



Institute
and Faculty
of Actuaries

Summary of Consultation Responses:

**Proposal to introduce a revised Actuarial
Profession Standard (APS) P1: Duties and
Responsibilities of Members undertaking
work in relation to pension schemes**

By the Regulatory Board

September 2021

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1. INTRODUCTION

I am pleased to introduce this summary of the feedback received in response to the Institute and Faculty of Actuaries' (IFoA) consultation on the proposal to introduce an updated version of Actuarial Profession Standard P1 ('APS P1').

APS P1 sets out specific ethical requirements, including Practising Certificate obligations, that apply in addition to the Actuaries' Code, for Members operating in the pensions area, and was last reviewed in 2013. Since then, the regulatory framework of the IFoA has changed significantly, with a move towards simplified, principles-based standards.

Following the publication of the revised Actuaries' Code ('the Code') in May 2018, the Regulatory Board agreed that the Pensions Standards Committee ('the Committee') would carry out a full review of APS P1. The Committee is responsible for providing expertise and preparing/maintaining pensions-related APSs for the IFoA, and reports to the Regulatory Board.

The consultation opened on 7 September 2020 and closed on 7 January 2021. 17 responses were received.

The Committee has carried out its analysis of the responses and has presented its further recommendations to the Regulatory Board. This feedback paper sets out the results of the consultation, including a summary of the responses and the conclusions reached in light of those responses. It also contains the final version of APS P1 (Version 3.0), as approved by the Regulatory Board. APS P1 (Version 3.0) will come into force on **1 April 2022**.

We are extremely grateful to respondents for taking the time to consider the proposals and respond to the consultation. I hope you find this summary of the responses and additional information about the further changes made to the APS helpful.

Finally, I would like to take this chance to thank the members of the Committee, namely Martin Rawe, Deborah Cooper, Andrew Little, Michael Boore and Brian Nimmo, for their valuable time and input in developing this proposal.

Graham Everness
Chair of the Pension Standards Committee
September 2021

2. EXPLANATORY NOTE

The IFoA consulted upon a proposal to introduce a revised APS P1 (Version 3.0) which deals with the ethical obligations for Members operating in the pensions area, including specific requirements for Scheme Actuaries in the United Kingdom (UK).

The revised APS P1 aims to provide a more streamlined and clearer standard for Members operating in the pensions area, clarifying Members' responsibilities. In addition, there is a proposed extension in scope to those advising the Employer, and clarification that 'in-house' advisers are also covered.

The consultation package can be found on the IFoA's website¹. This document explains the outcome of that consultation process.

Background to the proposals

Following the Standards Framework Review in 2016, it was agreed that the IFoA would move towards simplifying standards and guidance, with a principles-based approach, and focusing on regulatory aims and principles. APSs impose specific mandatory requirements on Members which build on the requirements of the Actuaries' Code. APSs are also the mechanism by which the IFoA implements its requirements for practising certificates in the areas of insurance and pensions.

The IFoA's key objective is to ensure that standards are clear, comprehensible and enforceable. This includes expressing requirements in a clear manner, using terms such as 'must' and 'should' to denote the status of provisions.

APS P1 was initially issued in October 2011 and last reviewed in July 2013. The APS was due for review in July 2016; however, given that a significant aspect of APS P1 is the imposition of specific requirements upon Scheme Actuaries in relation to conflicts of interest that are founded upon the impartiality requirements under the Code, the Regulatory Board agreed to postpone the review of this material until after publication of the revised Actuaries' Code.

The revised Actuaries' Code was published in May 2018 (coming into force in May 2019) and, following this, the Committee began to review the standard on behalf of the Regulatory Board, with support from IFoA Executive.

The Committee was tasked with taking into account the changes to the Code and any legislation/case-law, and to ensure that the drafting is in line with other practice specific APSs.

The review also included a broader and general review of the standard, considering whether it was still appropriate, proportionate and fit for purpose.

¹ <https://www.actuaries.org.uk/upholding-standards/regulatory-communications-and-consultations/closed-consultations>

The Committee's proposals were set out in a consultation paper published on 7 September 2020. The Committee proposed that the current APS P1 was replaced by a revised version. The proposed revised version sets out specific obligations for UK Scheme Actuaries and newly defined Equivalent Scheme Actuaries, Other Actuarial Advisers and Employer Advisers. Each paragraph clearly defines who exactly it applies to, with the definitions of each role contained in the definition Section.

The requirements themselves largely mirror the current requirements in APS P1, but in a clearer, more streamlined and easy to follow manner. However, some of the previous content/requirements have been removed as the Committee felt they did not add anything of sufficient substance or were overly prescriptive.

The questions posed in the consultation paper sought views on the proposed revised APS P1, including its proposed change in scope to include 'Employer Advisers' and the newly defined roles.

3. THE CONSULTATION PROCESS

The consultation was published on 7 September 2020 and closed on 7 January 2021. Members and other interested parties were invited to comment on the proposals via an online Survey Monkey questionnaire (which was also available to download and submit via email).

4. RESULTS OF THE CONSULTATION

14 responses were received via the online consultation questionnaire. An additional 3 responses were received via email to the regulation email inbox.

The names of those who responded to the consultation are included in **Appendix 3**. Those respondents that have asked for their details to remain confidential are not included in the list.

The detailed responses to the consultation are set out in **Appendix 4**. The comments from those who asked for their feedback to remain confidential have been redacted.

The feedback to the consultation demonstrates that there is support for the proposal to withdraw the current version of APS P1 and replace it with a revised and streamlined version (Version 3.0). A summary of the responses and the Committee's feedback provided is below.

5. SUMMARY OF RESPONSES AND COMMITTEE FEEDBACK

The Committee were pleased with the respondents' level of engagement with the consultation.

15 respondents were based in the United Kingdom with the remaining respondents in the Republic of Ireland or the rest of Europe. All respondents indicated that they held Fellowship memberships with the IFoA.

