants will be paid benefits as follows:
- (i) Cash Balance Benefits equal to the Member's Available Cash Balance at the date of death;
 - (ii) if applicable, Money Purchase Benefits equal to the value of the Member's AVC Account at the date on which they are paid; and
 - (iii) subject to (D) and (K), an additional sum equal to four times the Member's Annual Pensionable Pay at the date of death less the amount (not exceeding four times the Member's Annual Pensionable Pay) of any lump sum benefits paid or payable on the death of the Member from any other pension scheme or arrangement operated by or on behalf of any Employer or Connected Company, or in which any Employer or Connected Company participates or under which benefits are provided to or in respect of any Employees or former Employees, which the Principal Employer notifies the Trustee is required to be deducted in the Member's case in accordance with any policy of the Principal Employer in force at the time of the Member's death.
- (B) Subject to (D), if both:
- (i) a Member dies within three years of leaving Active Membership on account of Incapacity or, in the case of a Member who was not an Active Member at the date of leaving Service, if the Member dies within three years of leaving Service either:
 - (a) having become entitled to benefits under Rule E.3(C)(ii) at the date of leaving Service; or
 - (b) if the Member became entitled to benefits under Rule E.3(C)(i) at the date of leaving Service and the Principal Employer is satisfied that the Member left Service in circumstances which would have satisfied the ill health condition referred to in Rule E.3(C)(ii); and
 - (ii) the Member's pension under the CMP Section has not been paid as a serious ill health lump sum under Rule E.5(C)(i) of the CMP Rules,

his or her Dependants will be paid a lump sum equal to four times the Member's Annual Pensionable Pay at the date of leaving Service less the amount (not exceeding four times the Member's Annual Pensionable Pay and subject to (K)) of any lump sum

benefits payable on the death of the Member from any other pension scheme or arrangement operated by or on behalf of any Employer or Connected Company, or in which any Employer or Connected Company participates or under which benefits are provided to or in respect of any Employees or former Employees, which the Principal Employer notifies the Trustee is required to be deducted in the Member's case in accordance with any policy of the Principal Employer in force at the time of the Member's death.

- (C) For the avoidance of doubt, benefits will be payable under (A) and (B) irrespective of whether the Member has completed one year's Qualifying Service.
- (D) Where the Trustee has taken out an insurance policy to secure the benefit referred to in (A)(iii) or (B), no benefit will be paid in accordance with (A)(iii) or (B) (as applicable) that is greater than the benefit provided under the insurance policy. However, where the benefit has been restricted to the proceeds of the insurance policy in respect of a Member, the Trustee may augment the benefit where the Principal Employer agrees, and must augment the benefit when the Principal Employer instructs it to do so.
- (E) On the death of a Member who has ceased Active Membership but who has not yet become entitled to immediate payment of his or her benefits his or her Dependants will be paid benefits consisting of:
 - (i) Cash Balance Benefits equal to the Member's Available Cash Balance at the date of death; and
 - (ii) if applicable, Money Purchase Benefits equal to the value of the Member's AVC Account at the date on which they are paid.

This Sub-rule (E) does not apply where Sub-rule (H) applies.

- (F) The Trustee must determine which of the Member's Dependants will be paid benefits under (A), (B) and (E) and in what proportions. The Trustee must take account of, but is not bound to follow, any expression of wishes made by the Member before death. The Trustee is not bound to consider the individual circumstances of the Member's Dependants.
- (G) If any part of the benefits payable under this Rule is not applied in accordance with (F) within two years of the Member's death, the Trustee must pay it to the Member's personal representatives.
- (H) If a Member dies after having become entitled to the benefits referred to in Rule E.2(B) but before those benefits have been paid, the Trustee must apply the benefits which were payable under Rule E.2(B) towards providing benefits for one or more of the Member's Dependants in such proportions as the Trustee decides. If the Member is not survived by a Dependant, the Trustee must retain the benefits within the DBLS Fund as part of the Cash Balance Assets.

