

Merseyside Pension Fund

Compliance Manual

March 2014

PREAMBLE

This manual sets out the codes of behaviour and business conduct which are required of investments section staff of Merseyside Pension Fund (MPF, “the Fund”) and ensures that their procedures and operations comply with the relevant legislation and best practice.

Although these procedures are generally commonsense, at times they may seem trivially obvious and at other times unnecessarily complex. However, it is essential that we adhere to the contents of this manual, both in the letter and spirit of them, to ensure that MPF maintains its required professional standards.

The manual is intended to provide a framework for good practice but, for full operational details, reference should be made to the appropriate office procedure note or to the source Wirral guidance.

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SECTION 2

SCOPE, AVAILABILITY AND RELEVANCE OF COMPLIANCE MANUAL

- 2.1 This manual sets out the codes of behaviour and business conduct which are required of Investments employees of Merseyside Pension Fund and ensures that their procedures and operations comply with the relevant legislation and best practice.
- 2.2 The manual identifies current areas of operation and sets agreed requirements for them. It also details a verification programme to monitor adherence to these requirements.
- 2.3 This document has been approved by the Strategic Director – Transformation and Resources and Pensions Committee. The contents of the manual are binding on all employees, to the extent that they are relevant. From time to time, employees will be required to provide a signed confirmation that policies within this manual and forming part of it have been read, understood and will be adhered to.
- 2.4 In all cases where an employee is in doubt as to the application of the manual, he must ask his line manager or the Fund Accountant (Compliance) before taking any action.
- 2.5 A copy of this manual can be found with the following persons:
- The Head of Pension Fund
Fund Accountant (Compliance)
It is also accessible in electronic form at:
F/Investments/Compliance/Compliance Manual 2014

2.6 Basis for Compliance

- 2.6.1 MPF is a public service pension scheme regulated by statute through the Department for Communities and Local Government (DCLG). The main provisions of the Local Government Pension Scheme 2014 are as follows –
- (i) A Career Average Revalued Earnings scheme using CPI as the revaluation factor.
- (ii) The accrual rate will be 1/49th
- (iii) There will be no normal scheme pension age, instead each member's Normal Pension Age will be their State Pension Age.
- (iv) Average member contributions to the scheme will be 6.5%, with the rate determined on actual pay.

(v) Members who have already or are considering opting out of the Scheme could instead elect to pay half contributions for half the pension, while still retaining the full value of other benefits. This is known as the 50/50 option.

(vi) For pre April 2014 members, all benefits are protected. Protected past service continues to be based on final salary and current Normal Pension Age.

2.6.2 Wirral Council is set up under Statutory Instrument 1987 No. 1579 to be the administering authority for the Merseyside Pension Fund. The Council as administering authority of MPF is required:

- To make arrangements for the proper administration of the financial affairs of the Fund and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director – Transformation and Resources.
- To manage the affairs of the Fund to secure economic, efficient use of resources and safeguard its assets.

2.6.3 As a pension fund, operated by an administering authority, Wirral Council, MPF should ensure that its procedures conform to certain standards set by external and internal bodies. These standards form the basis of this document.

Relevant Legislation

Superannuation Act 1972

Local Government Act 1972

Local Government Pension Scheme Regulations 1997 (as amended)

Local Government Pension Scheme Transitional Provisions Regulations 2008 (as amended)

Local Government Pension Scheme (Administration) Regulations 2008 (and subsequent amending regulations)

Local Government Pension Scheme Regulations 2014

Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (and subsequent amending regulations)

Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

Financial Services & Markets Act 2000

Codes of Practice from regulatory bodies/professional bodies

Code of Practice on Local Authority Accounting in the United Kingdom
Statements of Recommended Practice
Financial Conduct Authority
The Pensions Regulator (TPR)
National Association of Pension Funds
The Chartered Institute of Public Finance and Accountancy

Wirral Council

Constitution of the Council
Guidelines for Financial Systems
Information and Communications Technologies Security Policy
Code of Practice for the use of Internet and Electronic Mail
Gifts and Hospitality
Conflict of Interest
Code of Conduct for Employees
1 Business

SECTION 3

OVERVIEW OF THE FUND

3.1 Introduction

- 3.1.1 The purpose of this section is to provide a background to the structure of the Fund and the responsibilities of its Members and Officers.

3.2 Relationship of Merseyside Pension Fund and Wirral Council

- 3.2.1 Wirral Council is an ‘administering authority’ under the Local Government Superannuation Regulations 1999 and, as such, is simply authorised to manage assets held for the scheme and carry out any other specified activities associated with the operation of the scheme. The authority is not authorised to give investment advice generally.
- 3.2.2 Due to this status, the Fund is not required to be regulated by the FCA in order to operate its business. It is regulated by DCLG.
- 3.2.3 As an administering authority, Wirral Council is required to act as if the Fund were set up under trust with the authority itself as the sole trustee, although the assets are not trust assets in the legal sense.
- 3.2.4 Under its Constitution, the council delegates, under Section 101 of the Local Government Act 1972, responsibility for the County of Merseyside Pension Fund to Pensions Committee. Responsibility and accountability for administering the Fund rests with Pensions Committee.

3.3 Pensions Committee

3.3.1 Membership

The committee is comprised of sixteen voting members, eleven from Wirral Council, four members from the other local authorities and one member representing the other employing organisations in the Fund. Three trade union representatives, with observer status are invited and represent active, deferred and pensioner members.

3.3.2 Functions

To exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as administering

authority of the County of Merseyside Pension Fund, and in particular the following:

- To be responsible for the overall investment policy, strategy and principles of the Fund and its overall performance of the Fund.
- To appoint and terminate professional advisers to, and external managers of, the Fund and agree the basis for their commission and remuneration.
- To receive actuarial valuations of the Fund and determine the level of employers' contributions necessary to balance the scheme.
- To monitor the Local Government Pension Scheme including the benefit regulations and payment of pensions and their day to day administration and to be responsible for any policy decisions relating to the administration of the scheme.
- To consider any views expressed by employing organisations, staff representatives and other stakeholders relating to the Fund.
- To appoint members of the Investment Monitoring Working Party, which shall have responsibility for reviewing the performance of the Fund's investments and its asset allocation and regularly reporting their findings to Pensions Committee.
- To award contracts for goods and services relating to the Fund in accordance with the Contract Procedure Rules after taking into account the recommendations of officers and external professional advisors (where appropriate).

3.3.3 The Committee has delegated certain powers to the Head of Pension Fund. The following function is delegated to the Head of Pension Fund pursuant to Section 101 of the Local Government Act 1972 and by the Executive under Section 15 of the Local Government Act 2000.

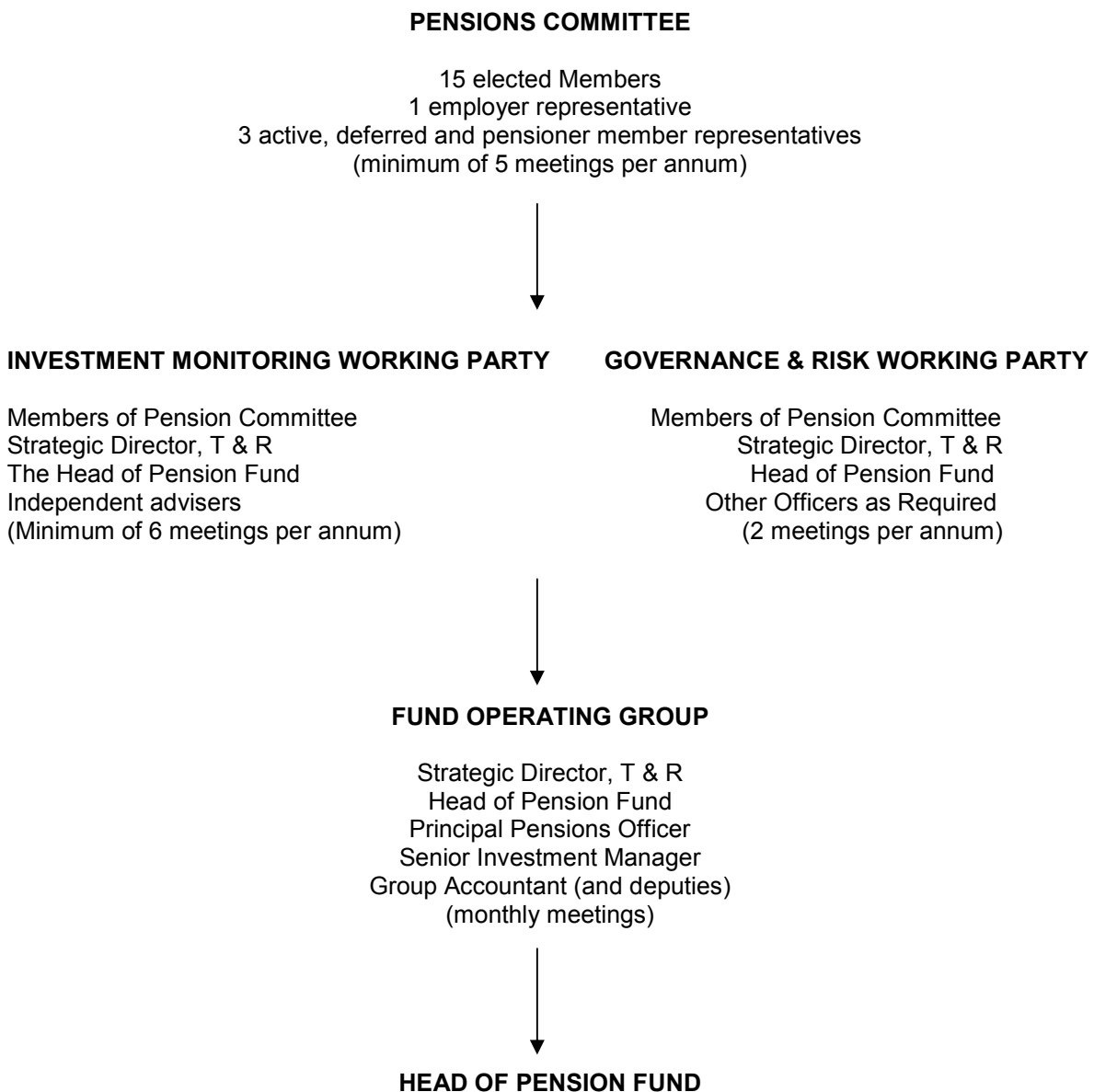
“Undertake all day to day administration of Merseyside Pension Fund within the policy laid down by Pensions Committee including the authorisation of admission agreements with transferee admission bodies pursuant to Best Value arrangements, as required by the Local Government Pensions Scheme Regulations.”