13 respondents' main practice area was pensions, with some respondents working in finance and investment, and other fields.

Do you agree with the proposal to withdraw the current version of APS P1 and replace it with the revised version?

The overall majority of respondents agreed with the proposal to withdraw the current version of APS P1 and replace it with a more streamlined and concise version. The respondents were supportive of the objective of the review by the Committee, to achieve a simpler, principles based standard with clarified wording.

Committee Feedback

The Committee were pleased to see such widespread support from respondents for the overall proposal.

Overall do you think that the requirements contained in the revised APS P1 are relevant and appropriate?

13 respondents agreed that overall, the requirements of the revised APS P1 are relevant and appropriate.

The respondents to the consultation provided some feedback and suggestions on how to clarify some of the requirements. The respondents who did not agree with this question provided suggestions where they would find additional wording helpful, as well as examples where the requirements may not be relevant or appropriate for them in certain types of work, for example for large unfunded public service schemes, or in jurisdictions out-with the UK (feedback related to how the standard applies out-with the UK is provided further below).

Committee Feedback

The Committee considered that some of the comments in relation to the relevance and appropriateness of the requirements themselves also related to the current version of APS P1 and were not solely directed at the new proposed version.

The Committee were not persuaded with some of the feedback that suggested Sections 4.3 and 4.4 of the revised APS were overly onerous, particularly for Equivalent Scheme Actuaries. They considered that the requirements had not changed materially from the current version of the APS and were comfortable that they were appropriate. They considered that sufficient flexibility was provided within Section 4.4 when guiding members to consider whether it was appropriate to depart from the presumption of an irreconcilable conflict of interest.

The Committee carefully considered the feedback from some respondents on the relevance of some of the requirements to certain types of work and, following the closure of the consultation, consulted further with members on the applicability to public sector schemes.

Following the above, the Committee made the following changes:

- to provide further clarity on the applicability of the requirements to Equivalent Scheme Actuaries, additional wording has been included within Section 6 on interpretation and application. This recognises that some of the provisions cannot readily be applied where a scheme's set-up is fundamentally different from that of a Relevant Scheme; and

- to provide further clarity for Members applying the standard outside of the UK, further additional wording has been included within Section 6 which references APS X1.

Do you think that Members’ obligations under the revised APS P1 are clearly set out?

The majority of respondents agreed that, overall, the obligations under the revised APS P1 were clearly set out. The Committee were glad to receive suggestions on how some of the requirements within the revised APS P1 could be clarified further for Members.

Some respondents provided detailed comments around certain wording within the revised APS and provided suggestions for clarifications. Feedback was provided on the requirements set out for the Scheme Actuary, Equivalent Scheme Actuary, Employer Adviser and Other Actuarial Adviser, with differing views on the level of requirements on all these roles and whether there should be parity.

Committee Feedback

The Committee considered the feedback for increased clarity and the level of requirements set out for certain roles, noting that a range of views were expressed, some of which were in contradiction. They agreed with some of the feedback that obligations could be more clearly set out and therefore made the following changes:

- additional wording under Sections 2.4 and 2.6 to ensure there is clarity over the roles to which it applies;
- additional wording within Section 4.5 in relation to the conflict management plan (CMP) to ensure the requirements for each role are clear, including:
 - additional wording to give further clarity on who is covered by the waiver of confidentiality;
 - slight re-wording of previous Section 4.5.4;
 - an additional paragraph to make clear that the CMP must be shared with the Employer Adviser to ensure that they are provided with an opportunity to comment on the CMP before it is put into effect with the trustees and employer; and
 - additional wording to give more prominence to the requirement for periodic reviews of CMPs.
- clarification within Section 5 of the Employer Adviser’s role in ensuring that a CMP is in place before the Employer Adviser provides advice in relation to the Scheme.

Do you agree that the scope of the revised APS P1 is appropriate?

15 respondents agreed that the scope of the revised APS P1 was appropriate. There were a range of views provided on the levels of scope applying to different positions, such as the Scheme Actuary and Other Actuarial Adviser, with some suggesting that the APS should have equal requirements across all types of advising actuaries.

Some respondents provided feedback on the scope of Section 3.1.1. in particular, commenting that they felt it was too wide and that there was a lack of clarity over what was ‘material’. Overall, respondents also provided feedback that Section 4.2 should be extended to cover Other Actuarial Advisers.

Committee Feedback

The Committee considered very carefully the feedback on the scope of the revised APS P1. They concluded that they were comfortable that the scope of the revised APS ought to be applied beyond UK Scheme Actuaries, as it is within the current version of the APS, and that the requirements for each role were appropriately set.

The Committee revised some sections of the APS where it received feedback that the scope may be too wide or onerous. As a result, the Committee have made the following changes:

- following feedback over the scope of Section 3, on the definition of 'party' and the scope of what might 'adversely affect', the Committee have reworded this section with the result that it is now closer to the existing Version 2 of the APS (but with some improved and clearer wording for Members);
- a new Section 3.2 making specific the application of the revised 3.1 to the kinds of situation that are explicitly mentioned in Section 4.4 of Version 2.0 (to reflect a concern raised that Members might otherwise not realise that this requirement of the previous Version was intended to be regarded as included within the general requirements of Sections 3.1 & 3.2 of the consultation version); and
- they agreed that Section 4.2 ought to also apply to Other Actuarial Advisers and revised the wording accordingly to reflect this and to make clear that the Section applies to work for the employer by the individual Member in question as well as by any other person within their Firm. These correct inadvertent omissions from previous re-ordering when drafting the revised APS.

Do you think the key terms within the revised APS P1 are sufficiently well defined?

While most respondents agreed that the key terms were sufficiently well defined, 4 respondents disagreed with this question and provided some suggestions for improvements for the Committee to consider.