- (I) The whole or any part of the benefits payable under this Rule will be retained as part of the Cash Balance Assets if the Crown, the Duchy of Cornwall or the Duchy of Lancaster would otherwise benefit from them.
- (J) The Trustee may deduct the cost of funeral expenses from the benefits payable under this Rule and pay it to the person who incurred the funeral expenses.
- (K) The Trustee may rely on any information given to it in writing by or on behalf of any trustee or manager of any other pension scheme or arrangement referred to in (A)(iii) or (B) as to the amount of any deduction to be applied under (A)(iii) or (B) (as the case may be), whether the information concerned relates to that other pension scheme or arrangement and/or to any other pension scheme or arrangement referred to in (A)(iii) or (B). If the Trustee sends a request in writing to the trustee or manager of any such other pension scheme or arrangement or such trustee's or manager's representative(s) using any means of communication and to any address notified to the Trustee for these purposes, and, having sent a follow-up request in writing to such trustee, manager or representative(s) using such means of communication and address, does not receive any response within six months of sending the original request, the Trustee may assume that no deduction is required to be made in respect of lump sum benefits paid or payable under that other pension scheme or arrangement (or any other pension scheme or arrangement included in the Trustee's original request that the Trustee reasonably considers is capable of being obtained, produced or calculated by that other trustee or manager or their representative(s)) and is not obliged to seek to recover any overpayment of the lump sum benefit referred to in (A)(iii) or (B) arising from a lump sum benefit in fact being paid or payable under that other pension scheme or arrangement (or any other pension scheme or arrangement included in the Trustee's original request that the Trustee reasonably considered to be capable of being obtained, produced or calculated by that other trustee or manager or their representative(s)).

E.5 Payment of benefits

- (A) Benefits payable to a Member or Dependant under this Section will be paid in the form of a lump sum (less any deduction for tax under clause 37) unless they are transferred out under Rule F.2 or used to purchase an insurance policy or annuity under Rule F.3.
- (B) Subject to (C), no benefits may be paid under this Section in respect of a Member unless all the Member's benefits under this Section are brought into payment in conjunction with payment of all the Member's benefits under the CMP Section.
- (C) Sub-rule (B) is without prejudice to any entitlement of a Member to exercise rights under Chapter 1 of Part 4ZA of the PSA 93 in relation to any category of benefits under this Section separately to the exercise of such rights in relation to his or her benefits under the CMP Section. Where a Member has exercised such a right in relation to his or her benefits under the CMP Section but retains benefits under this Section, the Member's remaining benefits under this Section will come into payment in accordance with the provisions of this Part E.
- (D) Benefits payable under this Section may not be transferred to or otherwise used to augment benefits payable under the CMP Section.

Note: *there is a risk that permitting DBLS Section benefits to be transferred to the CMP Section would result in the Plan ceasing to satisfy the requirement in section 3 of the PSA 21 for “appropriate separation” between the Sections. The prohibition in this Sub-rule (D) should not be relaxed unless the law on this point is clarified.*

- (E) Unless the Trustee otherwise determines, benefits will be paid by bank transfer. The Trustee may at the payee’s request make payments at the payee’s risk by cheque through letter posted to the payee’s last known address or by other means.
- (F) The Trustee may pay benefits in a currency other than sterling. Benefits paid in another currency will be converted into that currency at the rate of exchange obtainable from the bankers of the Trustee or its agents on the payment date.
- (G) The Trustee may pay interest on any sums payable to any person under this Section if such sums are not paid within 28 days of the date on which payment is due and at such rate as the Trustee may in any particular case decide.

PART F

TRANSFERS AND ANNUITIES

F.1 Transfers-in

(A) The Trustee:

(i) may with the consent of the Principal Employer; and

(ii) must, if so requested by the Principal Employer,

accept a transfer to the Section of assets in respect of a person from another occupational pension scheme or personal pension scheme or the surrender value of an insurance policy or annuity contract made in the person's name.

(B) The Trustee must determine whether such assets or surrender value will be credited to a Notional Cash Balance and/or an AVC Account in respect of that person, and the basis on which any assets or surrender value will be credited to a Notional Cash Balance, having regard to the advice of the Actuary, in accordance with any relevant provision of any Principal Employer's Transfer-in Policy then in force.

F.2 Transfers-out

(A) Subject to the following provisions of this Rule, the Trustee may make, in respect of a Member who has ceased Active Membership but retains benefits in this Section, a transfer of assets from this Section to another scheme or arrangement so that benefits will be provided under the receiving scheme or arrangement in respect of the Member concerned.

