

**PENSIONS COMMITTEE
 21 SEPTEMBER 2017**

PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)

Councillors P E Coupland (Vice-Chairman), B Adams, R D Butroid, Mrs M J Overton MBE, Mrs S Rawlins, A J Spencer and Dr M E Thompson

Co-Opted Members: Mr J Grant (Non-District Council Employers Representative) and Jeff Summers (District Councils Representative)

In attendance: Pension Board members Ian Crowther, David Vickers and M A Whittington attended the meeting as observers.

Officers in attendance:-

David Forbes (County Finance Officer), Jo Ray (Pension Fund Manager) and Catherine Wilman (Democratic Services Officer)

19 APOLOGIES FOR ABSENCE

Apologies were received from Mr A Antcliff.

20 DECLARATIONS OF MEMBERS' INTERESTS

Councillor P E Coupland declared a personal interest as a South Holland District Councillor.

Mr J Grant declared a personal interest as a member of the Witham Fourth District Internal Drainage Board.

Councillor Mrs M J Overton MBE declared a personal interest as a North Kesteven District Councillor, the Vice Chair of the Local Government Association and as a deferred member of the Pension Fund.

Councillor A Spencer declared that he was a contributing member of the Fund as a Boston Borough Councillor.

Councillor E W Strenziel declared a personal interest as a City of Lincoln Councillor.

21 MINUTES OF THE MEETING HELD ON 13 JULY 2017

The minutes of the meeting held on 13 July 2017 were approved as a correct record and signed by the Chairman.

22 IMPLEMENTATION OF THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID II)

Consideration was given to a report which outlined the impact of the implementation of the Markets in Financial Instrument Directive 2014/65 (MIFID II) and in particular the risk to the administering authority of becoming a retail client on 3 January 2018.

The report recommended that the Committee agree elections for professional client status to be made on behalf of the authority, in order to retain existing functions once MIFID II became effective.

The Markets in Financial Instrument Directive was part of the European Commission's Financial Services Action Plan and legislated the regulation of investment services within the European Economic Area.

In order to opt-up to professional client status, the Authority was required to complete quantitative and qualitative tests to demonstrate its ability to act as a professional client. The Pension Fund Manager took the Committee through the information required by the tests and provided details of the evidence which backed up each answer.

A letter of authority was also required to be sent to each of the Fund's investment managers, where in-house compliance teams would evaluate whether opt-up for their operations could be accepted.

Following questions from the Committee it was confirmed that:

- Once LGPS pooling had taken effect, any future evidence required for MIFID would be submitted to the pool;
- BCPP would not be required to undergo this process for itself as it would be an FCA regulated company.

RESOLVED

1. That the potential impact on investment strategy of becoming a retail client with effect from 3 January 2018 be noted;
2. That the immediate commencement of applications for elected professional client status with all relevant institutions, to ensure that the Committee can continue to implement an effective investment strategy, be agreed;
3. It be acknowledged and agreed that in electing for professional client status, the protections available to retail clients (as detailed in Appendix A) be forgone;
4. That delegated retrospective authority to the Pension Fund Manager be agreed and approved for the purposes of completing applications and determining the basis of the application as either full or single service.

23 PENSION FUND DRAFT ANNUAL REPORT AND ACCOUNTS

The Committee received a report which presented the Pension Fund's Draft Annual Report and Accounts for the year ended 31 March 2017 for approval.

The Committee raised no significant issues with the report and accounts.

RESOLVED

That the draft Pension Fund Annual Report and Accounts be approved.

The meeting closed at 10.40 am