Committee Feedback

The Committee noted that some suggestions from respondents on the key terms within the revised APS were 'presentational' suggestions and some related to existing definitions contained in the current APS P1. After considering the feedback, the Committee have made the following changes:

- re-wording of the definition of Conflict Management Plan to reflect the additional role of an Other Actuarial Adviser and minor re-wording within the definition replacing 'known conflicts' with 'identifiable conflicts'; and
- similar to above, re-wording of the definition of Employer Adviser to include the role of an Other Actuarial Adviser.

Overall, for provisions of the revised APS P1 that apply to work outside of the UK, do you agree that they are relevant and appropriate?

15 respondents were based within the UK and 13 respondents to this question agreed that the provisions relevant to work outside of the UK were relevant and appropriate. The Committee

received feedback in relation to the applicability of certain provisions for actuaries practising in Ireland and for sponsoring employers and trustees advised by them.

Committee Feedback

The Committee considered the feedback relating to the applicability of the revised APS P1 to work and schemes outside of the UK and noted that these comments could also apply to the current version of the standard. They considered the obligations set out in IFoA APS X1: *Applying Standards to Actuarial Work* and concluded that they were comfortable that this makes clear how the standard ought to be applied.²

In particular, the guidance for APS X1 states that Members of the IFoA must comply with APSs 'to the extent that they are applicable to the work in question'. For Members carrying out work outside the UK geographic scope, special provision is provided for them to apply locally recognised standards instead of APSs, in particular circumstances. Therefore, if there is a substantively similar standard to that of APS P1 that applies to the work then a Member can apply the other recognised standard, or part of it, in preference to similar provisions of APS P1.

If there is any inconsistency between recognised standards, Members are expected to use their reasonable judgement to determine which to apply. If there are any 'shortfalls' between local standards and APS P1, then the reasonable expectation is that P1 would apply, to the extent that it is relevant.

Do you think that anything substantial has been lost in the revised APS P1 as compared to the current version of the APS?

16 out of 17 respondents did not think that anything substantial has been lost in the revised APS P1 as compared to the current version of the APS. Some respondents provided feedback that accompanying guidance to the APS, covering some of the material that has been dropped in the streamlining of the standard, would be helpful.

Committee Feedback

The Committee considered whether, in simplifying and stream-lining the standard, anything substantial had been lost or if additional, accompanying guidance would be helpful for Members. They were not convinced that anything material or substantial had been lost but rather, made the standard much easier for Members to understand the requirements, compared to the current APS P1.

The Committee did not conclude that there was anything specific or material that had been lost in the new APS P1, which would merit issuing additional regulatory guidance. They recommend however that Frequently Asked Questions are developed and published for Members on the IFoA website, if there is any demand demonstrated.

² <https://www.actuaries.org.uk/documents/aps-x1-applying-standards-actuarial-work>

6. CONCLUSIONS AND FINAL PROPOSALS

The Committee considered all of the comments and suggestions provided during the consultation process and finalised its proposals in light of that feedback. It concluded that there was a firm basis for introducing the new revised version of APS P1 (Version 3.0), to replace the current version (2.0). They agreed however that there ought to be a number of changes made to the revised standard to reflect some of the feedback in the consultation responses, as detailed above.

Where the Committee were persuaded that respondents' suggested changes were helpful, relevant and appropriate alternatives to the proposals put forward, those changes were adopted. Not all of the suggestions put forward have been adopted however, particularly where the Committee considered that a suggestion was not in line with the purpose of the APS or did not present a more helpful or practical alternative to the existing proposals.

The Committee's final proposals for APS P1 (Version 3.0) are set out below and have been approved by the IFoA's Regulatory Board.

The final APS P1 (Version 3.0) is included as **Appendix 1** to this paper.

7. NEXT STEPS

Introduction of revised APS P1 Version 3.0

A six month period of implementation will be allowed before the current APS P1 is withdrawn and APS P1 (Version 3.0) comes into force, to allow Members time to take account of the new version. The revised standard will come into effect on **1 April 2022**.

Members are welcome to contact the [Regulation Team](#) should they have any queries or concerns regarding the new revised APS P1.



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APS P1: DUTIES AND RESPONSIBILITIES OF MEMBERS UNDERTAKING WORK IN RELATION TO PENSION SCHEMES

Version: 3.0, effective 1 April 2022

Purpose: This APS sets out specific ethical requirements that apply to certain **Members** of the Institute and Faculty of Actuaries operating in the pensions area of practice.

1. Practising Certificate requirement – Scheme Actuaries

1.1 A **Scheme Actuary** must have a current **Practising Certificate**.

2. Obligations relating to appointment, replacement and absence – Scheme Actuaries and Equivalent Scheme Actuaries

2.1 This section applies to **Members** who are a **Scheme Actuary** and/or an **Equivalent Scheme Actuary**.

2.2 A **Scheme Actuary**, or **Equivalent Scheme Actuary**, must have a written agreement with the **Trustees** covering the information that they require the **Trustees** to provide them with, or allow them access to, to do their job properly, and allowing them to share information with other advisers as appropriate.

2.3 The matters covered by the agreement in 2.2 may vary from scheme to scheme but the **Scheme Actuary**, or **Equivalent Scheme Actuary**, must have a justifiable reason for the exclusion of any of the matters described in Appendix 1.

2.4 The agreement in 2.2 must be reviewed periodically and updated to ensure that it continues to be fit for purpose. In drawing up the list of events to be notified under paragraph 3 of Appendix 1, the **Scheme Actuary**, or **Equivalent Scheme Actuary**, should be satisfied that the **Trustees** understand what the **Scheme Actuary** or **Equivalent Scheme Actuary** would consider to be material, and, if used, how words such as “unexpected”, “significant” or “major” should be interpreted. In specifying timescales, phrases such as “as soon as possible” or “as soon as reasonably practicable” might be used.

