



The Actuarial Profession

making financial sense of the future

Consultation Response The Code Committee of the Takeover Panel

Pension Scheme Trustees Issues

28 September 2012

About the Institute and Faculty of Actuaries

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.

The Secretary of the Code Committee
The Takeover Panel
10 Paternoster Square
London
EC4M 7DY

28 September 2012

Dear Sir/Madam

Pension Schemes Trustee Issues

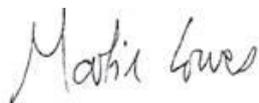
The Institute and Faculty of Actuaries welcomes the opportunity to comment on the consultation on pension scheme trustee issues which the Code Committee of the Takeover Panel is seeking to address.

The consultation was considered by the Consultations sub-Committee of our Pensions Practice Executive Committee which is made up of experienced pensions actuaries from a variety of backgrounds. The committee considered the policy intent as outlined in sections 1.1 through to 2.5 and is supportive of the analysis that has been performed here. We are in agreement with the intention to bring pensions within the scope of a framework that will help to ensure any effects of the offer on the pension scheme(s) could be discussed by the relevant parties at an early stage.

We also note that The Code does not apply, for example, to transactions where there is only one shareholder in the entity being acquired – which is the scenario for the majority of acquisitions in the UK. Our understanding is that enforcement of trustee interests in relation to such transactions would remain, via the Pensions Regulator's powers, with no additional disclosures required as a result of these proposed alterations to the Code.

We considered that the further detailed questions on the drafting of the relevant clauses were likely to give rise to issues that are fundamentally legal in their nature rather than being actuarial issues. As a consequence we do not believe that we can add any particular insights as to whether the rules, as drafted, successfully capture the policy intention that has been outlined.

Yours faithfully,



Martin Lowes
Chair Pensions Consultations Sub-Committee
The Institute and Faculty of Actuaries