“Terminate a contract of an external investment manager and enter into any consequential arrangements for the transitional management of the Fund's investments pending the decision of the Pensions Committee on the award of a new contract.”

3.3.4 The framework of delegation and limits of authority are detailed in sections 3.4 and 5.4.7

3.4 Investment making decision structure

3.4.1 The structure for the management of the Fund is as follows:



3.5 The functions for the various elements are as follows:

3.5.1 Pensions Committee

To exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as administering authority of the County of Merseyside Pension Fund.

3.5.2 Investment Monitoring Working Party (IMWP)

Has responsibility for reviewing the performance of the Fund's investments and its asset allocation and regularly reporting its findings to Pensions Committee.

3.5.3 Governance & Risk Working Party (GRWP)

Has responsibility for reviewing governance and risk issues and regularly reporting its findings to Pensions Committee.

3.5.4 Fund Operating Group (FOG)

Forum for formal monthly reports to the Strategic Director, Transformation and Resources on the day to day operations of the Fund.

3.5.5 Head of Pension Fund

Responsible to the Strategic Director, Transformation and Resources and has delegated authority to make investments or to delegate to other employees investment decisions in accordance with the Fund's strategic benchmark and delegated dealing limits.

SECTION 4

SOURCES OF COMPLIANCE / BEST PRACTICE

4.1 Introduction

- 4.1.1 The Fund is bound to comply with certain internal and external requirements. These are listed in section 2.6 and are covered in more detail in this section.

4.2 Relevant Legislation/Statutory Instruments

4.2.1 **Financial Services and Markets Act 2000**

Replaced the Financial Services Act 1986 and sets out the regulatory framework for the financial services industry.

4.2.2 **Superannuation Act 1972**

This Act sets out the terms and conditions of the Local Government Pension Scheme.

4.2.3 **Local Government Act 1972**

This Act and subsequent revisions outlines the financial framework of local government.

4.2.4 **Various Local Government Pension Scheme Regulations:**

- Local Government Pension Scheme Regulations 1997 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (and subsequent amending regulations)
- Local Government Pension Scheme Transitional Provisions Regulations 2008 (as amended)
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (and subsequent amending regulations)
- Local Government Pension Scheme Investment Regulations 2009
- Local Government Pension Scheme 2014

4.3 Codes of Practice from regulatory bodies/professional bodies

4.3.1 The Code of Practice on Local Authority Accounting in the United Kingdom

The Code specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position of a local authority. The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The code is produced by CIPFA.

4.3.2 Statements of Recommended Practice (SORPs) 2007

Statements of recommended practice relevant to pension funds are issued by the Accounting Standards Board and set out the requirements of financial statements produced by the Fund. The SORP is to be used when The Code cannot be applied to an accounting treatment. The Code is written by PRAG.

4.3.3 Financial Conduct Authority (FCA) & Prudential Regulation Authority (PRA)

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) were created from the Financial Services Bill which was given Royal Assent on December 19th 2012. The Financial Services Act came into force on 1st April 2013. They succeed the Financial Standards Authority (FSA). The Act provides regulators with comprehensive powers to counter future risks to financial stability and to ensure that consumers are treated fairly. The Act follows these eight principles :-

Efficiency and Economy

Proportionality

Sustainable Growth

Consumer Responsibility

Senior Management Responsibility

Recognising the differences in the business carried out by different regulated persons

Openness and Disclosure

Transparency

The role of the FCA is to make sure markets work well so consumers receive a fair deal. They maintain and ensure the integrity of the market, regulate financial services firms so that they give consumers a fair deal and to ensure the financial services market is competitive.

The role of the PRA is to be responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA's role is defined in terms of two objectives to promote the safety and soundness of these firms and that insurers provide an appropriate degree of protection for policy holders.

The Fund is exempt from FCA and PRA regulation as it is administered by a local authority and does not manage any third party assets or provide investment advice to external parties. However, as a market participant, the Fund and its officers are subject to regulations. The Fund is regulated by the Department for Communities and Local Government (DCLG).

4.4 Wirral Council

- 4.4.1 The Constitution of the Council sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of the processes are required by law, while others are a matter for the Council to choose.

It also formalises how the Council delegates its powers and responsibilities to the various committees and officers.

Consequently, these constitutional requirements are central to the Fund's operations.

A copy of the Constitution is available from the Wirral Council intranet.

4.4.2 Information and Communications Technologies Security Policy

This document details the procedures in order to safeguard the provision of services and the Council's interests and includes physical assets, access to the information on those assets, services continuity, users of the systems and equipment and compliance with legislation.

4.4.3 Code of Practice for the use of Internet and Electronic Mail Facilities

This document outlines the policy adopted by the Council for the acceptable use of computer network facilities, including electronic mail and the Internet.

4.4.4 Gifts and Hospitality

This policy details the procedure that must be followed on any occasion where a gift or hospitality is offered to an employee.

4.4.5 Conflict of Interest

This policy details the procedure to be followed when declaring a potential conflict of interest, including nil declarations.

4.4.6 Employees Code of Conduct

This policy describes the standard of conduct that is expected from employees of Wirral Council.

4.5 Best Practice

4.5.1 Underpinning all of the FCA and PRA's requirements are its Principles for Businesses and Approved Persons. Although the Fund is not required to implement the FCA or PRA rules underlying these principles, they represent best practice and, where applicable, should be taken into account by employees in undertaking their duties.

4.5.2 There are eleven principles for businesses and up to seven principles for individuals which in some cases reflect similar themes to principles for businesses. These are summarised below.

4.5.3 The Principles for Businesses

1. Integrity. A firm must conduct its business with integrity.
2. Skill, care and diligence. A firm must conduct its business with due skill, care and diligence.
3. Management and control. A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4. Financial prudence. A firm must maintain adequate financial resources.
5. Market conduct. A firm must observe proper standards of market conduct.
6. Customers' interests. A firm must pay due regard to the interests of its customers and treat them fairly.
7. Communications with clients. A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
8. Conflicts of interest. A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
9. Customers: relationships of trust. A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
10. Clients' assets. A firm must arrange adequate protection for clients' assets when it is responsible for them.
11. Relations with regulators. A firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which the FCA would reasonably expect notice.

4.5.4 **Principles for approved persons**

An approved person is an individual who has been approved by the FCA and/or PRA to perform one or more controlled functions on behalf of an authorised firm. The FCA may only approve an individual where it is satisfied that a candidate is fit and proper to perform the controlled

functions applied for. When considering a candidates fitness and propriety the FCA considers:

- (i) honesty, integrity and reputation
- (ii) competence and capability
- (iii) financial soundness

Being an approved person brings with it a number of responsibilities, including a duty to be aware of and comply with FCA regulatory requirements and expectations and understand how they apply to the day to day exercise of controlled functions. Approved persons must –

- (i) meet and comply on an ongoing basis with the FCA's Fit and Proper test for Approved Persons.
- (ii) comply with the Statements of Principle and Code of Practice for approved persons
- (iii) report any matters to the firm and FCA that may impact on their ongoing fitness and propriety.

4.6 In addition to the principles above a full audit trail should always exist.

4.7 Continuing Professional Development

Where applicable, all staff are required to hold documentary evidence that the professional training they have undertaken meets the requirements of the Fund's CPD policy. CPD files must be made available for review by the Fund Accountant (Compliance).

4.7.1 CPD Policy

Where applicable, all investment staff must comply with the Fund's CPD policy which is modelled on the Chartered Institute for Securities and Investments CPD requirements.

CPD is made up of structured and unstructured activities. Structured CPD is an activity that is undertaken for the express purpose of learning and must be verifiable, such as attending a training course. Unstructured CPD is an unaccompanied learning activity that is undertaken and is not verifiable, such as reading articles and publications either in print or online.

Investment employees are required to log 35 hours of CPD per annum. There must be a minimum of 21 structured hours and a maximum of 14 unstructured hours. Structured learning activities must be a minimum of 30 minutes in length.

Examples of structured activities would be attending conferences, lectures and seminars and workshop events. Examples of unstructured activities would be informal meetings, studying for exams and reading trade magazines/journals.

SECTION 5

MANAGEMENT OF INVESTMENTS

5.1 Introduction

- 5.1.1 The Head of Pension Fund is delegated to make decisions on investments in accordance with the Fund's asset allocation determined by Pensions Committee.
- 5.1.2 This is delegated to the Investments team at the discretion of the Head of Pension Fund.

5.2 Compliance Requirements

- 5.2.1 Investment activity by the Investments team should follow the asset allocation determined by Pensions Committee as detailed in the Statement of Investment Principles. Deals or a series of deals for internally managed funds should not exceed tolerance boundaries.
- 5.2.2 Externally managed funds should be scrutinised by the Monitoring Officers to ensure that any investment activity is within mandate.
- 5.2.3 The Policy for Monitoring of Investment Mandates, approved by Pensions Committee every 3 to 4 years, sets out a programme for planned reviews and procurement exercises for external mandates. The Investment Team is responsible for monitoring the performance of external investment mandates between these exercises. This policy also sets out the parameters for escalation of reporting to Strategic Director – Transformation and Resources, or other action by Investment officers, when performance of these mandates breaches set trigger points. The Compliance Team will conduct an annual review of the IMWP reports to ensure compliance with this policy.

5.3 Investment Philosophies

All internally managed portfolios must be managed in line with an investment philosophy. The investment philosophies follow a standard template for each portfolio. The template consists of the following –

- (i) Allocation
- (ii) Benchmark
- (iii) Primary Responsibility
- (iv) Link to overall strategy of The Fund (Statement of Investment Principles)
- (v) Specific philosophy – the managers own personal views on what they look for in an investment.

The Investment Philosophy provides a framework for the investments and ensures consistency across all internal portfolios.

Alternatives: Hedge Funds Portfolio

The portfolio is intended to invest in a portfolio of hedge funds with a core fund of funds allocation complementary to the single funds

Allocation: 5% of total fund
Benchmark: LIBOR +3-5%
Primary responsibility: Investment Manager – Alternatives & Monitoring

New Illiquid investments are made by a panel of HoPF, SIM and IM with HoPF veto

Ongoing monitoring and reporting is undertaken by the monitoring team and our discretionary advisers PAAMCO.

Link to overall Strategy of Fund

The Fund's Statement of Investment Principles sets out four core investment beliefs:

- There is an equity or volatility risk premium
- There is a liquidity risk premium
- Active management of asset allocation is possible
- Active management within asset classes is possible: there are persistent anomalies within asset pricing that can be exploited

MPF's strategy of investing in Hedge Funds focuses principally on the third belief and secondly the fourth seeking to exploit persistent anomalies within asset pricing and within asset classes. Hedge Funds also seek returns from the equity/volatility risk premium.

Specific Philosophy

The specific beliefs for Hedge Funds are consistent with those expressed in the SIP and underpin the way in which the portfolio is managed. These are detailed below.