- 2.5 If an existing **Scheme Actuary** or **Equivalent Scheme Actuary** is to be replaced:
- 2.5.1 the existing actuary must provide the new actuary with the information that the existing actuary considers to be relevant for the new actuary to fulfil their responsibilities;
 - 2.5.2 the information in 2.5.1 must include any information considered to be relevant relating to reports made to the **Regulator** under Section 70 of the UK Pensions Act 2004, where applicable, or similar reports to other regulatory authorities;
 - 2.5.3 if necessary, the existing actuary and new actuary must discuss the information to be provided, if they are reasonably able to do so; and
 - 2.5.4 where the new actuary considers that they require more information for this purpose than the existing actuary originally provided, the new actuary must, if reasonably possible, ask the existing actuary for this additional information. Provided that the new actuary agrees to any reasonable conditions imposed by the existing actuary for the release of information, the existing actuary must comply with any such reasonable request or explain why it is not possible or appropriate to comply.
- 2.6 A **Scheme Actuary** or **Equivalent Scheme Actuary** who resigns or is removed, must ensure that the **Trustees** have been notified of:
- 2.6.1 the need to appoint a replacement within any prescribed timescales; and
 - 2.6.2 any deadlines relevant to responsibilities of the **Scheme Actuary** or **Equivalent Scheme Actuary** that might pass before a new actuary has had time to address them.
- 2.7 A **Scheme Actuary** or **Equivalent Scheme Actuary** must have appropriate arrangements to cover any period during which they are unable to fulfil their duties, taking account of the anticipated length of such a period. Depending on the circumstances, it might be appropriate or necessary to resign the appointment.
- 3. Other Professional Responsibilities, including Speaking Up – Scheme Actuaries, Equivalent Scheme Actuaries and Other Actuarial Advisers**
- 3.1 Subject to paragraph 3.3 below, **Scheme Actuaries, Equivalent Scheme Actuaries and Other Actuarial Advisers** should inform the **Trustees** and, if appropriate, any third party adviser or service provider to the **Trustees**, and take appropriate action:

- 3.1.1 on becoming aware of any significant matter that relates to their regulatory, contractual or other professional responsibilities which could have an impact on the security of members' benefits and/or financing of the **Scheme**, or which might lead to the **Trustees** needing to request advice or further advice from an actuarial or other adviser; or
- 3.1.2 if they have any material concerns about the way the **Trustees** are fulfilling their duties and responsibilities, or about actions being taken by any of the **Trustees'** third party advisers or service providers.
- 3.2 One specific application of paragraph 3.1 is that, where a **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** is giving a legally-required certification, the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** must draw the **Trustees'** attention to any matters which he/she believes the **Trustees** should bear in mind before taking any action associated with that certification.
- 3.3 Paragraph 3.1 above does not apply to **Other Actuarial Advisers** where they have reasonable cause to believe that a **Scheme Actuary** or **Equivalent Scheme Actuary** is fulfilling these requirements.
- 4. Conflicts of Interest – Scheme Actuaries, Equivalent Scheme Actuaries and Other Actuarial Advisers**
- 4.1 This section applies to **Scheme Actuaries, Equivalent Scheme Actuaries** and **Other Actuarial Advisers**, as provided for in the individual paragraphs below.
- 4.2 Where the **Scheme Actuary** or **Equivalent Scheme Actuary** for a **Scheme**, or an **Other Actuarial Adviser** working for a **Scheme** on behalf of a different **Firm** from the **Scheme Actuary** or **Equivalent Scheme Actuary**, is undertaking any work for the **Employer** to that **Scheme**, or they are aware, to the best of their reasonably held knowledge, that another person is undertaking work on behalf of their **Firm** for the **Employer** to that **Scheme**, they must notify the **Trustees** of this fact and of the potential for conflict(s) of interest to arise as a result.
- 4.3 A **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** should presume that the provision or review by them of **Advice** to the **Employer** of a **Scheme** (for which they are acting for the **Trustees**), in relation to the funding of that **Scheme** or to any matter which has a direct bearing on the benefits payable under that **Scheme**, would give rise to an irreconcilable conflict of interest.
- 4.4 In considering whether, exceptionally, it is appropriate to depart from the presumption set out in paragraph 4.3, the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** should have regard to all of the relevant circumstances, including, as applicable:

- 4.4.1 the public interest, including the public interest in safeguarding the interests of **Scheme** members;
 - 4.4.2 the extent of the **Trustees'** independence and expertise;
 - 4.4.3 relevant legislation;
 - 4.4.4 where the **Scheme** rules require the provision of such **Advice** by the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** to the **Employer**, whether it is reasonably possible and appropriate to amend the **Scheme** rules;
 - 4.4.5 for an **Other Actuarial Adviser**, the type of work they have been involved with on behalf of the **Trustees**;
 - 4.4.6 whether it is appropriate to resign one or more appointment(s), rather than depart from the presumption.
- 4.5 Where the work to which paragraph 4.2 refers constitutes **Advice** in relation to the **Scheme** in question, the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** must ensure that a **Conflict Management Plan** is agreed with the **Trustees** and **Employer** for whom the work is undertaken.
- 4.5.1 The plan must set out any limitations on the extent of any **Advice** which may be provided to the **Employer** and who may provide that advice;
 - 4.5.2 The plan must provide for the waiver of any duty of confidentiality by the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** which would otherwise be owed to the **Employer**, to the extent necessary to safeguard the interests of the **Trustees**;
 - 4.5.3 The plan must provide for the **Trustees** to have the option to continue with the appointment of the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** if it becomes inappropriate for them or their **Firm** to continue to provide **Advice** to both the **Trustees** and the **Employer**;
 - 4.5.4 The plan must be shared with the **Employer Adviser**, who is given an opportunity to comment, before it is provided to the **Trustees** and **Employer**;
 - 4.5.5 The **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** must be reasonably satisfied that the **Trustees**, in agreeing to the plan, have been appropriately advised as to its implications;

4.5.6 The plan must be reviewed and revised at appropriate intervals.

5. Conflict Management Plan - Employer Adviser

5.1 Where a **Conflict Management Plan** is agreed at paragraph 4.5 and imposes any requirements on an **Employer Adviser**, then the **Employer Adviser** must comply with those requirements.

