

Floor 20
Tower 42
25 Old Broad Street
London
EC2N 1HQ

+44 (0)20 7392 7426

www.appt.co.uk

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The Actuaries' Code Consultation
Institute and Faculty of Actuaries
Level 2 Exchange Crescent
7 Conference Square
Edinburgh
EH3 8RA

17 January 2018

Dear Sirs

Proposals for changes to the Actuaries' Code

The Association of Professional Pension Trustees is an organisation of over 160 individuals who act as professional independent trustees to UK occupational schemes, some as sole practitioners and some working in firms of such practitioners. Our members represent a large number of mainly larger pension funds with combined assets of several hundred billion pounds.

Our aims are to:

- encourage and promote the highest professional standards in those who practise as professional pension trustees
- promote the role of professional trustees

Our response to the consultation is as set out below:

Yours faithfully



Nita Tinn
Association of Professional Pension Trustees

About you

Question 1

Personal Information

Name:	Nita Tinn
Position:	Council Member

Question 2

Region

UK	<input checked="" type="checkbox"/>	India	
Republic of Ireland		Asia – other	
Rest of Europe		Canada	
South Africa		USA	
Africa – other		South or Central America	
South East Asia		Australia	
Hong Kong		Oceania – other	
China			

Question 3

Are you a member of the IFoA?

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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Question 4

If yes, what category of membership do you hold?

Affiliate		Honorary Fellow	
Associate		Retired	
Certified Actuarial Analyst		Student	
Fellow		Student Actuarial Analyst	

Question 5

If you are an actuary, what is your main practice area? (Answer one option only)?

Life Assurance		Enterprise Risk Management	
General Insurance		Health and Care	
Pensions		Resource and Environment	
Finance and Investment		Other	

Question 6

Do you want your name to remain confidential?

Yes		No	<input checked="" type="checkbox"/>
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Question 7

Do you want your comments to remain confidential?

Yes		No	<input checked="" type="checkbox"/>
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Question 8

About your organisation (if applicable)

Name:	Association of Professional Pension Trustees
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Question 9

Type of organisation (Answer one option only)

Actuarial consultancy		Public body or Regulator	
Insurance company or reinsurer		Educational Establishment	
Bank or Building Society		Not applicable	
Investment Firm		Other	<input checked="" type="checkbox"/>

Question 10

How many IFoA Members (if any) does your organisation employ?

None	<input checked="" type="checkbox"/>	101+ Members	
2 - 10	<input type="checkbox"/>	Sole Practitioner	
11 – 50	<input type="checkbox"/>	Don't know	
51 – 100	<input type="checkbox"/>	Not applicable	

Question 11

Do you want the name of your organisation to remain confidential?

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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Question 12

Do these comments represent your own personal views or your organisation's views?

Personal views	<input type="checkbox"/>	Organisation's views	<input checked="" type="checkbox"/>
Both personal views and organisation's views			<input type="checkbox"/>

The Code

The following questions are in relation to your/your organisation's views on the proposed changes to the Code:

Question 13

Overall, do you agree that the revised Code is an improvement on the current Code?

Yes	<input checked="" type="checkbox"/>	No	
We believe that the move to a principles-based code avoids an overly prescriptive approach.			

Question 14

Overall, do you agree that the revised Code enables Members to judge how to behave appropriately

Yes	✓	No	
The combination of a Code and a Guide provides clear guidance for members.			

Question 15

Overall, do you consider that the revised Code is relevant and appropriate for Members working in non-traditional areas of practice?

Yes	✓	No	
Don't know			
Actuaries work in far more practice areas than has been the case in the past. The new Code is sufficiently flexible to accommodate this.			

Question 16

Overall, do you agree that the revised Code is relevant and appropriate for Members working outside of the UK?

Yes	✓	No	
Don't know			
At the meeting on 30 October, examples were cited of situations where members might fall foul of laws overseas for acts which are not illegal in the UK. It is important that the Code demonstrates sufficient flexibility to ensure that actuaries meet the standards required of professionals in the UK whilst respecting different cultural and legal norms.			

Structure and language of the Code

Question 17

Do you agree that the proposal for a high-level, principles based Code supplemented by detailed guidance is appropriate?

Yes	<input checked="" type="checkbox"/>	No	
As we have noted, a principles-based approach avoids the risk of being too prescriptive.			

Question 18

Do you agree that the proposed structure (use of high-level principles supplemented by 'amplifications') is the most appropriate for the Code?

Yes	<input checked="" type="checkbox"/>	No	
We believe this provides clear guidance for members whilst avoiding the rigidity of a rules-based approach.			

Question 19

Do you agree that the use of the words 'must' and 'should' are appropriate and proportionate to each of the provisions to which they relate?

Yes	<input checked="" type="checkbox"/>	No	
They are entirely appropriate within the context of a principles-based Code.			

Question 20

Do you consider that the overall language of the Code is appropriate?

Yes	<input checked="" type="checkbox"/>	No	
The language is consistent with a Code which describes required outcomes but does not seek to prescribe how these outcomes should be achieved.			

Scope

Question 21

Do you agree that the Code's scope section sets out clearly when the revised Code applies?

Yes	<input checked="" type="checkbox"/>	No	
In combination with the Guide, the Code is clear about the extent to which the Code covers a member's professional and personal activities.			

Question 22

Do you agree that the scope of the Code is appropriate?

Yes	<input checked="" type="checkbox"/>	No	
The Code correctly identifies the extent to which non-professional activity affects the reputation of the actuarial profession.			

Integrity

Question 23

Overall, do you agree that the revised Integrity principle and amplifications are an improvement?

