



Regulatory Board

16 November 2022, 10:00-13:30

Meeting held virtually via Microsoft Teams

Attending	Ben Kemp David Broadbent Edwin Sheaf Helen Brown Melanie Puri Mike Smedley Mitesh Soni Neil Buckley (Chair) Oliver Bettis Simon Martin Sue Lewis	Apologies	Nicola Williams
Executive Staff	Alan Marshall (item 8) Alex Theophilus (items 7 and 13) Cargill Sanderson (note taking) Chiara McCormack (item 8) David Gordon (item 8) Elena McLachlan (items 9 and 10) Emma Gilpin Hannah MacLeod (Secretary to the Board) Stephanie Snowden (items 7 and 11)		

Item	Title
1.	Welcome and apologies
	The Chair welcomed all to the meeting. No apologies were noted ¹ .
2.	Declaration of Conflicts of Interest
	No conflicts of interest were declared.

¹ Although no apologies were noted during this discussion, Nicola Williams was not in attendance at the meeting

Item	Title
3.	Minutes and Actions
3.1	The Board approved the minutes of the Board meeting held on 27 September 2022.
3.2	The action list was noted and the Chair requested that completed actions be removed from future lists.
3.3	In relation to action 252, the Board asked if it would be possible to receive an update from the IFoA's Director of Engagement and Learning sooner than currently planned. Actions: <ul style="list-style-type: none"> • Executive to remove completed actions from the future versions of action list • Executive to request an update on action 252 from the Director of Engagement and Learning sooner than the proposed timescales
4.	Update from the Chair
4.1	The Board noted Paper 3 from the Chair.
4.2	The Financial Reporting Council's (FRC) proposal to disband the Joint Forum on Actuarial Regulation (JFAR) was discussed. The Chair indicated that further consideration will be given to what steps might be taken to ensure there is still a process for situations that benefit from a coordinated approach from the various regulators, following JFAR's final meeting, which takes place in December.
4.3	The Board queried what will happen to the JFAR Risk Perspective once JFAR is disbanded. The Executive noted that the FRC's Actuarial Policy team have indicated that they anticipate taking on this work in the future. Actions: <ul style="list-style-type: none"> • Chair/Executive to update on processes for coordinating with other regulators following December JFAR meeting
5.	Update from the Executive
5.1	The Board noted paper 4.
5.2	There was discussion about the disciplinary scheme vote, with the Board noting that over 1,500 members had voted in the recent ballot on changes to the Disciplinary Scheme and that this was a higher turnout than normal.
5.3	There was some discussion regarding the FRC's oversight review of the Quality Assurance Scheme (QAS) and what would be covered. It was noted that this review will be included in next year's private oversight report.

Item	Title
6.	<p data-bbox="282 293 707 322">Diversity, Equity, and Inclusion (DEI)</p> <p data-bbox="282 376 1347 434">6.1.1 The Board discussed a proposal to consult upon changes to the Actuaries Code to introduce DEI requirements on members.</p> <p data-bbox="357 450 855 479">The Board's discussion included the following:</p> <ul data-bbox="357 510 1369 636" style="list-style-type: none"> <li data-bbox="357 510 1369 636">• <u>Appropriateness of the proposed changes to the Actuaries' Code (the Code)</u> This discussion included consideration of whether it was appropriate to have a proactive requirement for DEI within the Code, and, if so, whether the proposed wording was the right wording to deploy. <p data-bbox="384 656 1385 748">During the discussion some emphasis was placed on the importance of reflecting DEI in IFoA standards, as part of ensuring the IFoA is leading on this important area of concern, and in the context of the IFoA's commitment to the IFoA DEI Strategy.</p> <ul data-bbox="357 768 1378 922" style="list-style-type: none"> <li data-bbox="357 768 1378 922">• <u>Consideration of disciplinary implications of the proposed changes</u> The Board wanted to understand if there were any disciplinary implications that may result should the proposed changes be implemented. In particular, the Board wished to ensure that changes to the Code would allow the IFoA to continue to navigate appropriately the sensitive boundary between appropriate free speech and unacceptable discrimination. <p data-bbox="384 943 1369 1068">The Executive noted the importance of distinguishing between the conduct required by the Code and the threshold for misconduct defined under the Disciplinary Scheme. Recent activity demonstrates that these issues can be appropriately handled. The Board asked that this be made clear to members in communicating these proposals in consultation.</p> <ul data-bbox="357 1088 1378 1243" style="list-style-type: none"> <li data-bbox="357 1088 1378 1243">• <u>Frequency of changes to the Code</u> It was noted by the Board that this was the second time in quick succession that proposals had been made to change the Code, following a recent consultation on proposed changes to incorporate climate risk. The Code is a broad overarching set of principles, and so should not be changed frequently. <p data-bbox="384 1263 1374 1355">The Executive outlined the background that had led to both sets of proposed changes being brought forward and explained the process around scheduled reviews of the Code and other standards every three years.</p> <p data-bbox="282 1375 1378 1433">6.1.2 The Board approved the proposals to go out to consultation, subject to deletion of the proposed words "aim to" at Principle 1.2.</p> <p data-bbox="282 1485 636 1514">6.2 The Board noted paper 6.</p>
7.	<p data-bbox="282 1563 1051 1592">Collective Defined Contribution (CDC) proposals post-consultation</p> <p data-bbox="282 1646 1378 1771">7.1 The Board approved proposals, for the introduction of a new Practising Certificate for Scheme Actuaries to a CDC Pension Scheme, and a corresponding revised APS and PC Scheme, following a consultation process. The Board also noted the Competency Framework, which had a minor update from the consultation version, and the plans around implementation.</p> <p data-bbox="282 1778 1378 1848">7.2 There was some discussion of transitional arrangements and about the interim arrangements in place for actuaries appointed to the role of CDC Scheme before the new PC is introduced.</p>
BREAK (11:00 to 11:15)	
8.	Actuarial Monitoring Scheme (AMS) Equity Release Mortgages (ERM) Thematic Review outputs