5.2 Where a **Member** who is approached to be an **Employer Adviser** to a **Scheme** is aware, to the best of their reasonably held knowledge, that another **Member** from the same **Firm** is a **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** to that **Scheme**, the potential **Employer Adviser** must first ensure either that there is already a suitable **Conflict Management Plan** in place or that the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** has the opportunity to put a **Conflict Management Plan** in place, before the **Employer Adviser** provides advice in relation to the **Scheme**.

6. Interpretation and application

6.1 A failure to comply with this **APS** may result in a finding of misconduct in terms of the **IFoA's Disciplinary and Capacity for Membership Scheme**.

6.2 This **APS** uses the word "must" to mean a specific mandatory requirement. It uses the word "should" to indicate that, while the presumption is that **Members** will comply with the provision in question, there may be some circumstances in which **Members** are able to justify non-compliance.

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

6.4 **Members** advising pension schemes that are not **Relevant Schemes** will often have some duties and responsibilities that are very similar to those of a **Scheme Actuary**, meaning that they are subject to this **APS** as **Equivalent Scheme Actuaries**. The **Schemes** they are advising on may in some (or many) respects differ materially in form and/or structure from a **Relevant Scheme**; for example, they might be unfunded and/or have a governance structure with roles that differ from those of the **Trustees** and **Employer** of a **Relevant Scheme**. **Equivalent Scheme Actuaries** therefore need to judge the extent to which the provisions of this **APS** apply to them in that role, while bearing in mind that they may also have duties and responsibilities (that are not part of an **Equivalent Scheme Actuary** role) which bring them into scope as an **Other Actuarial Adviser**.

6.5 **Members** applying **APS P1** outwith the United Kingdom are reminded of the requirements set out in APS X1 on the application of relevant **APSs** and the circumstances under which to apply other similar recognised standards.

7. Definitions

Term	Definition
Actuaries' Code	The ethical professional code for Members issued by the Institute and Faculty of Actuaries.
APS	Actuarial Profession Standard.
Advice	Information or recommendation provided by a Member to a user, which includes a material element of judgement or analysis, upon which that user is entitled to rely.
Conflict Management Plan	A written plan that is agreed between the Trustees, Employer and Scheme Actuary, Equivalent Scheme Actuary or Other Actuarial Adviser, which describes all identifiable conflicts of interest relating to work on behalf of that Member's Firm and sets out how they are to be addressed.
Employer	Any entity which participates in a pension scheme or is associated with such an entity.
Employer Adviser	A Member of the IFoA who is providing actuarial Advice to the Employer of a Scheme, and is doing so on behalf of the same Firm as the Scheme Actuary, the Equivalent Scheme Actuary or an Other Actuarial Adviser to that Scheme. Where there is more than one such Member, references to the Employer Adviser are to be read as applicable to each Employer Adviser in the Firm.
Equivalent Scheme Actuary	A Member who is carrying out a role similar to that of a Scheme Actuary appointed under the UK Pensions Act 1995 (but for a Scheme that is not a Relevant Scheme), including a Member who is working for a governing body other than Trustees or is working for a decision-making body in relation to a public sector or public service pension scheme.
Firm	A sole practitioner, partnership, limited liability partnership or other corporate entity engaged in

the provision of actuarial services. It includes related or connected entities which are:

- (i) controlled by the Firm; or
- (ii) under common control, ownership or management; or
- (iii) part of a larger structure that is clearly aimed at profit or cost sharing.

IFoA's Disciplinary and Capacity for Membership Scheme	The currently in force Disciplinary and Capacity for Membership Schemes of the Institute and Faculty of Actuaries, as may be amended from time to time.
Member	Member of any category of the Institute and Faculty of Actuaries, including Students, Affiliates, Associates and Fellows, in any location.
Other Actuarial Adviser	A Member who provides Advice to the Trustees of a Scheme, but is not a Scheme Actuary or Equivalent Scheme Actuary. This would include a Member who provides Advice to the Trustees on behalf of a different Firm from that of the Scheme Actuary or Equivalent Scheme Actuary or as an in-house pensions actuary.
Practising Certificate	Practising certificate issued by the Institute and Faculty of Actuaries to act as a Scheme Actuary to pension schemes.
Regulator	The Pensions Regulator as defined in Section 1 of the Pensions Act 2004.
Relevant Scheme	A pension scheme in relation to which a Scheme Actuary is, or requires to be, appointed.
Scheme	A pension scheme of any sort.
Scheme Actuary	An actuary appointed to advise the Trustees of a defined benefit pension scheme in accordance with section 47(1)(b) of the Pensions Act 1995.
Trustees	The Trustees of a pension scheme, or, for pension schemes not established by a trust, the managers as defined in section 318(1) of the Pensions Act 2004 or other governing body of the scheme.

Appendix 1: Matters to be covered in written agreement with Trustees (References below to a **Scheme Actuary** should be taken to apply similarly to an **Equivalent Scheme Actuary**, except where they have no relevance.)

1. Liaison with other advisers

1.1 The agreement with the **Trustees** should allow the **Scheme Actuary**:

1.1.1 to liaise with other advisers to the **Trustees** in relation to matters which might be relevant either to the **Scheme Actuary's** statutory responsibilities or to other legislative or regulatory responsibilities which are placed on the other advisers in relation to the scheme;

1.1.2 to ask any existing actuary for information in accordance with paragraph 2.5 of this **APS**; and

1.1.3 in the event of their resignation or removal, to provide the new actuary with the information referred to in paragraph 2.5 of this **APS**.