(B) Subject to the following provisions of this Rule, at the request of the Principal Employer the Trustee must make, in respect of one or more Members or other persons entitled to benefits under this Section, a transfer of assets from this Section to another scheme or arrangement so that benefits will be provided under the receiving scheme or arrangement in respect of the Members or persons concerned.

(C) Any transfer under this Rule F.2 must:

(i) be a Recognised Transfer or otherwise be able to be made without prejudicing the status of the Plan as a Registered Pension Scheme or constituting an Unauthorised Payment; and

(ii) to the extent applicable, comply with the Preservation Laws and the Transfer Value Laws.

(D) A transfer of assets may be made (or in the case of (B) must be made) under this Rule F.2 without the consent of the Member concerned or any other person claiming through the Member save where this is not permitted by the Preservation Laws.

- (E) The value of the assets to be transferred in respect of a Member must be equal to the cash equivalent of the benefits to be transferred determined in accordance with the Transfer Value Laws. The Trustee may not pay a transfer value of an amount which is higher than an amount calculated and verified in accordance with regulation 7(1)(a) of the Occupational Pension Schemes (Transfer Value) Regulations 1996 without the consent of the Principal Employer.
- (F) Where a transfer is made in accordance with this Rule, the entitlements under this Section of the person in respect of whom the transfer is made (and all persons claiming through that person) to benefits in respect of which the transfer is made will be extinguished and the Trustee has no liability with respect to the application of the amount transferred.
- (G) This Rule F.2 is without prejudice to the rights of a Member to a cash equivalent transfer value under Chapter 1 of Part 4ZA of the PSA 93 including any right to separate transfer values in respect of his or her Cash Balance Benefits and his or her Money Purchase Benefits (if any).
- (H) Unless and to the extent the Principal Employer otherwise permits or directs, a Member with Money Purchase Benefits may only transfer out his or her benefits under the CMP Section if he or she also transfers out his or her Money Purchase Benefits.
- (I) Unless the Principal Employer otherwise permits, a Member may not transfer out part only of his or her Cash Balance Benefits and a Member may not transfer out part only of his or her Money Purchase Benefits.

F.3 Purchase of annuities

- (A) Subject to the following provisions of this Rule, instead of providing benefits under this Section in respect of any person, the Trustee may buy an insurance policy or annuity contract in the name of that person or transfer an insurance policy or annuity contract to that person.
- (B) The insurance policy or annuity contract must comply with the Preservation Laws and any requirements under the FA 04.
- (C) The amount to be applied towards purchase of the insurance policy or annuity contract must be equal to the cash equivalent of the benefits of the person concerned determined in accordance with the Transfer Value Laws.
- (D) Where the Preservation Laws require, the purchase of an insurance policy or annuity contract may only be made at the request or with the consent of the person concerned. It will not be necessary to obtain the consent of any person claiming through the person to whom the insurance policy or annuity contract relates.
- (E) Where an insurance policy or annuity contract is purchased or transferred to a person under this Rule F.3, the Trustee will be discharged from any obligation to provide the benefits to which the insurance policy or annuity contract relates.

- (F) This Rule F.3 is without prejudice to the rights of Members to apply their cash equivalent towards purchase of an insurance policy or annuity contract under Chapter 1 of Part 4ZA of the PSA 93.

PART G

TERMINATION AND WINDING-UP

G.1 General

- (A) This Part G sets out the rules about when and how the Section will wind up. It also sets out rules about when the Trustee can continue to operate the Section as a closed scheme.
- (B) The provisions of this Part override (and are deemed always to have overridden) any inconsistent provisions of any other Part.
- (C) For the avoidance of doubt, clause 38 (Unauthorised Payments) applies to payments under this Part.

