

**Minutes of the 12th Annual General Meeting
held at the London Hilton Paddington Hotel
on Monday 9th October 2017**

The meeting opened at 12:30pm. AMPS Chairman Zachary Gallagher welcomed those in attendance. 30 full member firms were represented at the meeting, which made the meeting quorate in accordance with the Association's Constitution.

The business considered was as follows:

1. Minutes of 11th Annual General Meeting held on Wednesday 21st September 2016

It was noted that the minutes of the 11th Annual General Meeting had been published on the AMPS website on 10th October 2016, and that no amendments had been requested within one month of the date of publication. In accordance with the Association's Constitution, the minutes were therefore taken as a true record of the business transacted.

2. Chairman's Report

AMPS Chairman Zachary Gallagher gave the following address:

"I recently participated in a debate at a Henry Stewart conference, under the heading, "Is there a real future for self-investment?" I opened my remarks with a reference to my first attendance at a Henry Stewart conference in 2005, and how if I had been told at the time that twelve years later I would be involved in a debate of that title, I would have wondered what kind of wasteland awaited our industry.

Happily, my fellow debater and I spoke confidently in favour of there being a real future for self-investment; though the premise of the question still troubled me.

What are the threats to self-investment, and what are the alternatives? Defined benefit schemes, for the few not the many; and default investment strategies for those who do not wish to take an active part in the design of the formula through which retirement expectations, hopes or distant concepts might take shape.

For those who wish to take an active part in that design within that "real future" of which I spoke, my hope is that they can be left alone to do so. There should be nothing controversial in this.

Before reflecting today on the last twelve months and contemplating the challenges in the next twelve and beyond, I would like to remind the membership of what AMPS is constitutionally bound to promote. In edited form, the main objectives of AMPS are written as:

- To provide a forum for the examination and discussion of all matters relating to pension schemes allowing member directed investments.

- To promote high standards of conduct and professional competence from the Members.
- To provide a means of collective representation of the interests and views of the Association

The first and second of those are, in my view, furthered very successfully through events such as today's seminar, the annual conference, and the various communications that emanate from the AMPS Committee during the course of a year.

The third stated objective, to provide a means of collective representation of the interests and views of the Association, is pursued through the AMPS Committee's communications with bodies such as the Financial Conduct Authority; HM Revenue & Customs; the Department for Work and Pensions and The Pensions Regulator. It is pursued through the long hours of writing responses to consultation papers; in writing letters to the aforesaid bodies on matters of concern to our sector; and through attendance at industry events and participation at industry groups, such as the Pension Liberation Industry Group and the Transfers and Re-registration Industry Group.

Any trade body or professional association relies on the continuing support of its membership; on the commitment and concentration of its volunteers or paid workers; and on the goodwill of its sponsors and other financial supporters. AMPS is very fortunate in having all of these attributes in abundance. We cannot afford to be complacent, however. Though applications for associate membership of AMPS remained at healthy levels during the previous twelve months, full member numbers continue to decline as familiar SIPP operator names are subsumed into larger organisations.

All industries evolve. No firm, in any sector, has a divine right to perpetual existence. A successful market should be one which finds its own level not by intervention by government or by regulator, but through the natural process of customer choice and corporate will.

A growing trend, propagated by the FCA's revised capital adequacy requirements as introduced in 2016, is for industry commentary seeming to suggest that the regulated function of establishing, operating or winding-up a personal pension scheme should be the preserve of larger firms. That smaller firms might not be sustainable, and perhaps would do well to sell up. I would defend commentators' right to comment as they see fit, and I welcome debate on our industry where that debate is to the industry's benefit. It is not for AMPS to try to shape the market, though it is for AMPS to defend the market's participants as a whole. My view is that decisions as to operator choice are best left to customers and their advisers, by reference to whatever criteria, from a broad set, dominate their thinking. Perceived financial strength might be among those, or there might be other priorities. Whatever the customer's decision, we should remember that SIPPs came into existence as an alternative to the personal pension schemes of large investment houses. Where, as typical with a SIPP, the assets of a SIPP are independent of its operator, it is the choice of investment, not the choice of operator, which largely determines the extent to which the aspirations of the investor might be achieved. The surrounding trust structure is there for good reason.

A developing, serious and potentially expensive distraction for SIPP operators, whatever their size, is that of the claims management organisation, commonly known as the "ambulance

chaser". The internet thrusts forth many offers of help to those whose investment choices have not shown, or not yet shown, the results that they hoped or assumed would be theirs. Whilst the self-interested pursuit of ambulances is not new, it does seem that those bearing SIPP livery are this year's quarry. This should not be dismissed simply a "small SIPP operator problem", or as a "non-standard asset problem". This is a threat to the concept of individual responsibility, and to the principle that a SIPP operator is independent of the investments of a SIPP and not responsible for their performance. Perhaps it was even an inspiration for that earlier question, "Is there a real future for self-investment?" I hope that the AMPS membership will recognise this as an assault on our industry, rather than on individual operators, and will unite in defence of the principle of self-investment.