- The exploitation of mispriced assets or alpha has a high level of volatility. Therefore managers should be judged over the medium to long term. This leads to a:
 - Long term holding perspective and
 - Deliberate selection process
- Hedge Funds have both an alpha and an equity/volatility risk premium element to their returns.
- The key tool in risk management for the portfolio is diversification across hedge fund strategies.
- The internal team has a capability to assess hedge funds and does so looking at key factors:
 - thorough analysis and validation of the investment strategy,
 - analysis of the ability of the firm to execute it,
 - the fit within MPF portfolio
 - Suitability of terms and security of operations.
- There are concerns over the operations and valuations of hedge funds domiciled in unregulated jurisdictions. These concerns necessitate additional resources for due diligence both for new investments and ongoing and specific exercises for valuations for accounting. This is done through a combination of internal resources and MPF's core FoF provider.
- MPF prefers hedge fund managers and strategies that have a focus on capital preservation, this is underpinned by the mathematics of needing 100% gains to offset a previous 50% loss.
- MPF has a preference for strategies and managers with investment strategies that have a qualitative basis with a medium term outlook but will invest in short term trading quantitative strategies to enhance risk adjusted returns of the portfolio

Alternatives: Indirect Property Portfolio

The portfolio is intended to invest in a number of investment vehicles which have underlying investments in property or property linked assets

Allocation: 20-30% of the total 8% property allocation
Benchmark: IPD
Primary responsibility: Property Manager

New Illiquid investments are made by a panel of HoPF, SIM and IM with HoPF veto.

Ongoing monitoring and reporting is undertaken by the monitoring team together with administrative support provided by the internal team and current property asset managers.

Link to overall Strategy of Fund

The Fund's Statement of Investment Principles sets out four core investment beliefs:

- There is an equity or volatility risk premium
- There is a liquidity risk premium
- Active management of asset allocation is possible
- Active management within asset classes is possible: there are persistent anomalies within asset pricing that can be exploited

MPP's strategy of investing in property funds leans on the first, second and fourth beliefs depending on the investment vehicle and the underlying assets. Active fund managers for property related investment vehicles can exploit anomalies especially in smaller companies/properties through diversification and asset allocation, but can be subject to the vagaries of the stock market resulting in volatility and a risk premium over the IPD. Fund managers can demonstrate skill in selection and management of property where assets are seen to be mispriced, and can capitalise on those themes.

Specific Philosophy

The specific beliefs for indirect property are consistent with those expressed in the SIP and underpin the way in which the portfolio is managed. These are detailed below.

- There is an illiquidity premium for investment in property as an asset class
- There are areas of property as an asset class that the fund can not gain exposure to through directly owning buildings

- There is scope for managers to actively manage property to enhance returns both through operational measures and financial structuring
- The key tool in risk management is diversification across geographical areas, sectors and vintage years.
- Key themes targeted to date:
 - Opportunities arising from regulatory changes such as environmental performance standards
 - Opportunities arising from limited availability of credit/leverage
 - Demographic changes in developing and developed markets
 - Secular changes in property requirements and uses
 - The timing and judicious use of gearing, derivatives and structures to exploit market inefficiencies.
- The internal team has a capability to assess indirect property investments and does so looking at key factors:
 - Thorough analysis and validation of the investment strategy,
 - Analysis of the ability of the firm to execute it, including track record.
 - The fit within MPF portfolio
 - Suitability of terms and security of operations.

Alternatives: Direct Property Portfolio

The portfolio is intended to invest in direct property (bricks and mortar) which will provide income yield and capital appreciation.

Allocation: 70-80% of the total 8% property allocation
Benchmark: IPD
Primary responsibility: Property Manager

New Illiquid investments are made by a panel of HoPF, SIM and IM with HoPF veto.

The Fund contracts with external advisers to provide strategic advice to the internal team and undertake the day to day management of the property portfolio including rent collection, rent reviews and asset management for properties held throughout the UK.

Ongoing monitoring and reporting is undertaken by the monitoring team together with administrative support provided by the internal team and current property asset managers.

Link to overall Strategy of Fund

The Fund's Statement of Investment principles sets out four core investment beliefs:

- There is an equity or volatility risk premium
- There is a liquidity risk premium
- Active management of asset allocation is possible
- Active management within asset classes is possible: there are persistent anomalies within asset pricing that can be exploited

MPF's strategy of investing in direct property focuses principally on the second and fourth beliefs. Property is not liquid and management exploit the risk premium by seeking an income yield of at least 200 basis points over the 10 year gilt. Asset allocation is instrumental in providing diversification from current themes within the economic cycle. Active asset management is required to ensure accommodation is well maintained to a standard required and expected by tenants.

Specific Philosophy

The specific beliefs for direct property are consistent with those expressed in the SIP and underpin the way in which the portfolio is managed. These are detailed below.

- There is an illiquidity premium for investment in direct property which enables it to generate returns in excess of bonds over the long term.

- There is scope for managers to actively manage property to enhance returns both through operational measures and financial structuring
- The key tool in risk management is diversification of property type and tenant.
- Properties can be mispriced due to economic cycle and lack of understanding of the property's attributes. MPF can use both the strength of its covenant and the ability of external managers to take advantage of this when purchasing and selling properties.

Alternatives: Private Equity Portfolio

The portfolio is intended to invest in a number of limited partnerships investing in private equity and on an opportunistic basis listed structures. The funds invested are a combination of direct funds and fund of funds.

Allocation: 5% of total fund
Benchmark: LIBOR +3-5%
Primary responsibility: Investment Manager – Alternatives & Monitoring

New Illiquid investments are made by a panel of HoPF, SIM and IM with HoPF veto

On-going monitoring and reporting is undertaken by the monitoring team and the Fund 's discretionary adviser, Capital Dynamics.

Investing in Private Equity requires significant administrative support which is provided by the internal team and Capital Dynamics.

Link to overall Strategy of Fund

The Fund's Statement of Investment Principles sets out four core investment beliefs:

- There is an equity or volatility risk premium
- There is a liquidity risk premium
- Active management of asset allocation is possible
- Active management within asset classes is possible: there are persistent anomalies within asset pricing that can be exploited

MPF's strategy of investing in Private Equity focuses principally on the first and second beliefs seeking to exploit the equity and liquidity risk premia.

Specific Philosophy

The specific beliefs for private equity are consistent with those expressed in the SIP and underpin the way in which the portfolio is managed. These are detailed below.

- There is an illiquidity premium for investment in private equity which enables it to generate returns in excess of equities over the long term.
- Returns from private equity can be volatile and are dispersed at different times across vintage, geography and sector
- The key tool in risk management is diversification.

- The key to achieving diversification is to maintain a consistent programme of new commitments
- The use of fund of funds is a valuable tool in achieving diversification although there is a cost in additional fees
- The Fund can complement fund of funds by investing in direct funds where it has the ability to select funds
- The Fund's abilities in manager selection are focused in large buy outs and the small and mid market in the UK.
- At the large sector of market, funds are positioned on a global basis predominantly the US and Europe. This sector will change from recent years when leverage capital was freely available.
- The small to mid size sector has good return prospects through application of traditional private equity tools to grow and effectively manage businesses.
- US venture has better prospects than European venture which has underperformed over a number of years.
- There are interesting opportunities in emerging economies and in clean technology.
- The internal team has a capability to assess individual private equity investments and does so looking at key factors:
 - Thorough analysis and validation of the investment strategy,
 - Analysis of the ability of the firm to execute it, including track record.
 - The fit within MPF portfolio
 - Suitability of terms and security of operations.

Alternatives: Opportunities Portfolio

The portfolio is intended to pool and utilise the experience and expertise of the internal investment team across asset classes in identifying and evaluating investments and create a diversified portfolio with an absolute return target.

Allocation: 5% of total fund
Benchmark: LIBOR +3-4%
Primary responsibility: Senior Investment Manager with involvement of Head of Pension Fund.

Ideas are sourced principally by Senior Investment Manager who has primary responsibility for portfolio selection and management with other members of the investment team encouraged to contribute "best ideas".

New Illiquid investments are made by a panel of HoPF and SIM with HoPF veto.

Ongoing monitoring and reporting is undertaken by SIM.

Link to overall Strategy of Fund

The Fund's Statement of Investment principles sets out four core investment beliefs:

- There is an equity or volatility risk premium
- There is a liquidity risk premium
- Active management of asset allocation is possible
- Active management within asset classes is possible: there are persistent anomalies within asset pricing that can be exploited

Opportunities focuses principally on the fourth; persistent anomalies within asset pricing but also can draw on the illiquidity risk premium.

Specific Philosophy

The specific beliefs for Opportunities are consistent with those expressed in the SIP and underpin the way in which the portfolio is managed. These are detailed below.

- The Opportunities portfolio is asset class agnostic and seeks to identify and invest in non-traditional investments that have some or all of the following characteristics:
 - uncorrelated to equities
 - capacity constrained
 - focus on capital preservation
 - short to medium term liquidity

- a medium term investment horizon
- The portfolio is also used to incubate novel investment strategies to which a full allocation would not be made but with a longer term objective of a material allocation once the investment thesis is satisfactorily proven.
- The internal team has a capability to assess opportunistic investments and does so looking at key factors:
 - Thorough analysis and validation of the investment strategy,
 - Analysis of the ability of the firm to execute it, including track record.
 - The fit within MPF portfolio
 - Suitability of terms and security of operations.

Alternatives: Infrastructure Portfolio

The portfolio is intended to invest in a number of investment vehicles which have underlying investments in infrastructure or assets with related characteristics.

Allocation: 5% of total fund
Benchmark: LIBOR +3-5%
Primary Responsibility. Senior Investment Manager

Senior Investment Manager is primarily responsible for conducting due diligence and sourcing new investment opportunities in accordance with a bespoke investment thesis and template, incorporating the specific risk adjusted return requirements of the Fund.

New Illiquid investments are made by a panel of HoPF, SIM and IM with HoPF veto

On-going monitoring and reporting is undertaken by the Senior Investment Manager reporting directly to the HoPF.

Investing in limited partnerships requires significant administrative support which is provided by the internal team.

Link to overall Strategy of Fund

The Fund's Statement of Investment principles sets out four core investment beliefs:

- There is an equity or volatility risk premium
- There is a liquidity risk premium
- Active management of asset allocation is possible
- Active management within asset classes is possible: there are persistent anomalies within asset pricing that can be exploited

MPF's strategy of investing in infrastructure focuses principally on the first two beliefs seeking to exploit the liquidity risk premium; the management of the portfolio also recognises that managers can demonstrate skill in selection and management of assets which draws on the theme that there can be anomalies in asset pricing. Development Infrastructure assets also draw on the volatility premium for volatility risk

Specific Philosophy

- The specific beliefs for infrastructure are consistent with those expressed in the SIP and underpin the way in which the portfolio is managed. These are detailed below.