G.2 When this Part applies

If any of the following events should occur, then this Part applies (and for the purposes of any rule of law, this Part is deemed to have applied immediately before that event occurs):

- (A) Part H of the CMP Rules applies in respect of the CMP Section and the Principal Employer agrees that this Part G should apply;
- (B) an insolvency event within the meaning of section 121 of the PA 04 occurs in relation to the Principal Employer or the Trustee determines, after taking professional advice, that the Principal Employer is unlikely to continue as a going concern and in either case no other person is appointed to assume its responsibilities under the Plan;
- (C) the Principal Employer gives notice in writing to the Trustee that this Part is to apply; and
- (D) the date is reached which is 12 months before the Ultimate Dissolution Date.

G.3 Immediate consequences

- (A) Subject to Rule G.4, when this Part applies:
 - (i) no further person may be admitted as an Active Member;
 - (ii) subject to (B) no further contributions will be payable to this Section by any Member or Employer under Part B except to the extent such contributions relate to any period ending immediately before the date on which this Part applies;
 - (iii) any Member who is an Active Member immediately before this Part applies will cease to be an Active Member;

- (iv) no further increases may be credited to Members' Notional Cash Balances under Rule D.3 save with the consent of the Principal Employer;
- (v) subject to (C), the Trustee must determine whether to continue the Section as a closed scheme in accordance with Rule G.4 or wind up the Section in accordance with Rule G.5; and
- (vi) notwithstanding anything to the contrary in Part C, the Trustee may make such adjustments to the manner, and types of investments, in which the Section's assets are invested as it considers, after taking appropriate advice, are appropriate for the purposes of:
 - (a) promoting the stability of the total value of the Section's assets during the Winding-up Period;
 - (b) facilitating the discharge of the Section's liabilities to pay benefits in accordance with Rule G.5; and
 - (c) facilitating the payment of costs and expenses in accordance with Rule G.5.
- (B) Sub-rule (A)(ii) is without prejudice to any debt which may become due from an Employer under section 75 or 75A of the PA 95.
- (C) Subject to section 38 of the PA 95:
 - (i) on the occurrence of the event set out in Rule G.2(D) the Trustee must not continue the Section as a closed scheme under Rule G.4, and must instead wind up the Section in accordance with Rule G.5; and
 - (ii) on the occurrence of either of the events set out in Rule G.2(A) or (C), the Trustee may only continue the Section as a closed scheme with the consent of the Principal Employer and, if the Principal Employer does not consent, must instead wind up the Section in accordance with Rule G.5.
- (D) If this Part applies in the circumstances set out in Rule G.2(B), all powers and discretions under the Deed (including the power set out in clause 10 (Amendment)) may be exercised by the Trustee in relation to this Section in place of the Principal Employer or any other Employer, save that the Trustee is not permitted to exercise that power in a way which could create or increase any liability of an Employer.

G.4 Closed scheme

- (A) If this Rule G.4 applies, the Trustee must administer the Section as a closed scheme until the earliest of:
 - (i) such date as the Principal Employer may notify in writing to the Trustee as the date when winding up of the Section should commence or, if section 38 of the

PA 95 applies or this Part applies in the circumstances set out in Rule G.2(B), such date as the Trustee may decide for the winding-up of the Section;

- (ii) the date on which no further benefits are payable under the Section; and
- (iii) the date which is 12 months before the Ultimate Dissolution Date,

whereupon the Trustee must wind up the Section in accordance with Rule G.5.

(B) Subject to (C), while the Section is being administered as a closed scheme:

- (i) no person may be admitted as an Active Member;
- (ii) no further contributions will be payable by any Employer or Member except to the extent such contributions relate to any period before this Part applies;
- (iii) no Member who was an Active Member immediately before this Part applies will be treated as an Active Member; and
- (iv) no further benefits will accrue in respect of Members.

(C) Sub-rule (B) is without prejudice to any increases to Members' Notional Cash Balances which are required to be credited under Rule D.3.

(D) The Trustee must meet the costs and expenses of running the Section while it is being administered as a closed scheme out of such part(s) of the DBLS Fund as it determines, save to the extent any Employer agrees to meet such costs and expenses.

(E) While this Rule applies, Rule G.3(A)(vi) will cease to apply and the Trustee must use reasonable endeavours to transition back to investing the Section's assets in accordance with Part C and Rule B.7(E)(i) as soon as reasonably appropriate having due regard to advice received regarding any practical or prudential considerations around the pace and manner of that transition.

