

Secretariat to the Review of Pensions Institutions
The Adelphi
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27 March 2007

Dear Sir

RE: Review of Pensions Institutions - Paul Thornton (March 2007)

I would like to offer a response to the case for bringing The Pensions Regulator (TPR) and Pension Protection Fund (PPF) closer together.

Paternoster considers that the TPR and the PPF have distinct and separate objectives and therefore should remain distinct and separate entities.

Additionally:

- As the number of pre-PPF wind-ups decrease a greater proportion of the wind-up cases will be borne by the PPF.
- This inevitably increasing workload justifies continuation of the PPF as a separate entity from the Regulator.
- There may be occasions when the Regulator has a view on the benefits which a scheme should be able to claim from the PPF, which might diverge from the PPF's independent view. In such an instance the pensioner's best interests are ensured by the Regulator and the PPF remaining separate.

We consider that the current regime is working well.

Notwithstanding the issue of whether the FSA and the PPF should merge, the requirement for occupational pension schemes to carry solvency capital merits separate consideration.

We would be very happy to discuss the background to any of these views.