Yes	✓	No	
There is more flexibility in the revised Code.			

Question 24

Do you think that Members' obligations under the Integrity principle are clearly set out in the revised Code?

Yes	✓	No	
The revised Code explains with clarity the ethical standards expected of members. This is particularly true of the need to balance the requirements of professional confidentiality with the duty to 'whistle blow' when required.			

Competence and care

Question 25

Overall, do you agree that the revised Competence and Care principle and its amplifications are an improvement?

Yes	✓	No	
The reputation of the actuarial profession is heavily dependent on members observing appropriate standards in their work.			

Question 26

Do you think that Members' obligations under the revised Competence and Care principle are clearly set out in the revised Code?

Yes	✓	No	
It is important that members understand circumstances when they should seek additional support or advice from a third party.			

Question 27

Do you agree that it is useful to have an explicit reference to the IFoA's CPD scheme in the Code?

Yes	✓	No	
Members should be explicitly reminded of the need to continue professional education in order to maintain standards.			

Impartiality

Question 28

Overall, do you agree that the revised Impartiality principle and its amplifications are an improvement?

Yes	✓	No	
Impartiality is an important principle. Recently, there have been concerns about the impartiality of those working within the investment consultancy sector, and the revised code is a timely improvement.			

Question 29

Do you think that Members' obligations under the revised Impartiality principle are clearly set out in the revised Code?

Yes	✓	No	
For reasons set out in the previous answer, it is now important that members are able to balance commercial duties to an employer with ethical duties to clients. Extensive coverage of Conflicts of Interest in the revised Code and Guide are helpful here.			

Compliance

Question 30

Overall, do you agree that the revised Compliance principle and its amplifications are an improvement?

Yes	✓	No	
Again, the adoption of a principles based approach is to be preferred.			

Question 31

Do you think that Members' obligations under the Compliance principle are clearly set out in the revised Code?

Yes	✓	No	
It is important that members have a proper understanding of the regulatory environment in which they operate.			

Question 32

Do you agree that it is helpful and appropriate to include as an amplification the existing requirement for Members to disclose to the IFoA any conviction, adverse finding, judgement or disqualification described in the Disciplinary Scheme of the IFoA?

Yes	✓	No	
This is consistent with the requirements of other professional bodies.			

Speaking Up

Question 33

Do you consider that the inclusion of a stand alone Speaking Up principle is an improvement?

Yes	✓	No	
As has been noted in our commentary on the Integrity principle, there may be circumstances in which a duty of client confidentiality may be in conflict with a duty to report unethical behaviour. A dedicated section within the Code dealing with such problems is particularly helpful.			

Question 34

Do you think that Members' obligations under the Speaking Up principle are clearly set out in the revised Code?

Yes	✓	No	
The Code and Guide provide clear guidance.			

Question 35

Do you agree with the proposed materiality test in relation to the duty to report matters to relevant regulators or other authorities?

Yes	✓	No	
It is important that members have a clear understanding of when circumstances arise that would require them to speak up.			

Question 36

Do you agree with the proposed amplification requiring Members to take reasonable steps to ensure users are aware of any substantial issues with a piece of work?

Yes	✓	No	
Members need to have a clear understanding of whether or not it would be appropriate to speak up.			

Communication

Question 37

Do you consider that the revised Communication principle is an improvement?

Yes	✓	No	
Once again, we believe that the adoption of a principles-based approach represents a superior alternative to a rules-based code.			

Question 38

Do you think that Members' obligations under the Communication principle are clearly set out in the revised Code?

Yes	✓	No	
It is important that clients understand fully the advice provided to them.			

Question 39

Do you agree with the proposed amplification requiring Members to notify users of any adverse impact where they feel that the user has misunderstood or misinterpreted their advice?

Yes	✓	No	
In the specific example of pensions, there has been extensive regulatory concern that many trustee boards fail to understand the advice given to them or do not feel confident to challenge their advisers. The revised Code clarifies members' obligations with regard to explaining their work as clearly as possible.			

Question 40

Do you have any other comments or suggestions in relation to the revised Code?

Yes		No	✓

The Guide

The following questions are in relation to your / your organisation's views on the proposed Guide:

Question 41

Do you agree with the proposal to introduce a Guide to accompany the Code?

Yes	✓	No	
Although a long document, the Guide is particularly helpful in explaining what is required of members.			

Question 42

Overall, do you consider that the Guide is relevant and helpful for Members working in non-traditional areas of practice?

Yes	✓	No	
Don't know			
Actuaries now work is now far more varied than in the past. The revised Code is sufficiently flexible to accommodate a range of professional disciplines.			

Question 43

Overall, do you consider that the Guide is relevant and helpful for Members working outside of the UK?

Yes	✓	No	
Don't know			
As we have noted earlier, cultural and legal norms in other parts of the world may differ from those of the UK. The revised Code acknowledges this effectively.			

Question 44

Do you have any suggestions for any additional topics that should be included in the Guide?

Yes		No	✓
Comments			

Question 45

Do you think it would be helpful to have any further guidance (in addition to the Guide) and/or training opportunities in relation to the Code?

Yes		No	✓
Comments			

Question 46

Do you have any other comments or suggestions in relation to the Guide?

Yes		No	✓
Comments			

General

The following are general questions about the proposals:

Question 47

Do you anticipate that there would be any practical or resource implications caused by the introduction of these proposals?

If yes, what sort of implications do you anticipate?

Yes	No	✓

Question 48

Do you have any other comments or suggestions in relation to the proposals?

Yes	No	✓