

THE UK ACTUARIAL PROFESSION

ED5 ACTUARIAL PROFESSION STANDARD

COMPLIANCE

1. Application & status

- 1.1 This Standard applies to all members of the UK Actuarial Profession and sets out the mandatory approach to compliance in any circumstance where a member gives professional advice or services. For the purposes of the Actuaries' Code and this standard, Faculty Students and Affiliates are considered as members and within the Actuaries Code all members are considered as actuaries.
- 1.2 Please note that those sections of this Standard denoted by "*For amplification*" are intended only to explain and qualify the main sections of this Standard. Compliance with a "*For amplification*" section is evidence of compliance with the related mandatory requirement, but non-compliance with such a section is not of itself a breach of a Standard.

2. The Compliance principle

- 2.1 The Actuaries' Code states: "*Actuaries conform to all relevant standards and regulations as required and seek to uphold those by speaking up where appropriate.*"

3. Conforming to standards

- 3.1 A member must consider which statutory provisions, laws, regulations, rules or standards must be applied in given circumstances, and shall conform to such:-
- a. where compliance is required by law, OR
 - b. where compliance is required by Actuarial Profession Standards, OR
 - c. where compliance is required by the member's client or employer.
- 3.2 While there is an appropriate Memorandum of Understanding in force a member shall comply with technical Standards issued by the Board for Actuarial Standards for all work within the scope of a Standard, subject also to the status of such Standards.
- 3.3 *For amplification:* Standards issued by the Board for Actuarial Standards are of limited geographical application. Outside the territories for which they have been issued they do not constitute mandatory Standards, but may nevertheless be highly persuasive as to generally accepted actuarial practice. Where a Standard indicates that compliance may not be mandatory but that the Standard has lesser status, nothing in this Actuarial Profession Standard is intended to increase the requirement to comply.
- 3.4 *For amplification:* The Board for Actuarial Standards adopted at its commencement of activity a number of Guidance Notes formerly issued by the Actuarial Profession.

4. Speaking Up

- 4.1 A member will comply with any requirement to communicate with relevant authorities to which the member may be subject, having regard to any specific Actuarial Profession Standard that may apply.**
- 4.2 A member who becomes aware of any matter which appears to be a material breach by another member of the Actuaries' Code or of any Actuarial Profession Standard must, subject to issues of confidentiality and materiality, refer the matter under the disciplinary schemes of the Faculty of Actuaries or the Institute of Actuaries as might be relevant at the earliest opportunity, subject only to confirming the facts and circumstances, or obtaining legal advice.**
- 4.3 *For amplification:* This requirement includes any breach of, in particular, paragraphs 3.1 and 3.2 above, and therefore extends to breaches of legal requirements and to breaches of standards issued by the Board for Actuarial Standards.
- 4.4 *For amplification:* Confidentiality requirements of a third party must be respected as provided for under the Actuaries' Code and applicable Actuarial Profession Standards. It is normally appropriate to seek a waiver of such confidentiality in cases of any seriousness. A member needs also to be aware when confidentiality might cease to apply.
- 4.5 *For amplification:* In deciding whether an apparent breach is material, the member may need to exercise judgement. The fact that an apparent breach did not lead to a materially adverse outcome is necessary but not sufficient to establish that the breach was immaterial. If a member is unsure whether or not a matter is material, the member should refer it under the disciplinary schemes.
- 4.6 *For amplification:* It is appropriate to seek legal advice when the member is unclear as to whether something is a breach of a requirement of law, or as to the scope of confidentiality.
- 4.7 *For amplification:* Confirmation of the facts or circumstances may be appropriately sought from the member who might be the subject of referral, but the member will need to consider carefully before determining no reference is necessary. A member may discuss the apparent breach with the other member without infringing paragraph 4.2. It might also be appropriate to raise the matter with other members familiar with the relevant information. By doing this, it does not pass the responsibility of making a referral to the other members, but should be considered part of the process of understanding fully the circumstances.
- 4.8 *For amplification:* The requirements of paragraph 4.2 do not require a member to make a complaint under the relevant disciplinary scheme. It is sufficient to refer the matter to the persons responsible for the administration of the scheme.

5. Non-compliance with this Standard

- 5.1 The Actuarial Profession is committed to enforcing the Code through disciplining members who do not meet the standards of behaviour, integrity, competence or professional judgement which other members or the public might reasonably expect of a member. Failure to comply with the Code or this Standard may result in a member becoming liable to disciplinary action.**