A threat of a different kind, though no less easy to ignore, has shown itself this year in relation to SSAS. The pension scams consultation, to which the AMPS Committee submitted a spirited response in favour of a return for pensioner trustees, invited comment from elsewhere to the effect that the best way to prevent the use of SSAS as a scammer's playground should be to burn the playground; to destroy SSAS. The scammer, one imagines, might wander to another site, or might, if we are fortunate, give up and find honest work. For the scorched earth where SSAS once stood, the consequences would run far deeper. As I have long argued, the level of control which a SSAS offers its member trustees, a group of people normally hardened and informed by their experiences in running a business and recognising those on the make, should be the best possible bulwark against scammers. If the unsuspecting have been kitted out with pension schemes bearing characteristics of SSAS but lacking the essential element of trustee awareness of the nature of investments which they as trustees are choosing to buy, they should have our sympathy; but their experiences should not mean that SSAS as a whole must pay. The AMPS Committee engaged in a period of correspondence with The Pensions Regulator in defence of SSAS, and though the Regulator seemed to retreat from the extreme position of suggesting that SSAS should be banned, it was also acknowledged that rule changes are a matter for Ministers, rather than for the Regulator. A fear is that anti-SSAS pronouncements from The Pensions Regulator, or from others, lodge firmly in ministerial ears. Our task will be to persuade them out.

SSAS trustees already experience significant barriers to having new schemes registered expediently, and to obtaining transfer payments from other registered pension schemes in which members hold benefits. Sometimes those barriers prove insurmountable. A third threat emerges in the form of proposed new powers for HM Revenue & Customs to de-register schemes with dormant employers. Perhaps some of those schemes might not have gained their tax privileges as rules stood before 6 April 2006; but they were presumed eligible for them under legislation in place since then. I hope it will be recognised that a pension scheme exists independently of its employer, and that the conduct of the trustees and of the scheme administrator, rather than the technical condition of the sponsoring employer at a given date, is the principal factor which should determine whether a scheme is deserving of its registered status. The AMPS Committee has instigated correspondence with senior Ministers at HM Treasury and at the Department for Work and Pensions, and we hope that this will result in engagement at a level which can have proper influence on the development and implementation of policy. We hope too that the Department for Work and Pensions will respond favourably to representations made through The Pensions Regulator, by AMPS, in support of an exemption for relevant small schemes from the statutory definition of master trust.

Away from these major industry concerns, I am of course able to report that the running of AMPS continues. It is customary for the Chairman's Report to include enthusiastic tribute to the hard work of the AMPS Committee, whose members give their time freely to the Association, all the while seeking to balance this with the hard demands of their paid employments. I thank them all for their work and support during the past twelve months.

It is regrettable that the Committee has for some time been without its full complement of ten members. It is part of commercial reality that people's circumstances change, and that full engagement in a trade body cannot always be maintained alongside other work. I am delighted to note that, with effect from today, the Committee is back to full strength at ten members, having been joined by Sarah Hawkins, who has experienced Committee life as a co-opted member for the last seven months. Sarah has already shown great energy in her contributions to the Committee, and I am sure that she will be a vital member in the years ahead.

Committee work continues to be dominated by assorted demands on the respective attentions of the compliance sub-committee and the technical sub-committee. The former, led by the studious attention and dogged questioning of the longest-serving AMPS Committee member, Geoff Buck, continues to produce detailed responses to FCA consultations, and to challenge that regulator where challenge is needed. Geoff has been particularly active in researching the implications of the Senior Managers and Certification Regime. As well as arranging for TLT LLP to present to the AMPS Committee on this matter, Geoff worked closely with that same firm in organising the workshops which a great and long-standing friend of AMPS, Noline Matemera, and her colleague, Harry Parker, will be holding in London, Bristol and Manchester on 18th, 19th and 20th October respectively. Places are still available for each of those events, and registration is encouraged. This can be achieved through the AMPS website.

Samina Kausar, of the AMPS Committee and compliance sub-committee, has been the AMPS representative within the Transfer and Re-registration Industry Group, and will be ready to contribute to that Group's further efforts.

Though communications with FCA have seemingly taken on more moderate tone as the work of successive thematic reviews and updated capital adequacy rules has slowly taken effect, we should anticipate that regulatory attention will never be far away. A recent information request was focused on non-standard assets, and we wait to see what conclusions are drawn from the collated data. We also await further FCA communication on its retirement outcomes review, following a consultation which hinted at the prospect of regulatory intervention in areas where freedom and good consumer outcomes might be seen as uneasy companions.