Item	Title
	<p>8.1 The Board discussed the AMS ERM thematic review report and findings.</p> <p>8.2 The Board's discussion on the report's findings included:</p> <ul style="list-style-type: none"> • That technical standards appeared to be being applied appropriately in this area. • The importance of the IFoA taking an appropriately robust position in terms of the ethical standards surrounding financial products with the potential for negative impacts on customers. • That this was an area where the FCA was the main regulator. • The steps taken by the FCA to protect the consumers of these financial products in recent years, including the planned introduction of the Consumer Duty. • The need to ensure the IFoA appropriately engages with the FCA to share the findings of this review. <p>8.3 The Board noted and received the findings of the report, acknowledging the report as an excellent piece of work.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Executive to coordinate with Chair to finalise wording for the Foreword of the report prior to publication of the report on 7 December 2022
9.	Regulatory response to AMS thematic review on ERMs
9.1	<p>The Board discussed its own response to the findings of the AMS thematic review on ERMs. The Board's discussion included the following:</p> <p>[Redacted]</p>
10.	<p>Modern regulatory support</p> <p>10.1 The Board considered and noted proposed changes to the regulatory support arrangements for members.</p> <p>10.2 Discussion included the following:</p> <ul style="list-style-type: none"> • The consideration that had been given to ensuring the proposed changes would be appropriate, recognising the IFoA's global membership. • The sort of circumstances in which the services might be most useful to members, including how the current services are used. • Use of the current services by those employed by larger firms with internal professional support as compared to those from smaller employers. • Plans to do more to promote the services, including the introduction of cases studies in the Actuary magazine. <p>10.3 The Board agreed that this was very positive work, and that they look forward to further updates as the project progresses.</p>

Item	Title
11.	Practising Certificates Committee (PCC)
11.1	The Board noted the annual update to the Board summarising the work of the PCC for 2021/22.
11.2	There was discussion of a specific issue raised by the PCC regarding the award of PCs under the new PC Scheme to those taking on the role of Reviewing Actuary. This followed on from previous Board discussions on the topic. The Chair had discussed this issue with the PCC Chair and executive recently and a proposed way forward had been set out. The Chair was content that no further action was necessary at this stage but that the situation would be monitored during the initial period of the new PC Scheme. There was also a Board discussion of the future requirements for PCs for Reviewing Actuaries scheduled in early 2023. The Board agreed with the Chair's approach and that no further steps should be taken.
11.3	The Board noted the plans to arrange an additional Board meeting in the next couple of months to discuss the issue of PCs for actuaries involved in funeral plans work.
12.	Liability Driven Investments (LDI)
12.1	There was discussion of the issue of recent public scrutiny of LDI strategies.
12.2	The Board noted that the IFoA will be providing evidence to the Work and Pensions Select Committee (WPSC), which is investigating the recent experiences of many UK defined benefit pension schemes employing LDIs.
12.3	They noted that this subject is also scheduled to be discussed at the December meeting of JFAR where the main regulators will be in attendance.
12.4	The Board discussed the recent events. There was a recognition of the public sense of urgency to understand recent events and the roles various parties had played in the resulting issues. The Board was supportive of the IFoA's on-going engagement with that public debate through the WPSC. The Chair asked that IFoA material be shared with the Board once it has gone to the WPSC.
12.5	It was agreed that this topic, and any appropriate further steps, should be revisited following the JFAR meeting. Actions: <ul style="list-style-type: none"> • Executive to share WPSC materials with the Board, as and when appropriate • Further discussion on the topic and next steps to be added to Board agenda in early 2023
13.	Horizon scanning
13.1	It was agreed that, in order to ensure sufficient time for a meaningful discussion, this item would be discussed at the next full meeting of the Board.
FOR NOTING ONLY	
14.	For Noting Only
14.1	An update on the IFoA's new risk framework It was agreed to defer this item until the next meeting of the Board to allow more time for a full discussion

Item	Title
15.	Standing Items
15.1	Forward Agenda for 2022-24 This paper was noted.
15.2	Board members tenure This paper was noted.
16.	Any other business
	No further business was noted.
17.	Dates of Future Meetings 2022/23
	21 February 2023 - (1000-1330) Virtual 17 May 2023 - (1000-1330) Virtual 25 July 2023 - (1000-1330) Virtual 20 September 2023 (Strategy Day) – in-person, venue and timings TBC 21 November 2023 - (1000-1330) Virtual