G.5 Winding-up

(A) When this Rule applies, the Trustee must:

- (i) realise the DBLS Fund (including that part of the DBLS Fund attributable to the Cash Balance Risk Assets);
- (ii) apply such part of the proceeds from realising the DBLS Fund as is attributable to each Member's AVC Accounts towards discharging, in the manner referred to in (B), the Section's liability to provide Money Purchase Benefits in respect of that Member; and
- (iii) apply such part of the proceeds from realising the DBLS Fund as is not referred to in (ii):

- (a) first towards meeting or making provision for the costs and expenses of running the Section during the Winding-up Period and of winding up the Section, save to the extent any Employer agrees to meet such costs and expenses; and
 - (b) then towards discharging, in the manner referred to in (B), the Section's accrued liabilities to provide Cash Balance Benefits, and any benefits which have accrued under Rules E.4(A)(iii) and (B) during the period ending immediately before the date on which this Part applies but not been paid, in accordance with the requirements of section 73 of the PA 95.
- (B) The Trustee must discharge the Section's liabilities to provide benefits in one or more of the following ways:
 - (i) by exercising its powers under Rule F.2;
 - (ii) subject to (C), if the Principal Employer consents or (if this Part applies in the circumstances referred to in Rule G.2(B)) the Trustee decides, by paying such lump sums as would satisfy the requirements for:
 - (a) a trivial commutation lump sum as defined in paragraph 7 of Schedule 29 to the FA 04;
 - (b) a winding-up lump sum as defined in paragraph 10 of Schedule 29 to the FA 04;
 - (c) small lump sums set out in Part 2 of the Registered Pension Schemes (Authorised Payment) Regulations 2009; or
 - (d) a trivial commutation lump sum death benefit as defined in paragraph 20 of Schedule 29 to the FA 04; and/or
 - (iii) by exercising its powers under Rule F.3.
- (C) The Principal Employer must not consent to payment of a lump sum under (B)(ii), and the Trustee must not decide to make payment of a lump sum under (B)(ii), to the extent that would require a Member's benefits under the CMP Section to be paid in lump sum form also and to do so would result in the CMP Section ceasing to qualify as a collective money purchase scheme for the purposes of the PSA 21 or not complying with the requirements of Schedule 6 to the CMPS Regulations.

Note: in order for the above lump sums to be paid it would be necessary for CMP Section benefits to be paid in lump sum form also. Pending clarification of whether the legislation permits CMP benefits to be fully commuted, payment of the above lump sums in relation to DBLS Section benefits should not be permitted. Payment of winding-up lumps in relation to CMP benefits is not currently permitted and therefore will

also not be possible in relation to DBLS Section benefits unless the legislation is amended.

- (D) If any assets remain after application of the Section's assets in accordance with (A) and (B), the Trustee may use such assets to provide additional benefits (immediate or deferred) in respect of all or any Members or former Members or Dependants of persons who are or have been Members as the Trustee, with the agreement of the Principal Employer, determines. The Principal Employer's agreement is not required if this Part applies in the circumstances referred to in Rule G.2(B).
- (E) If any assets remain after application of the Section's assets in accordance with (A), (B) and (D), the Trustee must, subject to the requirements of section 76 of the PA 95, pay the residual assets to such persons (who may include Employers) and in such proportions as the Principal Employer and the Trustee agree or, in the circumstances referred to in Rule G.2(B), to such persons (who may include Employers) and in such proportions as the Trustee decides.

Note: *the intention is that the Section's assets would be used to provide benefits rather than return surplus on a winding-up. A requirement to distribute surplus is nevertheless included in case, for example, there is a surplus at the end of winding-up which is too small to provide an increase to members' benefits because the costs of doing so would be greater than the surplus.*

- (F) Subject to Rule G.3(A)(iv), until benefits in respect of a Member have been discharged in accordance with this Part, benefits will continue to be payable in respect of that Member in accordance with the Rules.
- (G) Once the Trustee has discharged benefits in respect of a Member in accordance with this Part G, the Trustee will cease to have any further obligation to provide benefits under this Section in respect of that Member.

Note (not intended to affect interpretation but merely as a record): The document number of the RMCPP Trust Deed and Rules as executed on 14 September 2022 is 578382943.6.