2. Information to be provided by Trustees

2.1 The **Scheme Actuary** should obtain the **Trustees'** written agreement that the **Trustees** will advise the **Scheme Actuary** of specified events which could, in the **Scheme Actuary's** opinion, be of material significance to the financing or solvency of the **Scheme**. Appropriate timescales for notifying events should be included and the list reviewed by the **Scheme Actuary** as frequently as they consider necessary or appropriate.

2.2 Paragraph 3 below illustrates the types of events which, if material, a **Scheme Actuary** would normally require the **Trustees** to notify them. However, a **Scheme Actuary** should consider:

2.2.1 whether all the categories listed are relevant to a particular **Scheme**;

2.2.2 whether additional categories should be included; and

2.2.3 the actual events within each category which should be specified.

2.3 The **Scheme Actuary** should obtain the **Trustees'** written agreement that the **Trustees** will:

2.3.1 provide the **Scheme Actuary** with copies of any future reports to the **Regulator** under Section 70 of the Pensions Act 2004 which are either made by, or sent to, the **Trustees**;

2.3.2 advise the **Scheme Actuary** if any communication which is relevant to the financing or solvency of the **Relevant Scheme** is issued by the **Regulator** (or has been issued and is still relevant at the date of the **Scheme Actuary's** appointment) of which the **Trustees** are aware, including (but not limited to) the following:

- an order issued under section 231(2) of the Pensions Act 2004;
- a contribution notice under sections 38, 47 or 55 of the Pensions Act 2004;
- a financial support direction under section 43 of the Pensions Act 2004;
- a clearance statement under sections 42 or 46 of the Pensions Act 2004;
- a restoration order under section 52 of the Pensions Act 2004; or
- an approval notice in relation to an approved withdrawal arrangement under the Occupational Pension Schemes (Employer Debt) Regulations 2005;

2.3.3 allow the **Scheme Actuary** on request, access at all reasonable times to such information as may be required to carry out their duties, including:

2.3.3.1 the **Scheme's** books, accounts and supporting documentation;

2.3.3.2 copies of the minutes of the **Trustees** and sub-committees of the **Trustees'** meetings;

2.3.3.3 copies of the **Trustees'** resolutions;

2.3.3.4 copies of any other documents recording decisions taken by the **Trustees** following actuarial advice from them or from a person advising the **Trustees**; and/or

2.3.3.5 copies of all **Scheme** constitution documentation.

2.4 The **Scheme Actuary** does not need to require the **Trustees** to provide them immediately with the information referred to in paragraph 2.3.3 of this appendix. However, there may be occasions when the **Scheme Actuary** will need to insist that specific information of the types listed is provided (or access to such information is allowed) without delay in order to assist them in assessing whether a report needs to be made to the **Regulator** under **Section 70**.

3. Events which could affect the financing or solvency of a Scheme (This list is not exhaustive)

3.1 Changes affecting the status of the Scheme

For example:

- cessation of future accruals
- closure to new members

- a decision to wind up or otherwise discontinue the **Scheme**
- a determination to defer winding up.

3.2 **Changes to (or legal opinions on the interpretation of) the trust deed and rules or the benefits provided under them**

For example, in relation to:

- the definition of pensionable pay
- contribution or benefit levels
- normal retirement date
- the degree of priority accorded to benefits in the event of the **Scheme** winding up
- an exercise under which members may change the form of their benefits.

3.3 **Significant changes to the membership**

For example, in relation to:

- the general remuneration levels of members of the **Scheme**
- the numbers of active members, deferred pensioners or pensioners
- an exercise which could involve many members taking transfer values from the **Scheme**.

3.4 **Events in relation to participating employers**

For example:

- a change in the **Trustees'** view of the strength of a participating employer's covenant
- a relevant event (as defined in section 75(6A) of the Pensions Act 1995) in relation to a participating employer
- an employment-cessation event (as defined in Regulation 6ZA of SI 2005/678) in relation to a participating employer
- sales and purchases affecting the membership of the **Scheme**.

3.5 **Events in relation to investment matters**

For example:

- a change in investment policy or investment management arrangements
- adverse investment performance relative to agreed objectives.

3.6 **The exercise of a discretionary power**

For example, the augmentation of a benefit, or the granting of a discretionary pension increase, where the cost is not met by additional contributions at the time on a basis agreed with the **Scheme Actuary**.

3.7 **Events connected with the Regulator**

For example:

- any event notified to the **Regulator** under section 69 of the Pensions Act 2004 by the **Trustees** (or any event of which the **Trustees** are aware has been notified to the **Regulator** under such section by a participating employer)
- an application for a refund of surplus to a participating employer.

3.8 **Events in relation to financing**

For example:

- non-payment of the employer's and/or employees' contributions stated in the most recent Schedule of Contributions
- a change of policy in relation to the payment of expenses
- a change in the arrangements for insuring death in service benefits or a change from insured to self-administered or vice versa
- a change to the **Scheme** year for accounting purposes.



Institute
and Faculty
of Actuaries

APS P1: DUTIES AND RESPONSIBILITIES OF MEMBERS UNDERTAKING WORK IN RELATION TO PENSION SCHEMES

Version: [—],3.0, effective [—]1 April 2022

Purpose: This APS sets out specific ethical requirements that apply to certain **Members** of the Institute and Faculty of Actuaries operating in the pensions area of practice.

1. Practising Certificate requirement – Scheme Actuaries

1.1 A **Scheme Actuary** must have a current **Practising Certificate**.

2. Obligations relating to appointment, replacement and absence – Scheme Actuaries and Equivalent Scheme Actuaries

2.1 This section applies to **Members** who are a **Scheme Actuary** and/or an **Equivalent Scheme Actuary**.

2.2 A **Scheme Actuary**, or **Equivalent Scheme Actuary**, must have a written agreement with the **Trustees** covering the information that they require the **Trustees** to provide them with, or allow them access to, to do their job properly, and allowing them to share information with other advisers as appropriate.

