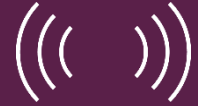


TPR consults on revised CDC code of practice



Alert | 19 December 2025

Introduction

Delivering a slightly early Christmas present to the pensions industry, TPR today published its [consultation](#) on a revised [draft code of practice for unconnected multi-employer CDC schemes](#). The consultation closes on 13 February 2026.

Key points

- With a view to modernising the pensions market, regulations were laid before Parliament back in October paving the way for “unconnected multiple employer schemes” providing CDC benefits (also referred to as “UMES CDC”). These [regulations](#) are now in final form.
- At the same time, the DWP also consulted on expanding CDC further by introducing retirement-only CDC schemes (see our [Alert](#) for more information).
- TPR is now seeking views on an expanded and updated code of practice designed to replace the existing code applicable to single and connected employer CDC schemes, in order to cater for unconnected multi-employer CDC going forward.
- The draft code outlines the criteria, TPR’s expectations, and the procedures which will need to be followed when seeking authorisation for unconnected multi-employer CDC schemes.
- While seen as a “significant extension” to the types of pension arrangements available to employers and pensions savers, TPR expects that many aspects of the draft code will be familiar, reflecting the existing approaches for CDC schemes and master trusts.
- To accommodate the CDC expansion, TPR is moving towards a more prudential-style of regulation where it looks at risks at market (not simply entity) level. TPR acknowledges that the way it uses its powers may likewise have to change.

CDC – the journey so far

CDC, or Collective Defined Contribution, is a type of DC arrangement where member and employer contributions are invested in a single collective fund, rather than individual pots. Unless a member chooses otherwise, a CDC scheme will provide a pension from the scheme at retirement based on the value of assets in the scheme. Offering a target level of pension benefits, as opposed to a guarantee, CDC schemes are seen as a “third way”

between traditional DB and DC “where risks are shared, returns are smoothed and retirement incomes are stronger”.

Regulations came into force on 1 August 2022 setting out the legislative framework for authorising and supervising CDC schemes, but only where there is a single employer or multiple employers which are financially connected (ie part of the same corporate group). Alongside those regulations, TPR issued an accompanying [code of practice](#) outlining its expectations of the authorisation and supervision regime.

With a view to modernising the pensions market, regulations were published in October paving the way for unconnected multi-employer CDC schemes. The DWP also consulted on expanding CDC further by introducing retirement-only CDC.

The regulatory framework for unconnected multi-employer CDC broadly follows the existing CDC regime for single and connected employers, as well as borrowing elements from the DC master trust authorisation regime. Like single and connected employer CDC schemes, unconnected multi-employer CDC schemes will need to satisfy TPR that they meet the relevant criteria to be authorised.

Draft code

Recognising that this is an evolving area, the draft code builds on areas of legislation that “require expansion” so that schemes can easily understand what TPR will require when it comes to authorisation and supervision. Bearing in mind how difficult it is to amend a code of practice, the suggestion is that some areas may be left to future guidance.

With TPR’s eventual aim being to align the codes for CDC schemes and master trusts as far as possible so as to incorporate them into the general code, the draft code adopts the general code’s modular format. The expanded sections set out:

- how to make an application for authorisation of an unconnected multi-employer CDC scheme
- the matters TPR will take into account when considering applications, and
- TPR’s expectations for the conduct and practice of those involved in the scheme.

The draft code also identifies key differences from the current authorisation framework for single and connected employer CDC schemes, including:

- the need to have a single “scheme proprietor” responsible for meeting certain costs and preparing a business plan to be submitted and assessed for authorisation
- new categories of individual required to satisfy fitness and propriety checks, including the scheme proprietor, chief investment officer and chief financial officer, and
- new authorisation criteria relating to the promotion and marketing of the scheme, recognising that unconnected multi-employer CDC schemes are more likely to be run on a commercial basis.

Demonstrating compliance with authorisation criteria could present challenges for a new scheme. TPR recognises it is “almost certain” that unconnected multi-employer CDC schemes “will come to authorisation with untried, untested and potentially unbuilt systems”. The draft code seeks to address this by providing alternative ways that schemes can demonstrate the necessary standards.

In addition, the draft code provides examples of where schemes are “more likely” or “less likely” to satisfy TPR that they meet the relevant authorisation criteria. This language is intended to leave open the possibility that schemes may be able to “justify a particular or different approach” from that envisaged.

Consultation

TPR is seeking feedback generally on the draft code, as well as some specific aspects, such as:

- areas that may present problems to potential market entrants
- whether the level of detail on TPR’s supervision of unconnected multi-employer CDC schemes is sufficient, and
- the way in which TPR’s approach to regulation of such schemes may have to evolve over time as an established market develops.

Next steps

With the legislation expanding the authorisation and supervision regime to unconnected multi-employer CDC schemes coming into force on 31 July 2026, the draft code represents the next piece in the jigsaw. The consultation closes on 13 February 2026, with TPR anticipating being able to accept applications from schemes from the beginning of August 2026 and the first unconnected multi-employer CDC schemes becoming operational in early 2027.

Future expansions of the CDC code seem likely, with a response awaited to the DWP’s [proposals](#) for creating retirement-only CDC arrangements.

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