



APS X1: APPLYING STANDARDS TO ACTUARIAL WORK

Author:	Regulation Board
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Purpose:	This APS sets out which standards are applicable to actuarial work
Authority:	Institute and Faculty of Actuaries
Target Audience:	All Members

General Professional Obligations:

All **Members** are reminded of the Status and Purpose preamble to the Actuaries' Code, which states that the Code will be taken into account if a **Member's** conduct is called into question for the purposes of the Institute and Faculty of Actuaries' Disciplinary Scheme. Rule 1.6 of the Disciplinary Scheme states that Misconduct:

“means any conduct by a Member in the course of carrying out professional duties or otherwise, constituting failure by that Member to comply with the standards of behaviour, integrity or professional judgement which other Members or the public might reasonably expect of a Member, having regard to any code, standards, advice, guidance, memorandum or statement on professional conduct, practice or duties which may be given and published by the Institute and Faculty of Actuaries and/ or by the [Financial Reporting Council] (including by the former Board for Actuarial Standards) in terms thereof, and to all other relevant circumstances.”

In the event of any inconsistency between this **APS** and the Actuaries' Code, the Code prevails.

Use of the words “must” and “should”:

This **APS** uses the word “must” to mean a specific mandatory requirement.

In contrast, this **APS** uses the word “should” to indicate that, while the presumption is that **Members** comply with the provision in question, it is recognised that there will be some circumstances in which **Members** are able to justify non-compliance.

1. Actuaries' Code and APSs

1.1. Subject to relevant **Legal Requirements**, and section 3, all **Members**, regardless of their geographic location, are subject to:-

1.1.1. the **Actuaries' Code**; and

1.1.2. relevant **APSs**.

1.2. Sections 2 and 3 set out additional obligations in relation to the application of standards.

2. TASs

2.1. **Members** must apply the **TASs** to work which is within both the **TASs'** stated scope and **UK Geographic Scope**. They may additionally apply such other standards as may be appropriate in the circumstances, provided that any such other standards, to the extent applied, are consistent with the **TASs**.

3. Work outside UK Geographic Scope

3.1. This section applies to the extent that **Members** are undertaking work which is outside **UK Geographic Scope**.

3.2. All work to which this section applies should be carried out in a way that complies with **ISAP1**.

3.3. **Members** will be deemed to have met the requirements of paragraph 3.2 if they are applying to that work **Recognised Standards** which, when considered collectively, achieve substantial consistency with **ISAP 1**.

3.4. In addition to 3.2, the following provisions shall apply:

3.4.1. Where there is a **Recognised Standard** (not being the Actuaries' Code or an **APS**) which:

3.4.1.1. is (i) directly applicable, or (ii) relevant in respect of both geography and subject matter and would be applicable if the **Member** were subject to the jurisdiction of the **Relevant Authority** that imposed the **Recognised Standard**; and

3.4.1.2. is not inconsistent with **ISAP1**,

the **Member** should apply that **Recognised Standard**, including any additional requirements in that **Recognised Standard** which are not contained in **ISAP 1**.

3.4.2. Where the subject matter of a **Recognised Standard** as applied by a **Member** under 3.4.1 is substantively similar to part or all of an applicable **APS** the **Member** may, if appropriate, treat that **Recognised Standard** as being an alternative to the relevant **APS** (or part of the **APS**). To the extent that the **Recognised Standard** is applied as an alternative, the requirement under paragraph 1.1.2 shall not apply.

3.4.3. **Members** should also exercise reasonable judgement to consider whether there are other relevant standards that they ought to apply. In particular, members should give

consideration as to whether it would be appropriate and reasonable to apply other relevant **IAA Standards** or **AAE Standards** and, if so, apply those standards.

3.4.4. In exercising reasonable judgement in terms of paragraph 3.4.3, **Members** should have regard to all of the relevant circumstances, including:-

3.4.4.1. the context in which, and purpose for which, the work is being provided;

3.4.4.2. the scope of any **Recognised Standards** applied under 3.4.1 and whether they cover all aspects of the work in question;

3.4.4.3. the requirement of paragraph 3.2; and

3.4.4.4. relevant market expectations and norms in the context in question;

subject always to the importance of safeguarding the interests of the **User(s)** and of the public in relation to the work in question.

3.4.5. Where there is inconsistency between **Recognised Standards**, **Members** must exercise judgement in determining which **Recognised Standard(s)** to apply, having regard to all of the circumstances, including the considerations set out in paragraph 3.4.4.

4. Communication and justification of the standards applied

4.1. Members must be open with **User(s)** as to the standards which have been applied to their work. If necessary to avoid possible misunderstanding on the part of the **User(s)**, **Members** should set out to the **User(s)**, in writing, the standards that have and/or have not been applied.

4.2. Members must be able to justify the standards applied (and/or not applied) to their work, if reasonably called upon to do so.

Term	Definition
APS	Actuarial Profession Standard issued by the Institute and Faculty of Actuaries.
Actuaries' Code	The ethical code for Members issued by the Institute and Faculty of Actuaries.
AEE Standards	Standards approved by the Actuarial Association of Europe as model standards.
IAA	The International Actuarial Association.
IAA Standards	Standards approved by the IAA as model standards including ISAP 1 and any subsequent standards, as may be amended from time to time.
ISAP 1	The first International Standard of Actuarial Practice issued by the IAA.
Legal requirement	A requirement of law or regulation, imposed by a body of lawful jurisdiction and directly enforceable by reason of national or local law.
Member	A member of the Institute and Faculty of Actuaries.
Relevant Authority	A full IAA member organisation or other regulatory entity with equivalent authority to impose standards in relation to actuarial work (for the avoidance of doubt this does not include the IAA or the Actuarial Association of Europe).
Recognised Standard	Professional standard, written practice or guidance, other than a Legal Requirement, issued, given effect to, or otherwise recognised, by a Relevant Authority, and relevant to the professional and/or technical quality of actuarial work.
TAS	Technical Actuarial Standard produced by the Financial Reporting Council along with any formal written accompanying guidance issued by them, for example a Scope and Authority document.
UK Geographic Scope	Refers to work carried out in relation to the UK operations of entities, or in relation to non-UK operations to the extent that they report into the UK within the context of UK legislation or regulation.
User	The person, including a corporate entity, for whom the actuarial work is produced.