2.3 The matters covered by the agreement in 2.2 may vary from scheme to scheme but the **Scheme Actuary**, or **Equivalent Scheme Actuary**, must have a justifiable reason for the exclusion of any of the matters described in Appendix 1.

2.4 The agreement in 2.2 must be reviewed periodically and updated to ensure that it continues to be fit for purpose. In drawing up the list of events to be notified under paragraph 3 of Appendix 1, the **Scheme Actuary**, or **Equivalent Scheme Actuary**, should be satisfied that the **Trustees** understand what ~~they~~the **Scheme Actuary** or **Equivalent Scheme Actuary** would consider to be material, and, if used, how words such as “unexpected”, “significant” or “major” should be

interpreted. In specifying timescales, phrases such as “as soon as possible” or “as soon as reasonably practicable” might be used.

2.5 If an existing **Scheme Actuary** or **Equivalent Scheme Actuary** is to be replaced:

2.5.1 the existing actuary must provide the new actuary with the information that the existing actuary considers to be relevant for the new actuary to fulfil their responsibilities;

2.5.2 the information in 2.45.1 must include any information considered to be relevant relating to reports made to the **Regulator** under Section 70 of the UK Pensions Act 2004, ~~if relevant~~where applicable, or similar reports to other regulatory authorities;

2.5.3 if necessary, the existing actuary and new actuary must discuss the information to be provided, if they are reasonably able to do so; and

2.5.4 where the new actuary considers that they require more information for this purpose than the existing actuary originally provided, the new actuary must, if reasonably possible, ask the existing actuary for this additional information. Provided that the new actuary agrees to any reasonable conditions imposed by the existing actuary for the release of information, the existing actuary must comply with any such reasonable request or explain why it is not possible or appropriate to comply.

2.6 A **Scheme Actuary** or **Equivalent Scheme Actuary** who resigns or is removed, must ensure that the **Trustees** have been notified of:

2.6.1 the need to appoint a replacement within any prescribed timescales; and

2.6.2 any deadlines relevant to responsibilities of the Scheme Actuary or Equivalent Scheme Actuary that might pass before a new actuary has had time to address them.

2.7 A **Scheme Actuary** or **Equivalent Scheme Actuary** must have appropriate arrangements to cover any period during which they are unable to fulfil their duties, taking account of the anticipated length of such a period. Depending on the circumstances, it might be appropriate or necessary to resign the appointment.

3. Other Professional Responsibilities, including Speaking Up – **Scheme Actuaries, Equivalent Scheme Actuaries and Other Actuarial Advisers**

~~3.1~~ ~~Subject to paragraph 3.3 below, **Scheme ActuaryActuaries**, **Equivalent Scheme ActuaryActuaries** and/or (subject to paragraph 3.3 below) **Other Actuarial AdviserAdvisers** should notify:~~

~~3.1~~ ~~inform the **Trustees**, or another relevant and, if appropriate, any third party involved in the running of a **Scheme**, if they are an adviser or service provider to the **Trustees**, and take appropriate action:~~

~~3.1.1~~ ~~on becoming aware of any significant matter that it is reasonably likely that a party's actions relates to their regulatory, contractual or other professional responsibilities which could adversely affecthave an impact on the security of members' benefits and/or financing of the **Scheme**; or~~

~~3.1.1~~ ~~which might lead to the **Trustees**, if they consider that the **Trustees** should be seeking needing to request advice or further advice, either from an actuarial or other adviser; or~~

~~3.1.2~~ ~~if they have any material concerns about the way the **Trustees** are fulfilling their duties and responsibilities, or about actions being taken by any of the **Trustees'** third party advisers or service providers.~~

~~3.1.2~~ ~~One specific application of paragraph 3.1 is that, where a **Scheme Actuary**, **Equivalent Scheme Actuary** or **Other Actuarial Adviser** is giving a legally-required certification, the **Scheme Actuary**, **Equivalent Scheme Actuary** or from another adviser.~~

~~3.2~~ ~~A **Scheme Actuary**, **Equivalent Scheme Actuary** and/or (subject to paragraph 3.3 below) **Other Actuarial Adviser** who has material concerns that must draw the **Trustees'** attention to any matters which he/she believes the **Trustees** are not properly fulfilling their duties and responsibilities should share their concernsbear in mind before taking any action associated with the **Trustees** and take appropriate actionthat certification.~~

~~3.3~~ ~~ParagraphsParagraph 3.1 and 3.2 above does not apply to **Other Actuarial Advisers** where they have reasonable cause to believe that a **Scheme Actuary** or **Equivalent Scheme Actuary** is fulfilling these requirements.~~

4. Conflicts of Interest – Scheme Actuaries, Equivalent Scheme Actuaries and Other Actuarial Advisers

4.1 This section applies to **Scheme Actuaries**, **Equivalent Scheme Actuaries** and **Other Actuarial Advisers**, as provided for in the individual paragraphs below.