- There is an illiquidity premium for investment in infrastructure which enables it to generate returns in excess of bonds over the long term.
- There is scope for managers to actively manage infrastructure assets to enhance returns both through operational measures and financial structuring
- One of the key tools in risk management is diversification and the aim of this portfolio is to be diversified but in a way specific to infrastructure
- MPF analyses infrastructure investments on a matrix system looking at whether assets are pre or post development and whether revenue received is based on an availability basis or by use of the asset. This matrix is used to establish an acceptable risk return profile. The aim of the portfolio is to be diversified across different profiles as well as different sectors and market segments.
- Key themes targeted to date within infrastructure portfolio and continued preferences have been :
 - Clean Energy where backed by government or regulator subsidy
 - Cashflows with a strong covenant
 - Investments that generate high and growing levels of income
 - Cashflows and Asset Valuations that are linked to inflation
 - Secured long term cashflows linked to CPI to hedge the inflationary risk to the Fund's underlying longer term liabilities
 - Where appropriate, a clearly identified project pipeline reducing "blind pool" risk
 - A clear alignment of interests between the manager and the client ideally underpinned by a significant sponsor financial commitment
 - A fair and transparent fee structure incorporating a challenging hurdle prior to any performance fees being appropriated by the Manager
- The internal team has a capability to assess infrastructure investments and does so looking at key factors:
 - Thorough analysis and validation of the investment strategy,
 - Analysis of the ability of the firm to execute it, including track record.
 - The fit within MPF portfolio
 - Suitability of terms and security of operations.

5.4 Dealing

5.4.1 Trades should only be made where they are in the interests of the Fund. Although the following points relate specifically to equities, they represent best practice and, to the extent that they are relevant, should be taken into account when dealing in other asset classes.

5.4.2 Timely Execution

Once the Fund has decided in its discretion to execute a current order it must do so as soon as reasonably practicable.

The only circumstances when this does not apply are if the Fund has taken reasonable steps to ensure that postponing the execution of a current order is likely to enhance the terms on which the order is executed.

5.4.3 On execution of a deal, an electronic dealing ticket will be completed. Each ticket will have a unique macro generated reference number. All sections of the ticket must be completed as the ticket is used as a prime document for setting up accounting records. The completed ticket will be emailed to the Fund Accountant (Compliance) and to the Senior Settlements Officer. The tickets do not require a physical signature as long as they are sent from the Investment Managers own Wirral email address. If the trade is above the individual manager's dealing limit then the ticket will be emailed to the SIM or HoPF who will then forward the ticket on to the teams adding their authorisation in the process. See appendix 4 for guidance on completing the tickets.

5.5 Dealing Procedures and Limits

5.5.1 Fixed Interest

All fixed interest holdings are managed externally.

5.5.2 Quoted equities

For internally managed funds, deals are determined in accordance with the Fund's stock selection process.

Alternatives

5.5.3 Venture Capital/Private Equity

Investments are determined in accordance with the Fund's selection policy for private equity/venture capital funds.

All strategic decisions regarding venture capital and private equity are reported to FOG.

5.5.4 Hedge Funds

Investments are determined in accordance with the Fund's selection policy for alternative investments.

All strategic decisions regarding Hedge Funds are reported to FOG.

5.5.5 Opportunities

Investments are determined in accordance with the Fund's selection policy for alternative investments.

All strategic decisions regarding Opportunities are reported to FOG.

5.5.6 Infrastructure

Investments are determined in accordance with the Fund's selection policy for Infrastructure investments.

All strategic decisions regarding Infrastructure are reported to FOG.

5.5.7 Direct and Indirect Property

Direct property transactions are undertaken following consultation with the Fund's property advisors. Approval should be sought from the Head of Pension Fund prior to making an investment. In some cases the value of the transaction will be above the HoPF limit and additional approval must be sought from the Strategic Director, Transformation and Resources.

Indirect property transactions are determined in accordance with the Fund's selection policy.

All strategic decisions (i.e. changes to the strategic portfolio allocations) regarding property are reported to FOG.

5.5.6 **Treasury**

Transactions are undertaken in accordance with the Treasury Management Policy and Strategy which is approved annually by Pension's Committee.

The Head of Pension Fund has delegated limits to place 'cash' on deposit with banks and building societies within the deposit limits list approved by the Committee. These are set out in the Treasury Management: Policy and Strategy paper.

5.5.7 Limits of Delegated Authority

Employees must not make deals which are above their delegated limits of authority. These are set out below for the various asset classes:

Asset Class	Authoriser	Limit: £
<u>Equities</u>		
Benchmark	IM	5m
	SIM	10m
	HoPF	25m
Non Benchmark	IM	2.5m
	SIM	5m
	HoPF	25m
<u>Alternatives</u>		
Liquid	IM	5m
	SIM	10m
	HoPF	25m

Multiple trades of a particular investment within 30 days of the initial trade date must not exceed the Investment Manager's dealing limit as indicated above.

All trades in illiquid assets are to be authorised by the Investment Committee (5.7). An illiquid asset is one which cannot have a sale completed within 90 days. Direct Property is an illiquid asset class.

Benchmark stocks are included in the index that is being used to measure their performance, non-benchmark stocks are not.

In addition to the limits described above, the HoPF has the following dealing limits:

Between managers	£50 m
Asset Allocation Switch	£50 m
Property	£25 m
Private Equity	£25 m
All other trades	£25 m

Approval for transactions in excess of these amounts must be sought from the Strategic Director, Transformations and Resources and documented accordingly.

It should be noted that when an investment is in a foreign currency these limits may be exceeded slightly by fluctuations in the exchange rate on the day of approval.

A file note must be produced for any transaction that requires approval from a higher level e.g. if an Investment Manager (IM) seeks approval from the Senior Investment Manager (SIM) for a particular trade then a file note must accompany this request and signed by the SIM if approved (or declined).

Any underwriting or sub-underwriting undertaken by the Fund is subject to the same delegated limits as above.

Any employees who are undertaking a temporary promotion to an Investment management role are subject to the authorisation limits that would be in place for that role on a permanent basis.

5.6 Price Sensitive Information

- 5.6.1 In order to ensure that the requirements of the Companies Securities Act (Insider Dealing) 1985 are met, business meetings should be conducted behind closed doors and any sensitive matters should not be discussed in the main office.
- 5.6.2 In order to ensure that the requirements of the Companies Securities Act (Insider Dealing) 1985 are met, any confidential documents should be filed away in a locked cabinet.
- 5.6.3 In order to ensure that the requirements of the Companies Securities Act (Insider Dealing) 1985 are met, if the Fund becomes aware of any inside information on a particular company, then the Fund Accountant

(Compliance) and Group Accountant should be made aware of the name of that company, in writing, to preclude any connected person dealing in the securities of that compliance.

5.7 Investment Committee

Before any illiquid investments are made a committee consisting of the Head of Pension Fund, Senior Investment Manager and Alternatives Investment Manager assess the quality of the investment against the framework of the Investment Philosophy for the particular portfolio in question. The Head of Pension Fund has a veto if necessary.

5.8 Transaction File Notes

The investment staff responsible must ensure that as a complement to electronic dealing tickets, an up-to-date transaction note is held on file for all investments in their respective portfolios. For the purposes of this manual, “up-to-date” indicates that there is documented evidence of a review of the holding within the past 24 months. In addition, staff must complete file notes of all meetings with managers/investments. These file notes should be prepared in accordance with the agreed template and made available in the public file.

SECTION 6

PERSONAL CONDUCT ARRANGEMENTS

6.1 Introduction

6.1.1 The nature of work undertaken by the officers and the requirement to ensure that the integrity of officers is not open to question means that officers must adhere to certain conditions in their private and work dealings. These include the handling of price sensitive information, private conflict of interests, roles on boards, acceptance of gifts and hospitality, the handling of shareholder benefits accrued from assets held by the Fund and personal dealings in investments.

6.2 Personal dealings

6.2.1 Employees of the Fund must not use confidential information, gained in the course of business, for private gain or to reduce a private loss. Employees must be cognisant of the Code of Market Conduct and Market Abuse and ensure that this is adhered to at all times when making personal deals. Consequently, whenever staff make investment decisions for their own personal account they must note:

- Fund orders always take priority.
- No member of staff should gain, or seek to gain, any advantage for his own personal investment as a consequence of deals done on behalf of the Fund.
- Insider trading is unlawful. No employee should seek to take advantage of inside information or pass such information on to other parties.
- Anything that may otherwise constitute a market abuse must be avoided at all times.

6.3 Personal dealings procedure

6.3.1 Staff must report all personal deals to the Fund Accountant (Compliance) in accordance with the procedure below.

6.4 Scope of Reporting Requirements

6.4.1 General presumption

6.4.2 Whenever you wish to conduct a personal deal in Securities (see 6.12), you must assume that you need to apply for permission in advance of dealing. That presumption can only be overturned in the circumstances outlined under the exceptions (see 6.10 and 6.11).

6.4.3 The rules on personal dealings apply to employees on their own account and are designed to prevent any dealings that could give rise to criticism of the Fund.

6.5 Obtaining prior approval

6.5.1 For dealings requiring prior approval, you must always obtain permission from the Fund Accountant (Compliance) or his delegate, in accordance with the procedure laid down, before dealing.

6.6 What is a personal deal?

6.6.1 Any deal which is:

- executed on your instructions or advice and in which you or any member of your close family (see 6.6.2) has a beneficial interest
- by any company, portfolio, trust, partnership, investment club, or other entity which invests on your instructions or advice and in which you or your close family has a beneficial interest
- by you as a trustee of any trust or a personal representative of any estate (unless you are relying entirely on the advice of another person, such as an outside broker or solicitor)
- by you for the account of another person (except in your capacity as an employee).

6.6.2 Close family is defined as “any individual, joint, close family relative (e.g. mother, father, spouse, partner, child or stepchild living with you, or child under 18 years of age, irrespective of whether they are physically living with you), or business relationship outside the Fund.

6.6.3 The test is whether the officer or employee has influence over that person’s judgment as to how to invest his property or exercise any rights attached to it.

