



DATED 17 December 2013

MRC PENSION SCHEME

**DEED OF SECTIONALISATION
AND AMENDMENT**



WE HEREBY CERTIFY THIS TO BE A TRUE COPY
OF THE ORIGINAL

DATE 3 January 2014

SIGNED DLA Piper UK LLP
DLA PIPER UK LLP

THIS DEED OF SECTIONALISATION AND AMENDMENT is made on 17 December 2013

BETWEEN

- (1) **MEDICAL RESEARCH COUNCIL** (company number RC000346) of 14th Floor, One Kemble Street, London WC2B 4AN ("**Employer**"); and
- (2) **MRC PENSION TRUST LIMITED** (company number 01218492) whose registered address is at 2nd Floor, David Phillips Building, Polaris House, North Star Avenue, Swindon, Wiltshire, United Kingdom SN2 1FL ("**Trustee**").

BACKGROUND

- A This deed is supplemental to the Third Definitive Trust Deed and Rules ("**Definitive Deed**" and "**Rules**") under which the MRC Pension Scheme ("**Scheme**") is presently constituted.
- B The Trustee is the present trustee of the Scheme.
- C By virtue of clause 16.1 of the Rules, the Principal Employer may at any time, with the Trustee's consent, by deed executed by the Principal Employer and the Trustee, alter or repeal all or any of the Rules, subject to the provisos set out in the remainder of clause 16.
- D The Principal Employer wishes to amend the Rules to:
 - (i) divide the Scheme into two fully segregated sections; and
 - (ii) amend the eligibility criteria for new members,in the manner and to the extent set out in the schedule to this deed ("**Schedule**") with effect on and from 31 December 2013 ("**Effective Date**").
- E The Trustee consents to the proposed amendments in the manner and to the extent set out in the Schedule as evidenced by its execution of this deed.
- F The Trustee is satisfied that the amendments made by this deed are not "regulated modifications", as defined under section 67 of the Pensions Act 1995.
- G The actuary to the Plan has confirmed to the Principal Employer, for the purposes of section 37 of the Pension Schemes Act 1993 (as amended by the Pensions Act 1995), that she is satisfied that if the proposed alterations are made, the Scheme will continue to satisfy the statutory standard in accordance with section 12A of the Pension Schemes Act 1993 (as inserted by the Pensions Act 1995).

THIS DEED WITNESSES that:

1. pursuant to the power of amendment contained in clause 16 of the Rules, the Principal Employer, with the Trustee's consent, hereby amend the Rules in the manner and to the extent set out in the Schedule with effect as on and from the Effective Date; and
2. this deed may be executed in as many parts as there are signatories to it. When each signatory has executed at least one part of this deed, it shall be effective as if all of the signatories had executed all of the parts of it. Each part of this deed may be treated as an original of this deed.

SCHEDULE

1. The following new definitions shall be inserted into Rule 1.1 in alphabetical order:

"EJ Member" means a member who is an "eligible jobholder" as defined by the Pensions Act 2008;

"Liability Transfer Date" means the respective date that each of the Universities Section Employers first commenced participation in the Scheme;

"MRC Section" means the Section established by Rule 1.11 and constituted in accordance with Rule 1.11.5.1;

"MRC Section Employers" means the following:

- (a) Medical Research Council (RC000346);
- (b) Medical Research Council Technology (02698321);
- (c) UK Shared Business Services Limited (company number 06330639);
- (d) the University of Edinburgh (SC005336);
- (e) any other Employer who has ceased to participate in the Scheme prior to the Sectionalisation Date; and
- (f) such other employers as are agreed by the Trustees and Principal Employer, subject to the terms of Rule 1.4;

"Section" means a section of the Scheme established by Rule 1.11;

"Sectionalisation Date" means midnight between 31 December 2013 and 1 January 2014;

"Sectionalisation Deed" means the Deed of Sectionalisation and Amendment which amends the provisions of the Scheme;

"Universities Section" means the Section established by Rule 1.11 and constituted in accordance with Rule 1.11.5.2;

"Universities Section Employers" means the following:

- (a) the University of Oxford;
- (b) the University of Southampton (RC000668);
- (c) the University of Dundee (RC000649);
- (d) the University of Glasgow (SC004401);
- (e) the University of Cambridge;
- (f) University College London (RC000631); and

- (g) such other employers as are agreed by the Trustees and Principal Employer, subject to the terms of Rule 1.4;".
2. The definition of "Fund" in Rule 1.1 shall be deleted in its entirety and replaced with the following new definition:
- ""Fund" means the fund established under the Rules and held by the Trustees for the purposes of the Scheme or of a Section;".
3. The following words shall be inserted immediately after the definition of "Scheme":
- "unless the context otherwise requires in accordance with Rule 1.11".
4. The following words shall be inserted immediately after Rule 1.4:
- "and the employer shall join either the Universities Section or the MRC Section, as agreed between the Principal Employer and the Trustees.".
5. Rules 1.5.1 and 1.5.2 shall be deleted in their entirety and the existing Rules 1.5.3 and 1.5.4 shall be re-numbered Rules 1.5.1 and 1.5.2 respectively.
6. The following new Rule 1.11 shall be inserted immediately after the existing Rule 1.10:

"1.11 Sections of the Scheme

- 1.11.1 With effect on and from the Sectionalisation Date, the Scheme shall be administered and constituted on the basis that it is one trust under which there are two sections that are segregated for all funding purposes including, but not limited to, the Pensions Act, the 2004 Act, the Occupational Pension Schemes (Employer Debt) Regulations 2005, the Occupational Pension Schemes (Winding Up) Regulations 1996, the Pension Protection Fund (Multi-Employer Schemes (Modification)) Regulations 2005, the Occupational Pension Schemes (Investment) Regulations 2005, the Pension Protection Fund (Entry Rules) Regulations 2005 and the Occupational Pension Schemes (Scheme Funding) Regulations 2005. In particular:
- 1.11.1.1 the contributions payable by the Employers in each Section and any Employees in their Service will be allocated to the relevant section in which that Employer participates, or, if there is more than one Section which applies to the Employer, to the Section which is appropriate to the employment in question; and
- 1.11.1.2 subject to rules 1.11.6 and 1.11.7, the assets allocated to one Section cannot be used for the purpose of any other Section, including on a winding up (or partial winding up).
- 1.11.2 For the purposes of the deeds and documents under which the Scheme is established, the definition of "Scheme" shall where applicable mean the relevant Section to the extent necessary to give effect to the sectionalisation of the Scheme.
- 1.11.3 If assets or liabilities are allocated in error to the wrong Section, the Trustees may re-allocate the assets or liabilities to the correct Section.

- 1.11.4 Without prejudice to Rule 1.11.1, MRC shall, for the avoidance of doubt:
- 1.11.4.1 subject to Rule 1.6, be the Principal Employer of the MRC Section and the Universities Section;
 - 1.11.4.2 be entitled to make contributions to either Section; and
 - 1.11.4.3 be responsible for the ultimate funding of both Sections.
- 1.11.5 The two sections shall be:

1.11.5.1 the MRC Section, which shall be constituted on the basis that:

- (a) the MRC Section Employers shall be the Employers in relation to the MRC Section;
- (b) the assets of the Scheme as at the day before the Sectionalisation Date shall be allocated to the MRC Section, save for the following:

- (i) £4 million; and

- (ii) a pro-rata amount of the assets of the Scheme, based on the liabilities of the Universities Section arising from pensionable service on and after the Liability Transfer Date to the Sectionalisation Date, as compared to the total liabilities of the Scheme at that date, as determined by the Actuary, on the basis of the assumptions and methodology used in the actuarial valuation of the Scheme on 31 December 2010, updated to reflect the market conditions at the Sectionalisation Date,

which shall be allocated to the Universities Section with effect on the Sectionalisation Date. Any contributions made to the MRC Section and/or investment returns on the assets of the MRC Section from time to time shall also be allocated to the MRC Section;

- (c) the liabilities of the MRC Section shall be the liabilities of the Members of the MRC Section, including the liabilities of those Members of the MRC Section who become members of the Universities Section which accrued prior to the Liability Transfer Date and in addition, any increase in those liabilities arising from changes to Pensionable Salary, but not including increases in those liabilities arising from:

- (i) the death of the relevant Member;

- (ii) any augmentation of the Member's benefits by the Universities Section Employer;
 - (iii) the early or ill health retirement of the Member; and
 - (iv) Pensionable Service accrued or added (including by way of a transfer of benefits into the Scheme) after the Liabilities Transfer Date;
- (d) all Members and other employees who are or have been employed by the MRC Section Employers, shall:
- (i) subject to rule 1.11.5.1(d)(ii) below, continue to be Members of or eligible for membership of the Scheme but on and from the Sectionalisation Date under the MRC Section; and
 - (ii) if they become employed by a Universities Section Employer, continue to be Members of the Scheme under the MRC Section but only in relation to the liabilities that are allocated to the MRC Section pursuant to rule 1.11.5.1(c);
- (e) the Third Definitive Trust Deed and Rules dated 20 December 2011 and any other documents which governed the operation of the Scheme up to and including the Sectionalisation Date, including the amendments made by the Sectionalisation Deed (other than those which related solely to the Universities Section), shall govern the operation of the MRC Section pending any further amendments made in accordance with rule 16.1 or as required by law; and

1.11.5.2 the Universities Section, which shall be constituted on the basis that:

- (a) the Universities Section Employers shall be the Employers in relation to the Universities Section;
- (b) the amounts referred to at 1.11.5.1(b)(i) and (ii) shall be allocated to the Universities Section with effect on the Sectionalisation Date. Any contributions made to the Universities Section and/or investment returns on the assets of the Universities Section from time to time shall also be allocated to the Universities Section;

- (c) subject to rules 1.11.6 and 1.11.7 below, the liabilities of the Scheme in relation to the Members employed by the Universities Section Employers, other than those allocated to the MRC Section under rule 1.11.5.1(c), shall be allocated to the Universities Section;
- (d) all Members and other employees who become eligible for Membership who are employed by the Universities Section Employers, shall:
 - (i) subject to rules 1.11.5.2(d)(ii), 1.11.6 and 1.11.7 below, continue to be Members of or eligible for membership of the Scheme but on and from the Sectionalisation Date under the Universities Section; and
 - (ii) subject to rules 1.11.6 and 1.11.7 below, continue to be Members of the Scheme but on and from the Sectionalisation Date under the MRC Section for the purposes only of the liabilities that are allocated to the MRC Section pursuant to rule 1.11.5.1(c); and
- (f) the Third Definitive Trust Deed and Rules dated 20 December 2011 and any other documents which governed the operation of the Scheme up to and including the Sectionalisation Date, including the amendments made by the Sectionalisation Deed (other than those which related solely to the MRC Section), shall govern the operation of the Universities Section pending any further amendments made in accordance with Rule 16.1 or as required by law;

1.11.6 subject to compliance with the relevant legislation in respect of segregation (as set out in rule 1.11.1 above), the Principal Employer may at any time (including after the death of any Member or Pensioner), with the consent of the Trustees, transfer any Member or Pensioner from the Universities Section to the MRC Section and following the date of that transfer, any assets and liabilities in respect of that Member or Pensioner, as determined by the Trustees and Principal Employer acting on Actuarial Advice, including for the avoidance of doubt any assets and liabilities accrued whilst the Member or Pensioner was in the Universities Section, shall be transferred to the MRC Section and any benefits to be paid to or in respect of that Member or Pensioner shall be paid out of the MRC Section;

1.11.7 subject to the prior written agreement of the Trustees and the Principal Employer, the MRC Section and the Universities Section may be merged together so that they are not segregated for the purposes set out in rule 1.11.1; and

1.11.8 any deed of adherence entered into between the Principal Employer and the MRC Section Employers and the Universities Section Employers shall

(unless terminated prior to the Sectionalisation Date) continue to apply on and after the Sectionalisation Date but interpreted to relate to either the MRC Section or the Universities Section, as appropriate."