The technical subcommittee, which I lead, has found its year's work dominated by the seeking of understanding in regard to the respective stances of HM Revenue & Customs and Revenue Scotland on in specie contributions, and on in specie transfers of property in Scotland. Neither of these issues has been resolved satisfactorily during the year. The Committee's understanding is that HMRC has a number of appeals from relief-at-source operators, on in specie contributions, progressing to Tribunal. HMRC took the opportunity, earlier this year, to restate its expectations on specie contributions; this was seen in Pension Schemes Newsletter 86, as published in April. Whether helpfully or unhelpfully, the newsletter stated that HMRC had not changed its position on in specie contributions. What has seemingly changed is HMRC's willingness to accept that scheme administrators should be trusted to conduct their relief at source arrangements with due

regard for the value at which assets offered in settlement of cash contribution obligations; or for the process through which an asset is deemed properly to give effect to cash. It remains a source of regret that HMRC did not approach us at an earlier stage, in regard to their concerns. I hope that outstanding considerations can be resolved in a manner which gives us clarity and confidence for the future. Perhaps it is more likely that in specie contributions, as a concept, will simply disappear. It was right that AMPS took time to understand the issues and expend resources in seeking legal guidance when the matter first came to prominence. It was right also that AMPS supported the aims of, whilst not funding, an action group in pursuit of the defence of affected parties. AMPS seeks to maintain a 'fighting fund' for when matters of great concern to the industry arise, and whilst this should ordinarily enable AMPS to seek legal opinion where it is needed, it does not endow the Association with funds of a level expected to be needed for a lengthy legal battle.

Less controversial than in specie contributions should be the simple act of conveying property from one registered pension scheme to another, as part of a transfer of benefits between schemes. Regrettably, Revenue Scotland has interpreted law as meaning that such a transfer gives rise to consideration of a type to which Land and Buildings Transactions Tax applies. Though hopes for a resolution were raised when Revenue Scotland suggested that transfers between bare trusts might be exempted, concerns as to what precisely is meant by bare trust, in this context, have presented a barrier to happy resolution. The AMPS Committee is grateful to Fergus McDiarmid of Morton Fraser LLP, for his continuing expressing of industry concerns in his communications with Revenue Scotland. Further information will be offered to AMPS members as it becomes available.

As well as thanking all of the AMPS Committee members for their efforts over the last twelve months, I would like to offer appreciation to those whose hard work supports so much of what the Committee does. Claire May works with great energy on behalf of the Committee, through her attendance, minute-taking and good humour at the monthly meetings; through her highly professional organising of conference and seminar events including that of today; and through her administrative work towards ensuring that AMPS is as efficient as it can be. I would also thank those who contribute to those subcommittees which support the main AMPS Committee; the compliance and technical subcommittees as already mentioned, as well as the legal and platform subcommittees. All of their efforts further the constitutional objectives of which I spoke earlier.

I would also thank the Investment & Life Assurance Group, ILAG, for its work in making first-class events and technical material available to AMPS members. The AMPS Committee has supported the Association's ILAG membership over a number of years, and encourages AMPS members to make use of the benefits which it offers. The warmest of thanks is also due to those organisations which so generously sponsor AMPS events such as today's Compliance and Technical Seminar, and the annual conference.

Looking ahead, one must fear that the next twelve months will be no less settled than the preceding twelve. Though the distraction of a General Election should in theory be avoided, we should anticipate that whilst government itself might not change, thinking within government could turn towards further adjustments to pensions tax relief. Adjustments might prove too small a word if more radical notions, posited in consultation in 2015, return in updated guise. The Association must be ready to participate in the next round of debate.

Today's meeting includes resolutions providing for a modest increase to the AMPS subscription rate, and for endowing the Committee with discretion to apply a similar rate of increase in the future without reference to AMPS members. The outcome of voting on those resolutions was not known to me at the time of my writing this report, though I know that the Committee will accept the will of the membership whatever the result. It is for the membership majority to decide what it considers a reasonable consideration for the benefits of AMPS membership.

A challenge for any trade body is to be listened to by those whom it seeks to influence. Whilst member numbers within this association might contract as the process of consolidation occurs, assets under administration do not correspondingly reduce. For AMPS to have the best prospects for influence, it is important that it can speak authoritatively about the size of the market that it represents. Responses to a recent member survey, instigated by the AMPS Committee, were many in number and were welcome, but did not extend to the full membership. The Committee continues to analyse the arising data in expectation that reasonable assumptions might be drawn, though it might be that a further attempt at information-gathering needs to be instigated before long.

