

**TERMS OF REFERENCE FOR THE
RULES COMMITTEE**

1 **Introduction**

At its meeting held on 28 November 2002, the management committee approved the establishment of a standing rules committee which would have a remit in connection with all aspects of the management of the rule amendment process and would also be specifically empowered in connection with the finalisation of the terms of particular rule amendments.

2 **Constitution**

The management committee has established a sub-committee known as the rules committee.

3 **Membership**

The sub-committee will comprise three members, one appointed by the management committee at the nomination of the AUT, one appointed by the management committee at the nomination of UUK and one co-opted director appointed by the management committee. The AUT and UUK nominees appointed by the management committee need not normally be members of the management committee itself.

The rules sub-committee will be chaired by the co-opted director appointed by the management committee. It will be open to the management committee to appoint any co-opted director and to replace any co-opted director who wished to retire from that position. The objective, for the purposes of continuity, is to encourage a co-opted director to maintain the chairmanship of that committee for at least 12 months. Only another co-opted director may act as alternate in that position.

All committee members will be fully briefed and non-director members will sign a confidentiality undertaking to the trustee company.

The chairman of the sub-committee will not have a casting vote. The quorum for the conduct of business of the committee will, in the above circumstances, be three (including any alternate). The sub-committee is specifically empowered where necessary to conduct its business by written resolution or video/telephone conference.

4 **Attendance at meetings**

Meetings shall normally be attended by the following officers of the trustee company:

Chief executive
Pensions policy manager

Legal and actuarial advisers will be invited to attend as appropriate.

5 **Frequency of meetings**

Meetings will take place as and when necessary.

6 **Reporting procedures**

Minutes of meetings will be issued to all committee members and attendees and submitted to the next meeting of the management committee. The committee will prepare an annual report for the management committee.

7 **Duties**

The management committee will confer upon the rules sub-committee the following duties and all requisite powers and authorities to implement them. These must remain subject to Article 48 of USS Ltd Articles of Association which does not permit the management committee to delegate to a sub-committee any power to amend the rules of USS other than by finalising rule amendments the substance of which has previously been approved by the full management committee. The powers and authorities to be conferred on the rules committee, to be exercised on appropriate legal and actuarial advice, are accordingly as follows:

- To consider with the officers and the scheme's professional advisers the formulation of detailed guidelines and procedures for the efficient and effective management of the rule amendment process.
- To devise simplified principles to govern the drafting and approval of all future rule amendments to USS.
- To identify with the officers and with the scheme's professional advisers those aspects of the rules governing USS benefit structure which are the most complex, whether from the point of view of intelligibility or administration, instruct the scheme's legal advisers accordingly and to propose draft rule amendments for their simplification.

In connection with the above to bring forward recommendations for the approval of the management committee.

To scrutinise all amendments proposed to USS rules. The committee shall have power, unless and to the extent that the management committee shall determine otherwise, to finalise the text of any rule amendments the substance of which has been approved by the management committee subject to such terms and conditions as the management committee may impose.

The sub-committee shall also have power, as it may decide will best facilitate its work, to sit in joint committee with or otherwise to consult with the JNC or with any sub-committee of the JNC to enable it to discharge any function within its general or specific remit where USS rules require the approval of the JNC on the

matter in question or the sub-committee otherwise considers such consultation appropriate.

The sub-committee shall also have power to undertake the examination of particular proposed rule amendments and related issues including amendments to be made on a basis which is specific to a particular institution (eg under rule 3.3) and/or to a particular group of members by way of specific modification to USS rules.

The sub committee shall be empowered as follows:

- To consider the application of the rules in particular cases of institutions applying under the new 'expansion' guidelines.
- To oversee and approve on behalf of the management committee the updating by DLA of an annotated version of USS rules detailing "below the line" all relevant USS transitional provisions as referred to at Section 9 of MC 135-02 and in due course to bring forward recommendations as to its use and adoption.
- To review on professional advice government proposals for the reform of pensions law in the Green Paper published on 17 December 2002 and to consider any amendments to USS rules which might in due course be considered appropriate in the light of consequential changes to the law (including in relation to Inland Revenue limits and restrictions) and to bring forward recommendations to the management committee at the appropriate time.

Further specific remits will be formulated by the management committee from time to time.

JPW/JMR

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