7. In Rule 2.1 delete the existing Rule 2.1.1.1 and insert the following new Rule 2.1.1.1:

"2.1.1.1 over the age of 16 and have not attained state pension age; and"

8. Delete the existing Rule 2.1.2.3 and re-number the existing Rule 2.1.2.4 as Rule 2.1.2.3.

9. Delete the existing Rule 2.2 and insert the following new Rule 2.2 in substitution:

"2.2 Waiver of eligibility conditions

The Employer and Trustees shall have power to waive any of the eligibility conditions laid down in rule 2.1 in relation to any particular employee or employees. Any such waiver shall not amount to discrimination as prohibited under the Equality Act 2010."

10. In the existing Rule 2.3, include a new Rule 2.3.4, as follows:

"2.3.4 an employee who the Employer determines to be a Member in order to meet its obligations under the Pensions Act 2008."

11. In the existing Rule 2.5, delete the existing Rule 2.5.1 and insert the following new Rules 2.5.1 and 2.5.2, as follows, and re-number the existing Rules 2.5.2 and 2.5.3 accordingly:

"2.5.1 Members (except EJ Members) may, on giving one month's written notice to the Trustees, withdraw from Membership of the Scheme;

2.5.2 an EJ Member may opt-out of the Scheme in accordance with the provisions of section 8 of the Pensions Act 2008 (provided that he is a "jobholder" (as defined in section 8 of the Pensions Act 2008) for the purpose of that section 8) and receive a refund of contributions in accordance with that section 8;"

12. Delete the existing Rule 2.6 in its entirety and insert the following new Rule 2.6:

"2.6 Re-joining the Scheme

2.6.1 Members who withdraw from the Scheme in accordance with Rule 2.5 will be allowed to opt back into the Scheme:

2.6.1.1 if the requirements of the Pensions Act 2008 are met;

2.6.1.2 in accordance with the terms of paragraph 6 of appendix 2, subject to completion of a signed written application; or

2.6.1.3 if the Principal Employer and the Trustees consent."

2.6.2 EJ Members who withdraw from the Scheme will be automatically re-enrolled into the Scheme in accordance with the requirements of the Pensions Act 2008."

13. Immediately after Rule 2.6 insert the following new Rule 2.7:

"2.7 Exclusion of employees

An Employer, other than the Principal Employer, may, with the consent of the Principal Employer and the Trustees, determine that some or all of its employees are not eligible to join the Scheme. Any such exclusion shall not amount to unlawful discrimination."

14. In the existing Rule 5.1.1 delete the word "Scheme" at the end of that sentence and replace it with the words "the MRC Section or the Universities Section (as applicable)".

15. At the end of the existing Rule 5.1.2 insert the following words:

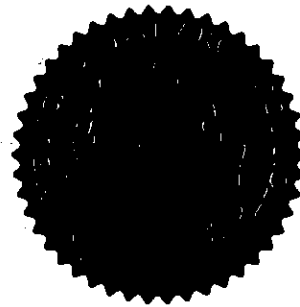
"and that satisfy the requirements of section 21 of the Pensions Act 2008".

16. Delete the words "rule 6.3 or section 8 and any pensions increases which would have been added if one or both of those reductions had not been made" in Rule 7.4 and insert in substitution the words "rules 6.3 or 6.14, or section 8 and any pensions increases which would have been added if any of those reductions had not been made".

17. Delete the existing Rule 14.5.2.2 in its entirety and insert the following new Rule 14.5.2.2:

"14.5.2.2 there shall be deducted from a Member's present or future benefits or entitlement under the Scheme, as prescribed or otherwise determined by the Trustees, an amount reflecting any liability of the Trustees or the Scheme administrator in respect of the Lifetime Allowance Charge under section 215 of the Finance Act, or section 227 of the Finance Act in respect of the Annual Allowance Charge, in respect of that Member. However, this does not authorise the reduction of entitlement to a benefit which has not crystallised, except that in relation to which the Lifetime Allowance Charge arises or otherwise permitted under the Finance Act."

Executed (but not delivered until the date)
hereof) as a deed by Medical Research Council)
by the affixing of its Common Seal in the)
presence of:



Director *Hugh Dunlop*

Director/Secretary *[Signature]*

Executed (but not delivered until the date)
hereof) as a deed by MRC Pension Trust)
Limited by the affixing of its Common Seal in)
the presence of:



Director:

Bruce [Signature]

Director/Secretary:

James [Signature]