6.6.4 Dealings conducted by you at home and/or via the internet are of course included in the scope of these rules.

6.7 Validity of permission/procedure for declaration

- 6.7.1 Employees and connected persons are required to seek prior written or email approval from the Fund Accountant (Compliance) and a Dealing Permission form (see appendix 2) must be completed. If the transaction does not take place within ten business days of receiving approval then fresh permission must be sought.
- 6.7.2 On a monthly basis, each individual to whom these rules apply will be required to notify the Fund Accountant (Compliance) via HoPF PA of all deals over the preceding month. Returns should be submitted within 14 days of each month end. Nil returns will be required. The Returns are emailed to all relevant members of staff by the HoPF PA.
- 6.7.3 The HoPF PA will report returned forms and non returned items to the Fund Accountant (Compliance) and Group Accountant.
- 6.7.4 The Fund Accountant (Compliance) and Group Accountant will review the returned forms, non returned forms and items which raise concern.
- 6.7.5 The Group Accountant will report to the HoPF and FOG on a monthly basis. A quarterly review of all personal deals will be undertaken by the Head of Pension Fund and evidence of this review will be included in FOG minutes. A template has been set up for these reviews.
- 6.7.6 It is recognised that details of individuals' holdings and dealings are confidential and information provided as a consequence of these rules will only be accessible to those employees involved in the reporting system and audit, unless malpractice is suspected.
- 6.7.7 The returned personal deal forms will be retained on a central file held by HoPF PA

6.8 Holding periods

- 6.8.1 Employees and connected persons are not permitted to sell any security within one month of acquiring it without the prior approval of the Fund Accountant (Compliance).

6.9 Conflicts of interest

- 6.9.1 A conflict of interest can arise if your outside activities, private, personal or financial interests influence or

interfere with the decisions you make in the course of your work for the fund, or appear to or could be perceived to influence or interfere with the decisions you make in the course of your work for the fund.

- 6.9.2 If you consider there **may** be a conflict of interest you should complete the conflict of interest declaration form (M15) and submit to your line manager and then onto Head of Service for consideration.
- 6.9.3 It is your responsibility to declare any **actual** or **potential** conflicts of interest. If you are in any doubt about whether an actual or potential conflict of interest exists, you should consult your manager or Human Resources.
- 6.9.4 Nil returns are required from all officers at Head of Service level and above on an annual basis.
- 6.9.5 You will be notified in writing within 10 working days of any further proportionate actions you will be required to undertake regarding your conflict of interest.
- 6.9.6 There may be occasions where the conflict declared presents serious concerns about the employee's continued ability to perform the full range of their duties. In such circumstances, a meeting will be arranged to discuss the issue in detail with the Head of Pension Fund and the employee. The employee may be accompanied at this meeting.
- 6.9.7 Once assessed the form (M15) is passed back to the Administration Officer by the line manager. The Head of Administration will maintain a register of conflict of interest declarations. All completed M15 forms will be retained on the employee's personal file held at MPF.
- 6.9.8 If there are any material changes which affect your declared conflict of interest in the interim period, this should be reported immediately to your line manager. This is the responsibility of the employee.
- 6.9.9 Employees should declare any outside interest of a financial or non-financial nature that might cause a potential conflict of interest with their work for the Fund. This would include remunerated and non-remunerated posts such as directorships or employment external to the fund. Care must be taken when considering dealings, as opportunities may arise where an individual could be involved in a company, whether quoted or not, which the

individual knows or ought to know is or has been involved in a commercial relationship with the Fund.

- 6.9.10 For guidance, you should notify dealings (i) in publicly listed companies in which you hold or will hold subsequent to dealing at least 1%; and (ii) for unquoted companies, a 10% holding which cost you at least £25,000 originally, or the equivalent in value.
- 6.9.11 An officer graded H and above (SCP 31+) needs authorisation to undertake outside work even if, in your view, the work could not possibly conflict with your duty as an employee of the fund. In such circumstances, they should complete the M15 form and submit it to the Head of Pension Fund for authorisation. The Head of Pension Fund may consult with Head of Human Resources as appropriate prior to a decision being made.

6.10 Exempt dealings

- 6.10.1 You do not need to report the following transactions to Compliance:
- Dealing in gilts
 - Accepting a takeover offer
 - Taking up a rights issue for securities already held
 - Applying to a public offer
 - Transferring PEP or ISA securities to a member of your close family
 - Reinvesting dividends and other distributions under a standing election
 - Exempt discretionary dealings as stated below

6.11 Exempt discretionary dealings

- 6.11.1 Care is needed in taking a decision not to disclose under this heading, because the word 'discretionary' has various shades of meaning. For instance, some fund managers will act under an advisory discretionary relationship, in which case it may be the case that the discretion has been influenced to a greater or lesser degree by the client. You must therefore disclose any dealings in securities over which you participate to any extent, as these cannot be treated as exempt dealings. In cases of doubt, you must contact Compliance. The following are the exempt dealings.
- dealings in units or shares by a fund manager of a regulated collective investment scheme

- dealings in securities under life and pension policies over which you have no control
- continuing discretionary management of funds held for your benefit with third party managers over which you have no control

6.12 Definition of “Security/ies”

6.12.1 Unless an exemption applies, you must report dealings in all the following Securities, irrespective of whether the transaction was made in the UK or abroad:

- share or stock in the capital of a company
- debt instruments issued by a company or public sector body (bond deals)
- hybrid deals like permanent interest bearing shares for example
- futures/options
- warrants or depositary receipts
- contracts for difference including spread bets, whether or not financially based **but** not investments in collective investment schemes (UTs, OEICs or limited partnerships).

6.13 Inducements

6.13.1 Employees must not offer, give, request or accept any benefit which could induce:

- another person to introduce investment business to them
- them to place business with another person
- or in any way deter them from fulfilling their duties to the Fund.

6.14 CPD and Training Opportunities/Events

The FCA’s handbook provides rules and guidance to Investment Managers on what is appropriate for designated investment business to provide to clients.

The Fund has investments with a range of managers, many of whom hold annual general meetings and annual investor conferences to which existing and potential investors are invited and some of the costs of attending are met by the manager.

It is common if an officer is speaking/lecturing at conferences that the organiser will reimburse expenditure.

These situations are not considered to be hospitality but should still be declared using a CPD/training declaration form.

CPD/training events should be reported to HoPF PA within 14 days of the meeting on the CPD/training declaration form. Returned forms will be reviewed by the Fund Accountant (Compliance) and Group Accountant.

CPD/training declaration returns will be reviewed by the HoPF and be reported to Pensions Committee annually.

The returned CPD/training declaration forms will be retained on a central file held by HoPF PA.

6.14.1 Roles on Boards

Employees may not accept roles on boards without prior written permission from the Head of Pension Fund (HoPF). The Fund Accountant (Compliance) must be informed immediately after permission has been granted/refused and evidence of the HoPF's decision must be given to the Fund Accountant (Compliance) at the time of notification. All meetings attended must be disclosed to the Fund Accountant (Compliance) in advance of the meeting and all non-hospitality, travel and accommodation expenses, reimbursed out of pocket expenses and any salary must be declared to the Fund Accountant (Compliance) via HoPF PA on the CPD/training declaration form within 14 days of the meeting taking place.

CPD/training declaration forms will be reviewed by the HoPF and be reported to Pensions Committee annually.

The returned CPD/training declaration forms will be retained on a central file held by HoPF PA.

6.15 Gifts & Hospitality

6.15.1 The Council's policy in respect of gifts and hospitality is set out in full on the intranet and must be adhered to, along with the following guidance. For Fund employees, no employee or connected person may accept from any person any gift/hospitality or other benefit unless it is abundantly clear that, taking into account:

- the value of the gift/hospitality, and the circumstances in which it was given,
- there could be no suspicion in any one's mind that the recipient might be tempted to favour the giver to the prejudice of the Fund's interest.

In deciding whether or not it is appropriate to accept any gift or hospitality the following guidelines should be taken into account;

(a) There should be no cause for concern where an offer of hospitality is made by another non-commercial public body or one of its officers.

(b) Normal business courtesies, for example lunch and dinner invitations may be accepted where these follow or form part of a business meeting.

(c) Small gifts of modest value such as diaries and calendars may be accepted.

Hospitality/Entertainment is sometimes offered to senior officers as official representatives of the Fund and may be accepted in the following circumstances:

(a) If the Head of Pension Fund can justify acceptance in the context of fulfilling duties as a representatives of the Fund e.g. representing the Fund at business meetings.

(b) If the extent of the hospitality/entertainment is reasonable and is likely to be regarded as a normal part of the courtesies of public life e.g. a lunch or dinner invitation or social event offered at a conference or similar event to participants generally.

(c) If details of the hospitality/entertainment are recorded as soon as practicable (within 14 days), in a register to be maintained by the Head of Pension Fund PA, reviewed by the Fund Accountant (Compliance).

Regarding hospitality, where an invitation is to an event involving a number of clients, there is unlikely to be an issue as organisations regulated by the FCA must, themselves, comply with the criteria issued by the FCA. Where an invitation is personal, greater discretion should be exercised. In all cases, where an organisation is seeking work or is likely to be tendering for a contract within six months, or there is a risk of a conflict of interest (actual or perceived), acceptance should be avoided.

When an unacceptable gift is received without warning, this should immediately be reported to the Fund Accountant (Compliance) who will decide whether the gift should be returned.

In some circumstances, individuals may consider a donation to the Mayor's Fund to be appropriate and, in attendance, should also evaluate the split between work and personal time.

6.16 Procedure for declaration

Prior approval must be sought from the Head of Pension Fund prior to acceptance of any hospitality.

Gifts and hospitality must be reported to Compliance on the appropriate form if they are above the monetary limits for reporting or if there are circumstances which a reasonable person might conclude would require reporting to Compliance.

The description of the gift/hospitality needs to be sufficient to allow a third party to assess accurately what the gift/hospitality is and to attribute a fair market value to it where this is not immediately obvious. It should also be recorded on the form whether events are group or individual events.

Compliance will not normally consider it necessary to report a gift or hospitality unless it exceeds £25 in value or, in aggregate, gifts or hospitality received from the same party over 6 months, exceeds £50 in value.

All employees must ensure that gifts and hospitality offered, as well as received, are declared using the M17 form. Employees are required to make a return within 14 days. Forms (see appendix 5) are available at [Gifts-Hospitality notification form](#).

Returns should be submitted to the Head of Pension Fund PA and reviewed by the Fund Accountant (Compliance) and Group Accountant. They must include evidence of approval.

Signed copies of all M17 forms are sent to the Administration officer to be retained on the employee's personal file held at MPF.

The HoPF PA will maintain a register (M21) for the fund. The register will consist of a full record of all offers of gifts and hospitality offered and received, irrespective of whether they were accepted. This register is reviewed by the HoPF every month.

The register will be reviewed by Department Management Team on a quarterly basis.

Nil returns and notification of hospitality offers received and declined are required.

Any breach of this policy is likely to be considered under the disciplinary policy and this could, in some circumstances, lead to dismissal.

6.17 Whistleblowing

In accordance with Council policy, the Fund is serious about tackling all forms of serious malpractice and abuse and needs the support of all employees to help take action by whistleblowing before real damage is done.