Despite the distractions and challenges of which I have spoken today, I am confident for the future of self-investment, and therefore for the continuing need for AMPS. The appeal of self-determination is timeless, and I would hope that industry would expand as customer demand increases, rather than contract at the expense of customer choice. The apparently continuing popularity of freedom and choice in pensions, with its attendant prospect of new monies for self-investment as pensions savers emerge from schemes that are unable to offer possibilities brought about by freedom and choice, suggests that advisers will continue to look to our industry as a setting for the retirement aspirations of those who understand the risks and potential rewards. I hope that the industry will continue to offer the breadth of choice which its customers would expect, and that legislators and regulators will understand and respect that breadth of choice.

Thank you for your attention today and for your continuing support of AMPS.”

3. Treasurer's Report

AMPS Honorary Secretary Alan Finch gave the following address on behalf of AMPS Honorary Treasurer Claire Trott:

“The Total Reserves of your Association were £82,016 at 5th April 2017, the financial year-end, compared to £85,280 at 5th April 2016. Total Income in 2016/17 was less than Total Expenditure by £3,264.

In 2016/17 we saw a large expenditure in relation to legal fees in respect of the issues with in-specie contributions, this totalled £43,891 which is why we saw a significant drop in income over expenditure.

Total Income and Total Expenditure for the year ended 5th April 2017 were very much in line with the previous year when excluding the £43,891 legal fees mentioned above.

We continue to hold regular Committee Meetings, the costs of which are largely for secretarial support, and we thank Barnett Waddingham for providing meeting room facilities during the year entirely free of charge.

We have seen a drop in the conference fees received but because of the use of a different venue in 2016/17 for one conference we have also seen a reduction in the costs of the conferences.

We have seen a slight drop in membership fees in 2016/17 versus 2015/16 but not a significant amount. In the next year we hope to rebuild our reserves for future unbudgeted expenditure such as any further legal advice to protect our industry's position.

The Committee continues to believe that it is still very much in the interests of members to continue to hold Reserves in cash at banks rather than to seek other forms of investment.

Your Committee approved the Financial Statements at their meeting held on 16th August 2017.”

4. Appointment of Auditor

Zachary Gallagher noted that the Resolution to appoint Ward Goodman as the Association's Auditors for the year ending 5th April 2018 had been approved unanimously by those Association members who had submitted a valid voting form.

5. Confirmation of Committee membership

Zachary Gallagher affirmed that four Committee places had become available at the time of the Annual General Meeting and that four valid nominations had been received by the Honorary Secretary. As the number of nominees did not exceed the number of places there was no election needed and the following were therefore duly appointed to the Committee:

Alan Finch – Rowanmoor
Zachary Gallagher – Berkeley Burke (Financial Services) Ltd
Sarah Hawkins – PSFM Trustees Ltd
Samina Kausar – Investment Funds Direct Ltd (Ascentric)

Zachary Gallagher confirmed that the four appointed persons would join the continuing Committee members noted as follows:

Geoff Buck – DP Pensions Ltd
Kelly Cullum – ILAG
Zoe Smith – Barnett Waddingham LLP
Ian Stone – Curtis Banks Ltd
Claire Trott – Technical Connection Ltd
Tasneem UI-Haq – Aviva

6. Resolutions

Zachary Gallagher noted voting on Resolutions as follows:

Resolution 1. “That the rate of subscription for membership of the Association for the membership year 2018/19 shall be £425.00.”

For: 29 votes
Against: 1 vote

Zachary Gallagher confirmed that Resolution 1 was duly carried.

Resolution 2. “That Clause 6 of the Constitution shall be replaced in its entirety with the following:

“Subscriptions to the Association shall become payable on 6th April in each year. The level of subscriptions shall be set by the Committee. Any change in the subscription rate amounting to an increase of more than £25.00 in any year must be submitted in a formal proposal by the Committee and approved at an Annual General Meeting or a Special General Meeting, due notice having been given in according with Clause 8.5. The Committee shall be able in its absolute discretion to increase the subscription rate by an amount not exceeding £25.00 in any year without requiring approval for that increase at an Annual General Meeting or a Special General Meeting. In the absence of any change in the subscription rate the rate payable in the previous year shall continue to apply.””

For: 29 votes
Against: 1 vote

Zachary Gallagher confirmed that Resolution 2 was duly carried.

7. Any other business

A Life Member of the Association, John Hayward, asked whether the Committee had considered Sections 27-28 of the Finance Bill, which detail amendments to rules governing exemptions for disposals by companies with substantial shareholdings. Zachary Gallagher affirmed that the Committee had not considered these measures and that he would write to John Hayward on the matter in question.

Zachary Gallagher closed the meeting at 12:52pm.