It is an individual's responsibility to whistleblow if there are genuine concerns about the mistreatment of people; financial malpractice; dangers to health and safety; and cover-ups.

Full details of the Council's policy on whistleblowing can be found in The Confidential Reporting (Whistleblowing) Policy.

6.18 Confidentiality

6.18.1 Employees

- (a) must not disclose information given to him in confidence by anyone, without the consent of a person authorised to give it, or unless he is required by law to do so and
- (b) must not prevent another person from gaining access to information to which that person is entitled by law.

6.19 Home Working

The Council's policy is set out in full on the intranet. Some of the principles governing working from home are set out below.

Working at home in MPF Investments arises in two different types of situation:

- (c) regular – as part of the normal working week under a formal arrangement and subject to a detailed agreement;
- (d) specific – where there is a particular task to be done (usually with some urgency) and the work can be done with less distraction at home.

In setting up a regular arrangement, a detailed discussion with management is required to appraise how service needs might be affected and how access to the required resources is obtained. The formal process includes consideration of equipment requirements as well as a health and safety check of the home premises. In practice each arrangement requires to be considered on its attributes and costs kept to a minimum.

In all circumstances, there needs to be a clear performance expectation and an understanding of the consequences if such is not delivered. A diary record is to be maintained of home working assignments, and the employee is required to be available for contact between 9 a.m. and 5 p.m. on a nominated landline and mobile phone. A form also needs to be completed confirming that expectations were met. Forms are retained in a central file by HoPF PA.

Agreement to home working is at management's discretion and, in the absence of an approved regular arrangement, must always be sought in advance with the appropriate Section Head or the Head of Pension Fund. Unauthorised absence may be considered as an act of indiscipline warranting formal action. There must always be adequate cover in the office and the efficient functioning of the Fund is an over-riding consideration.

6.20 Overseas Travel

6.20.1 From time to time officers of the Fund will need to make visits overseas. These visits will be used to research investments, to conduct due diligence and to meet with investment managers.

Where an overseas visit is planned the following procedures must be followed.

To ensure that the MPF has an overview of the visits made abroad by Fund Officers, an annual report listing such visits and the costs of the visits will be presented to the Governance and Risk Working Party.

6.20.2 Guidance on Making an Application for an Overseas Visit

- (i) There must be a clearly defined purpose for the visit which accords with Council policy and fits the objectives of the Fund Investment Committee. The visit requires further approval.
- (ii) The Fund Officer organising the visit must ensure that relevant Fund Officers, including the Head of Pension Fund, are fully advised of the purpose of the visit and provide details of the schedule.

6.20.3 Authorisation for Overseas Visits

Fund Officers and Pension Committee members wishing to go on an overseas visit must complete a form M38 – Overseas Visits – Request for Authorisation Form and have this approved and authorised before the visit takes place.

6.20.4 Travel/Health Insurance

Fund Officers travelling overseas on official Fund business must obtain travel/health insurance prior to travelling. Insurance can be obtained by completing the Travel/Health declaration form available from Wirral Insurance team.

6.20.5 Claims for Expenses

- (i) All claims for expenses in association with the overseas visit are subject to the approved rates as set out in the Travel and Subsistence Policy.
- (ii) Individual claims must be made for reimbursement of expenses. Group claims will not be accepted. Receipts must be provided to support all claims and the receipts retained with the original claim form.
- (iii) Every attempt must be made to keep expenditure within approved rates as outlined in the Travel and Subsistence Policy. In exceptional circumstances the Council's Chief Executive will have the power to authorise expenditure in excess of this.

6.20.6 Foreign Currency Cash Advances

The following process is in addition to Wirral Council's overseas visit policy.

Officers can ask for a foreign currency cash advance prior to travelling overseas. Cash advances would typically be used for local transport costs, meals and any miscellaneous expenses that may occur.

The cash will either be ordered from The Fund's bank via email from the officer to the Fund Accountant (Operations) and Group Accountant or supplied from the safe. Small amounts of unused foreign currency are returned to the safe after overseas trips rather than being sold back to the bank. Cash will be supplied from the safe in the first instance and any shortfall made up from the bank. All cash must be signed for by the officer travelling

overseas and the admin officer responsible for the safe. Form FC1 must be used.

Receipts must be retained for all expenditure incurred.

Leftover cash must be returned to the safe within five working days of returning from the trip. It must be recorded and signed for on the FC1 form that was used to book the cash out of the safe. Administration will forward a copy of the FC1 to the Group Accountant.

A cash reconciliation sheet, form FC2, must be used to record all cash expenditure during the trip and must have receipts attached. This form must be completed within ten working days of returning from the trip.

The form is authorised by the Group Accountant. Form FC2 is administered by the HoPF PA. Form FC2 is also used to record all other expenditure for the trip – corporate credit card and One Business transactions. In addition a M38b form must also be completed. The authorised FC2 form is retained by the HoPF PA and the M38b is forwarded to HR.

After the visit the Group Accountant will carry out a reconciliation of advance payment to expenditure to ensure that –

- (i) Expenditure has been in accordance with approved rates as outlined in the Travel and Subsistence policy.
- (ii) The advance payment reconciles to the expenditure incurred. Receipts must be provided to support this.
- (iii) Leftover cash is paid back into the FX float.

All cash deposits and withdrawals are recorded in the foreign currency petty cash book maintained by The Fund's administration section. An accurate balance of currency is maintained at all times.

6.21 Expenses

Please refer to the Council Travel and Subsistence policy for daytime and overnight subsistence rates. The policy is not available on the Council intranet and must be requested from Human Resources directly at time of writing.

SECTION 7

CUSTODY OF ASSETS

7.1 Custodians

- 7.1.1 The custodians used to hold the assets of MPF must be approved and the Fund's relations to those custodians must be set out in a written Service Level Agreement.

7.2 Stock lending

- 7.2.1 The Fund in association with its Custodian will have documentation in place with borrowing counterparties which is adequate and appropriate having regard to the investments being lent. The terms and conditions of lending will be appropriate to the markets in which lending takes place (for example by reference to the Stock lending and Repo Committee's Stock Borrowing and Lending Code of Guidance), and to the other circumstances of the transaction, in particular, the various types of risk involved in the transaction.

7.3 Reconciliation

- 7.3.1 The Fund should seek to ensure that its custodians deliver a valuation of its assets within 20 business days of the date of the valuation.
- 7.3.2 The Fund should, as often as is necessary, perform a reconciliation of its record of safe custody investments for which it is accountable but which it does not physically hold, with statements obtained from custodians, and in the case of dematerialised safe custody investments not held through a custodian, statements obtained from the person who maintains the record of legal entitlement.
- 7.3.3 If the Fund is unable to obtain a statement of clients' entitlement from unit trust managers, operators of investment companies with variable capital or administrators of offshore mutual funds, it needs to perform a reconciliation of those holdings only as often as the statements are received but no less than every 6 months.

- 7.3.4 The Fund will endeavour to perform the reconciliation of its holdings within 25 business days of the date to which the statements are received.
- 7.3.5 For those assets not held with its custodian, the Fund will, as often as necessary, but no less than every 12 months, carry out a count of all safe custody investments it physically holds and reconcile the result of that count with its record of physically held safe custody investments.

SECTION 8

REPORTING AND NOTIFICATION REQUIREMENTS

8.1 Transaction Disclosures

8.1.1 Rules Governing Disclosure

The FCA's Disclosure Rules and Transparency Rules

The Fund is required to notify the issuing company and The FCA of changes of voting rights over certain percentage thresholds that occur as a result of an acquisition or a sale. Different percentage thresholds apply to voting rights in UK and non-UK companies.

The Fund has no obligation to notify where it holds shares with no voting rights.

Note that the percentage of overall voting rights can increase or decrease (so as to require a notification) without the Fund actively doing anything at all.

For UK companies the relevant integer percentages which trigger the requirement to notify are 3% and every whole 1% thereafter.

For example, if the Fund purchases shares in company X which entitle the Fund to 3% of the voting rights at general meetings of company X, a notification of the holding must be made to both company X and the FCA. If the Fund then increases the holding to 4% of voting rights at general meetings, a notification must again be made to company X and the FCA. However, if instead the Fund purchases shares taking the holding to only 3.5%, there is no obligation to notify, as the percentage holding has not moved across a whole percentage point since the last notification. A relevant decrease in holding will also trigger the obligation to notify. So, if the Fund reduces its percentage of overall voting rights from 4.1% to 2.9%, two notifications will be required. No further notifications will be required for any additional reductions below 3%.

For non-UK companies the relevant percentages which trigger the requirement to notify are 5%, 10%, 15%, 20%, 30%, 50% and 75%. As for UK companies, any increase or decrease in the holding over the relevant integer percentage threshold will require a notification.

Where the Fund learns (or should have learnt) or is informed of a change in its holding that requires notification, it must notify the issuing company and the FCA within two trading days in the case of a UK company, or four trading days in the case of a non-UK company.

8.1.2 The Takeover Code

The rules only apply during the offer period of a take-over bid for shares relating to either of the offeror or offeree that are on the Takeover Panel's Disclosure Table.

Rule 8 sets out various notification requirements that should be made to the Panel on Take-overs and Mergers (POTAM), dependent upon the percentage holdings held in a company's shares.

8.1.3 Code, Rule 8.3, the "1% Rule"

Where a holding of 1% or more is attained in a company's shares, then this must be disclosed to the Panel and a Regulatory Information Service, or if an OFEX security, then to Newstrack, by 12 noon the next business day after the trade date. Additionally, any purchases or sales of shares whilst over the 1% holding, including a sale which would then bring the holding below 1%, must also be disclosed to those two bodies.

8.1.4 Code, Rule 9

No holdings in excess of 29.9% of the issued shares of a UK company are permitted. Under Rule 9 of the Code, a mandatory offer has to be made for the remaining shares of the company once 30% is held or controlled.

8.1.5 Should an issuing company serve notice under Section 793 of the Companies Act 2006 requiring information about interests in its shares the Fund is required to confirm the interest within reasonable time as may be specified in the notice.

8.1.6 The responsibility for highlighting and making disclosures is clearly established. It is incumbent on the individual investment managers or monitoring officers to notify the Fund Accountant (Compliance) of any relevant disclosures to be made. Once informed, the Fund Accountant (Compliance) should ensure that disclosure is made in the relevant timescale.

8.2 **Pensions Committee**

Reports should be made to Pensions Committee for all delegated activities as required in the Constitution of the Council.

8.3 **Annual Report & Accounts**

The Fund is required to publish its Report and Accounts on an annual basis, by no later than seven months after its year end.

8.4 **Statement of Investment Principles**

The Fund is required to state compliance with the six principles of investment practice as set by CIPFA. The statement should be reviewed annually and updated if significantly changed.

8.5 **Treasury Management: Policy and Strategy**

The Treasury Management and Policy Statement requires that the Pensions Committee approves an annual plan and strategy for each year.

8.6 **Treasury Management Annual Report**

To comply with CIPFA requirements, the Fund is required to make an annual report to Pensions Committee on the performance of the Treasury function, on the effect of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy and Strategy and practices.

8.7 **Funding Strategy Statement**

The Local Government Pension Scheme (Amendment) Regulations 2008 require that each Administering Authority revise and publish a funding strategy statement (FSS) wherever there is a material change in either the policy on matters set out in the FSS or the Statement of Investment Principles (SIP).

8.8 **Freedom of Information Act 2000**

8.8.1 The Freedom of Information Act 2000 (FoI) was passed on 30 November 2000 and became effective 1 January

2005. The Act gives a general right of access to all types of “recorded” information held by public authorities, sets out exemptions from that right and places a number of obligations on public authorities.

8.8.2 Details of the Act and Wirral’s publication scheme are available on the Council’s website.

8.8.3 Under the Act, every public authority is required to adopt and maintain a Publication Scheme. The purpose of a scheme is to ensure that a significant amount of information is available, without the need for a specific request. Schemes are intended to encourage organisations to publish more information pro-actively and to develop a greater culture of openness.

There are a number of exemptions from providing information:

1. Information accessible by other means
2. Information intended for future publication
3. Personal information
4. Information provided in confidence
5. Commercial interests

The scope of these exemptions and other helpful information is available in a guidance note issued jointly by CIPFA and LAPFF which is held by the Fund Accountant (Compliance).

8.8.4 **Implications for the Fund**

The Fund operates in an environment where a considerable amount of the information available to it has potential to be commercially and financially sensitive.

In particular, employees should be aware of the commercial sensitivity of contractual agreements between the Fund and external service providers. Information on fee and service arrangements is generally subject to confidentiality clauses. Performance data should not be disseminated indiscriminately. Employees should consider these implications and the potential for other data to implicitly provide information of this nature before responding to requests.

Information exempted from publication at cabinet or committee can be withheld.

Under the FoI, requests must be responded to within 20 working days. Wirral Council's Information Manager Freedom of Information Request team co-ordinates the FOI requests and will send such requests to the Head of Pension Fund. The HoPF will then forward the request to the relevant member of staff to be dealt with. Once the data is collected it is passed back to the FoI Team who will forward the information and close the request.

If the time taken to collate the information is less than 18 staff hours, the information should be provided at no cost. If it exceeds this time, the cost is deemed to be in excess of £450 and payment of the full costs can be demanded prior to the information being released.

The Information Commissioners Office has produced a Guide to Freedom of Information. There is a link to the document on the Council's Freedom of Information intranet site. CIPFA Pensions Panel has also produced a guide to FoI. It is available from the HoPF.

8.8.5 Records Management Policy and Corporate Retention Policy

Reference should be made to these two essential policies, in relation to information management and record keeping.

The majority of the Fund's records should be retained for 7 years i.e.

- Accounts & audit reporting
- Financial Transactions Management
- Summary Assets management
- Asset Monitoring & Maintenance
- Bank Account Records
- Expenditure Records
- Ledger Records
- Receipt and Revenue Records

Both policies are available on the Council intranet.

8.9 Anti-Money Laundering

The Council's anti-money laundering policy and guidance notes are available on the intranet. The reporting form is also found in this section.

Only those staff dealing with relevant business need to comply with client identification procedures and ensure record keeping procedures. However, all staff are required to follow the anti-money laundering reporting procedure.

The Fund's dealings with certain admission bodies means that, under the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, the Fund is deemed to be carrying on "relevant business". The implication of this is to bring the Fund's activities under this legislation and confers a higher duty of care on staff in identifying and reporting potential money laundering activity.

In practice, the potential for money laundering is virtually nil. In the Investments area, the only funds received, apart from contributions, are a consequence of the Fund's investment activity and money laundering activity is not relevant to this. With regard to contributions, these are received from local councils and other admission bodies whose credentials have been established in the admissions process. The Fund is not involved in payments to AVC providers. In theory, the only area where there is some potential for illegal activity would be an individual buying additional years. The Fund's administration team should be alert to the potential for this.

SECTION 9

ACCOUNTING, TREASURY AND SETTLEMENTS ADMINISTRATION

9.1 Introduction

9.1.1 The purpose of this section is to identify compliance requirements for the accounting, treasury and settlements functions.

9.2 Activities of treasury and settlements functions.

9.2.1 The treasury/settlements function must initiate payments and confirm receipt of funds resulting from the execution of investment decisions.

9.2.2 The treasury/settlements function must monitor the bank accounts of the Fund and reconcile bank statements to internal records.

9.2.3 The treasury/settlements function also has a duty to ensure that there are adequate funds available for the settlement of investments. A daily cash flow forecast is maintained for this purpose.

9.3 Compliance requirements

9.3.1 Payments for internally managed investments must only be authorised after receipt and checking of dealing ticket and fax from broker confirming deal, or the equivalent written, supporting documentation for other asset transactions. Payments for operating expenses must be authorised by an appropriate officer before the payment can be initiated.

9.3.2 All payments must be authorised appropriately.

9.3.3 Documentation relating to settlements should be retained securely in accordance with document retention requirements.

9.3.4 Reconciliation of bank statements should be completed by accounting and settlements staff and signed by the Group Accountant/Fund Accountant (Operations) as evidence of review.

9.3.5 The treasury function should ensure that cash balances are adequate at all times for current requirements. Any

actual or anticipated breaches must be reported to the Group Accountant.

- 9.3.6 The spreadsheets produced on a daily basis and used to make cash management decisions, together with the resultant payment instructions should be signed by the Fund Accountant (Compliance) or delegate as evidence of review.

9.4 **Activities of accountancy function**

- 9.4.1 The accountancy function includes the collection of contributions from contributing authorities, the drawing up of final accounts for the Fund, dealing with auditors, production of financial information for Fund management and the checking of re-charges from Wirral Council.

9.5 **Compliance requirements of accountancy function**

- 9.5.1 Performance targets for collection of contributions should be monitored.
- 9.5.2 Persistent late payers of contributions should be followed up in accordance with TPR regulations.
- 9.5.3 Audit reports should be discussed with the relevant staff and appropriate responses made within a reasonable time.
- 9.5.4 Accounts should be completed in line with Code of Practice on Local Authority Accounting in the United Kingdom requirements.
- 9.5.5 Budget Monitoring reports should be checked on receipt and reconciled to Fund records. Any errors should be corrected in a timely manner and all amounts owing to Wirral Council, both 1 Business expenditure and recharges, should be paid within one month of the end of the period in question.
- 9.5.6 VAT Returns should be completed and submitted to Wirral Council in a timely basis, in accordance with Wirral Council timetable, usually on or before the 15th of each month.

SECTION 10

BUDGET MONITORING

10.1 Introduction

10.1.1 The Fund has a responsibility to set a realistic budget for each financial year. Each year's budget is approved by Pensions Committee after a presentation by Fund officers. The Head of Pension Fund must ensure that the budget is adhered to throughout the year. The Fund incurs expenditure in two ways, via Wirral Council's One Business system or directly via its own bank account.

10.2 Budget Monitoring

10.2.1 Wirral Council send a monthly report to the Fund of all the transactions that have passed through One Business that month. It will include One Business orders, payroll records and journal entries and, once a year, inter departmental recharges.

10.2.2 An accounting journal is written out and uploaded into the Fund's accounting general ledger where it is combined with The Fund's own direct expenditure records.

10.2.3 The Fund Accountant (Compliance) will print out two reports that cover the two accounting cost centres, Investments and Benefits and a report that combines the two. A summary sheet analysing the three reports and adherence to the budget is also produced.

10.2.4 The budget monitoring reports are then presented to FOG by the Group Accountant where The Fund's financial performance is discussed.

10.3 Investment Management Fees

10.3.1 Investment Management Fees and Performance fees are linked to the value of the assets under management by each particular manager.

10.3.2 The budget for Investment Management fees is based on estimates of what the asset values will be at the end of the financial year for which the budget is being set.

10.3.3 If asset values rise above that estimate then Investment Management fees will rise also and will create an overspend. This overspend is acceptable to The Fund as the rise in value of The Fund far outweighs the additional cost of managing the assets.

SECTION 11

COMPLIANCE PROGRAMME

11.1 Introduction

11.1.1 The purpose of this section is to set out the Compliance Monitoring Programme.

11.2 Activities

11.2.1 The purpose of this manual is to identify relevant Compliance requirements for the areas of activity of the Fund. It is the responsibility of the Fund Accountant (Compliance) to ensure that the requirements identified in this manual are followed.

11.2.2 This will be achieved either through the completion of tasks by the Fund Accountant (Compliance) or the review of work by other officers by the Fund Accountant (Compliance). This is defined as the Compliance Programme.

11.3 Compliance Requirements

11.3.1 The Fund should have a Compliance Manual, written in accordance with professional standards.

11.3.2 The Compliance Manual should be agreed by Senior Officers and Pensions Committee as binding on employees.

11.3.3 All employees should be issued with a compliance manual on starting and the manual will be circulated after each review, which occurs every three years. Any interim amendments/updates will be immediately circulated. All relevant employees will be requested to sign a slip to confirm that they have received, read, understood and agree to comply with the compliance requirements.

11.3.4 The Fund Accountant (Compliance) must formulate a programme which monitors The Fund's adherence to all Compliance Manual requirements.

11.3.5 There should be adequate procedures in place to ensure that compliance programme is completed even in the absence of key staff.

- 11.3.6 The reports for Compliance Programme must be filed in line with planned timetable.
- 11.3.7 The findings of the compliance programme are reported to the HoPF.
- 11.3.8 The Compliance Manual should be updated as required on a regular basis and a definitive reviewed manual presented to Pensions Committee every three years.

FURTHER READING

The following documents should be read in conjunction with this manual:

Document	Location
Constitution of the Council	Wirral Intranet
CPD & Training Declaration Form	See Appendix 5
Information & Communications Technologies Security Policy	Wirral Intranet
Code of Practice for the use of Internet and Electronic Mail Facilities	Wirral Intranet
Mobile Phone Policy	Wirral Intranet
Gifts & Hospitality	Wirral Intranet
Conflicts of Interest	Wirral Intranet
Dealing Permission Form	See Appendix 2
Dealing Notification Form	See Appendix 3
Code of Market Conduct	See Fund Accountant (Compliance) for latest version
Statement of Investment Principles	Reviewed annually and updated if significantly changed see MPF Internet site
Treasury Management Policy and Statement	Reviewed annually see Fund Accountant (Compliance) for latest version
Treasury Management Annual Report	Reviewed annually see Fund Accountant (Compliance) for latest version

Funding Strategy Statement	See Fund Accountant (Compliance) for latest version
Confidential Reporting (Whistleblowing) Policy	Wirral Intranet
Freedom of Information Policy	See Fund Accountant (Compliance) for latest guidance
Corporate Records Management Policy	Wirral Intranet Corporate Records Management Service
Corporate Retention Policy	Wirral Intranet Corporate Records Management Service
Anti-Money Laundering Policy	Wirral Intranet
TPR Regulations	See TPR Website
Code of Practice on Local Authority Accounting in the United Kingdom	See Fund Accountant (Compliance)
SORP	See Group Accountant for latest version
MPF Procedures for HMRC Tax	See Fund Accountant (Tax)
Deal Ticket Completion Procedures	See Appendix 4
Travel and Subsistence Policy (including Overseas Visit Policy)	Request from HR dept
Company Barclaycard Policy	Wirral Intranet
Continuous Professional Development (CPD)	See Fund Accountant (Compliance)
Policy for Monitoring of Investment Mandates	See Fund Accountant (Compliance)

APPENDIX 1

Confirmation of receipt of Compliance Manual

To be completed by:

All Investment Section employees, Strategic Director –
Transformation and Resources and Authorised Signatories.

Name

Post

I confirm that I have read and familiarised myself with the
Compliance Manual. I note that failure to comply with the
procedures (particularly those relating to personal conduct) may
result in disciplinary action being taken against me.

Signed

Date

APPENDIX 3

DEALING NOTIFICATION FORM

To be completed on a monthly basis.

MONTH TO WHICH THIS FORM RELATES:
.....(MM/YY)

NAME OF INDIVIDUAL:.....

Please detail below all the securities, requiring prior approval, in which you have dealt this month. Nil returns are required.

Date of deal	Buy/Sell (B/S)	Number of shares	Description of Security	Registered holder (e.g. you, close family, nominee)

(These details are notified to Compliance in strict confidence)

I confirm that, to the best of my knowledge, the information provided on this form is accurate and complete.

SIGNATURE OF INDIVIDUAL.....

Please pass form to Compliance for filing within 14 days of month end.

APPENDIX 4

DEAL TICKET COMPLETION PROCEDURE

Each Investment Manager has their own Deal Ticket Template in their own file (see filepaths) called DEAL TICKET TEMPLATE.dot.

- F:\Investments\Deal Tickets\Internal European
 - F:\Investments\Deal Tickets\SIM
 - F:\Investments\Deal Tickets\Alternatives
 - F:\Investments\Deal Tickets\Internal UK
 - F:\Investments\Deal Tickets\Property
- Open the DEAL TICKET TEMPLATE.dot through My Computer.
 - Click Start – My Computer and then navigate to your folder above.

N.B. The template must be opened this way for it to allocate you the correct Reference Number.

- Click Yes to enable macros when prompted. (If you are not prompted go to Tools – Macro – Security... and change the security level to medium).

When the Deal Ticket Template opens it will automatically update the next reference number in your sequence.

It will also automatically save the document in your Previous Deal Tickets folder so that you cannot overwrite the template.

- Fill in the deal ticket in Word with as much information as you can.
- In the Signature: Investment Manager box in the Other Information and Sign Off section fill in your name.
- Leave the Signature: SIM / HoPF box blank.
- The Reporting Details section is to be completed if the security is non custody. Please try to include contact details of the relevant person / department.
- Leave the Settlements section blank.

- When the document has been completed click File – Send to – Mail Recipient (as Attachment...)
- If you have any supporting documentation you can attach it to the e-mail now in the usual way.
- If the deal ticket does not need to be authorised by a Senior Investment Manager or the Head of the Pension Fund send the e-mail to mpfcashflow@wirral.gov.uk.
- If the deal ticket does need to be authorised send the e-mail to the relevant person for authorisation.
- Click the Save button and then close the document.

Authorisation

On receipt of deal ticket that needs authorisation open the deal ticket attached to the e-mail and check the details are correct.

If the details are correct input your name in the Signature: SIM / HoPF box in the Other Information and Sign Off section of the deal ticket, click the save button and close the document.

On the e-mail, click File – Save.

Forward the e-mail to mpfcashflow@wirral.gov.uk.

If the details are incorrect, inform the Investment Manager (*do not forward to mpfcashflow*).

Settlements

Once the deal ticket has reached mpfcashflow check the dealing limits and authorisation against the Compliance Manual. If all is in order fill in the settlements section and state in the Notes area that Dealing Limits and Authorisation have been checked along with your initials. Then e-mail the deal ticket to mpfcompliance@wirral.gov.uk.

If there is any missing information, errors, the dealing limits are exceeded or authorisation is incorrect the authoriser / investment manager must be informed and the deal not placed until the matter is resolved.

Compliance

On receipt of the deal ticket to mpfcompliance.gov.uk and member of the compliance team will check the following:

- The nature of the investment falls within the remit of the portfolio it is investing in.
- The dealing limits / authorisation have been checked.
- Is a 3% disclosure notice required?

Once compliance is satisfied that all is correct the final version of the deal ticket is saved as a pdf file in F:\Investments\Compliance\Dealing Tickets.

Reference Numbers

When you open the deal ticket template the reference number will automatically update to the next reference number in your sequence.

If for any reason you need to change this open the Settings.txt file in your folder and change the number after Order= to the number before the reference number you require.

For example if you require reference number LO/2009/**009** the line in the Settings.txt file need to be Order=**8**.

Save and close the text file.

APPENDIX 5

CPD/ADVISORY BOARD/TRAINING DECLARATION FORM		
Employee Name:		
Employee No:		
Designation:	Band/Grade:	
Department:	Section:	
Date Offered/Provided:		
Provider:		
Nature of Non Gift/Hospitality:		
Where Offered/Provided:		
Reasons:		
Is the organisation Seeking Work?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
Employee Signature:	Date:	
The completed form should be reviewed by the employee's manager and signed to indicate they have discussed any potential issues.		
Manager's Signature:	Date:	
Comments:		
<p><i>For Internal Use Only (the original form will be retained on the Fund's central file)</i></p> <p><i>Date Entered on Departmental Register:</i></p>		

APPENDIX 6



M17 Gifts and Hospitality Dec

Employee Name: _____

Employee No: _____

Post No: _____

Designation: _____

Band/Grade: _____

Department: _____

Section: _____

Declaration of Gift and/or Hospitality

Employees must declare any Gift or Hospitality below (see guidance overleaf).

Date Offered/Provided:	
Provider of Gift/Hospitality:	
Nature of Gift/Hospitality:	
Where Offered/Provided:	
Reasons:	
Is The Organisation Seeking Work?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Estimated Value:	£
Offer Accepted:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Disposal Arrangements:	
Employee's Signature:	Date:
The completed form should be reviewed by the employee's manager and signed to indicate they have discussed the issues.	
Manager's Signature:	Date:

Comments:
<i>For Internal Use Only (the original form will be retained on the employee's personal file)</i>
Date Entered on Departmental Register:

Gifts and/or Hospitality

Employees should be extremely careful about accepting gifts and hospitality (including entertainment). Accepting gifts and hospitality in inappropriate circumstances can lead to allegations of impropriety or even criminal charges. Corruption is set out in the Public Bodies Corrupt Practices Act 1889, the 1905 and 1916 Prevention of Corruption Act, and the Local Government Act 1972. In essence it is a criminal offence under the 1889-1916 legislation to corruptly solicit, receive or indirectly (or give) any gift, loan, fee, reward or advantage as an inducement or reward to do or not do anything in the course of a local authority. Under the 1972 Act it is a criminal offence for an officer to accept any fee or reward or remuneration under cover of his/her office or employment.

Gifts

With the exceptions listed below, an employee should refuse any personal gift (including cash) offered to him/her or a member of his/her family by any person who has, or seeks, dealings with the Authority, and the offer should be referred to the Chief Officer of the department concerned.

1. A trivial gift of promotional character given to a wide range of people and not uniquely to the employee, usually given at Christmas time and include calendars, diaries, desk charts, flow charts, tape measures, pens, etc. or articles of use in the office or for the job.
2. Trivial gifts on the conclusion of any courtesy visit to a factory or firm of a sort normally given by that firm.

Obviously it is wise to err on the side of caution; and obviously an expensive gift should raise a question, even if it falls within one of the above categories. If in doubt, the advice of the superior officer should be sought. When a gift is accepted this should be done with tact because the offering of gifts is common practice in the commercial world. However, it may be appropriate with the agreement of the Chief Officer to pass on a gift or cash to the Mayor to receive for the Council or to a reputable charity to avoid giving offence.

Hospitality/Entertainment

Hospitality/Entertainment is sometimes offered to senior officers as official representatives of the Authority and should be accepted in the following circumstances:

1. If the appropriate Chief Officer can justify acceptance in the context of fulfilling duties as a representative of the Authority;
2. If the extent of the hospitality/entertainment is reasonable and is likely to be regarded as a normal part of the officer's public life;
3. If details of the hospitality/entertainment are recorded as soon as practicable in a register to be maintained by the Chief Officer.

However, special caution is needed where the host is a private individual or seeking to do business with the Authority, to obtain a decision from it or has been involved with the Authority commercially. It is important to avoid any appearance of influence and therefore in these circumstances hospitality/entertainment should normally be avoided with the exception of modest refreshments provided during discussions/negotiations. Again, any hospitality/entertainment accepted should be registered.

Any breach of these guidelines could result in disciplinary action being taken.

Name	Position	Date Received	Received by
Joe Blott	Strategic Director, T & R		
Lee Bridge	Senior Settlements Officer		
Yvonne Caddock	Principal Pensions Officer		
Greg Campbell	Investment Manager		
Craig Cole	Investment Assistant		
	Investment Manager Alternatives		
Malcolm Flanagan	Head of Business Processes		
Alison Fraser	Accountancy Assistant		
Susannah Friar	Investment Manager Property		
Allister Goulding	Investment Manager		
Guy Hayton	Operations Manager		
Joseph Hull	Accountancy Assistant		
Steven King	Fund Accountant (Compliance)		
Adil Manzoor	Fund Accountant (Tax)		
Leyland Otter	Senior Investment Manager		
Vivienne Quayle	Director of Resources		
Margaret Rourke	Member Services Manager		
Sue Roberts	Member Services Manager		
Thomas Sault	Head of Financial Services		
Donna Smith	Group Accountant		

Owen Thorne	Monitoring Officer		
Chris Tosh	Fund Accountant (Operations)		
Peter Wallach	Head of Pension Fund		
Emma Jones	PA To Head of Pension Fund		
Adam Williamson	Investment Assistant		