- 4.2 Where the **Scheme Actuary or Equivalent Scheme Actuary** for a **Scheme** ~~is, or an Other Actuarial Adviser~~ working for a **Scheme** on behalf of a different **Firm** from the **Scheme Actuary or Equivalent Scheme Actuary**, ~~is undertaking any work for the Employer to that Scheme, or they are~~ aware, to the best of their reasonably held knowledge, that another person is undertaking work on behalf of their **Firm** for the **Employer** to that **Scheme**, they must notify the **Trustees** of this fact and of the potential for conflict(s) of interest to arise as a result.
- 4.3 A **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** should presume that the provision or review by them of **Advice** to the **Employer** of a **Scheme** (for which they are acting for the **Trustees**), in relation to the funding of that **Scheme** or to any matter which has a direct bearing on the benefits payable under that **Scheme**, would give rise to an irreconcilable conflict of interest.
- 4.4 In considering whether, exceptionally, it is appropriate to depart from the presumption set out in paragraph 4.3, the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** should have regard to all of the relevant circumstances, including, as applicable:
- 4.4.1 the public interest, including the public interest in safeguarding the interests of **Scheme** members;
 - 4.4.2 the extent of the **Trustees'** independence and expertise;
 - 4.4.3 relevant legislation;
 - 4.4.4 where the **Scheme** rules require the provision of such **Advice** by the **Scheme Actuary, Equivalent Scheme Actuary** or **Other Actuarial Adviser** to the **Employer**, whether it is reasonably possible and appropriate to amend the **Scheme** rules;
 - 4.4.5 for an **Other Actuarial Adviser**, the type of work they have been involved with on behalf of the **Trustees**;
 - 4.4.6 whether it is appropriate to resign one or more appointment(s), rather than depart from the presumption.
- 4.5 Where the work to which paragraph 4.2 refers constitutes **Advice** in relation to the **Scheme** in question, the **Scheme Actuary** ~~to that Scheme, or, Equivalent Scheme Actuary,~~ or Other Actuarial Adviser must ensure that a **Conflict Management Plan** is agreed with the **Trustees** and **Employer** for whom the work is undertaken ~~to be revised at appropriate intervals.~~
- 4.5.1 The plan must set out any limitations on the extent of any **Advice** which may be provided to the **Employer** and who may provide that advice;

4.5.2 The plan must provide for the waiver of any duty of confidentiality by the **Scheme Actuary, Equivalent Scheme Actuary or Other Actuarial Adviser** which would otherwise be owed to the **Employer**, to the extent necessary to safeguard the interests of the **Trustees**;

4.5.3 The plan must provide for the **Trustees** to have the option to continue with the appointment of the **Scheme Actuary**, ~~or **Equivalent Scheme Actuary**~~, or **Other Actuarial Adviser** if it becomes inappropriate for them or their **Firm** to continue to provide **Advice** to both the **Trustees** and the **Employer**;

4.5.4 The plan must be shared with the **Employer Adviser**, who is given an opportunity to comment, before it is provided to the **Trustees** and **Employer**;

4.5.5 The **Scheme Actuary**, ~~or **Equivalent Scheme Actuary**~~, or **Other Actuarial Adviser** must be reasonably satisfied that the **Trustees**, in agreeing to the plan, ~~are~~have been appropriately ~~informed~~advised as to its implications;

4.5.4.5.6 The plan must be reviewed and revised at appropriate intervals.

5. **Conflict Management Plan - Employer Adviser**

5.1 Where a **Conflict Management Plan** is agreed at paragraph 4.5 and imposes any requirements on an **Employer Adviser**, then the **Employer Adviser** must comply with those requirements.

5.2 Where a **Member** who is approached to be an **Employer Adviser** to a **Scheme** ~~does not have a current **Conflict Management Plan**, but is aware, to the **Employer** to best of their reasonably held knowledge,~~ that ~~**Scheme** wishes to take **Advice** from another **Member** who is~~ from the same **Firm** ~~as that of the is a **Scheme Actuary** or **Equivalent Scheme Actuary**, then the or **Other Actuarial Adviser** to that **Scheme**, the potential **Employer Adviser** must first ensure either that there is already a suitable **Conflict Management Plan** in place or that the **Scheme Actuary** or **Equivalent Scheme Actuary** or **Other Actuarial Adviser** has the opportunity to put a **Conflict Management Plan** in place, before the **Employer Adviser** provides advice in relation to the **Scheme**.~~

6. **Interpretation and application**

6.1 A failure to comply with this **APS** may result in a finding of misconduct in terms of the **IFoA's Disciplinary and Capacity for Membership Scheme**.

6.2 This **APS** uses the word "must" to mean a specific mandatory requirement. It uses the word "should" to indicate that, while the presumption is that **Members** will comply with the provision

in question, there may be some circumstances in which **Members** are able to justify non-compliance.

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

6.4 **Members** advising pension schemes that are not **Relevant Schemes** will often have some duties and responsibilities that are very similar to those of a **Scheme Actuary**, meaning that they are subject to this **APS** as **Equivalent Scheme Actuaries**. The **Schemes** they are advising on may in some (or many) respects differ materially in form and/or structure from a **Relevant Scheme**; for example, they might be unfunded and/or have a governance structure with roles that differ from those of the **Trustees** and **Employer** of a **Relevant Scheme**. **Equivalent Scheme Actuaries** therefore need to judge the extent to which the provisions of this **APS** apply to them in that role, while bearing in mind that they may also have duties and responsibilities (that are not part of an **Equivalent Scheme Actuary** role) which bring them into scope as an **Other Actuarial Adviser**.

6.5 **Members** applying **APS P1** outwith the United Kingdom are reminded of the requirements set out in APS X1 on the application of relevant **APSs** and the circumstances under which to apply other similar recognised standards.

7. Definitions

Term	Definition
Actuaries' Code	The ethical professional code for Members issued by the Institute and Faculty of Actuaries.
APS	Actuarial Profession Standard.
Advice	Information or recommendation provided by a Member to a user, which includes a material element of judgement or analysis, upon which that user is entitled to rely.
Conflict Management Plan	A written plan that is agreed between the Trustees, Employer and Scheme Actuary or Equivalent Scheme Actuary <u>or Other Actuarial Adviser</u> , which describes all known <u>identifiable</u> conflicts of interest <u>relating to work on behalf of that Member's Firm</u> and sets out how they are to be addressed.
Employer	

Any entity which participates in a pension scheme or is associated with such an entity.

Employer Adviser

A Member of the IFoA who is providing actuarial Advice to the Employer of a [Relevant Scheme](#), ~~or a Scheme which has an Equivalent Scheme Actuary~~, and is doing so on behalf of the same Firm as the Scheme Actuary, [the Equivalent Scheme Actuary](#) or ~~Equivalent Scheme Actuary~~ [an Other Actuarial Adviser to that Scheme](#). [Where there is more than one such Member, references to the Employer Adviser are to be read as applicable to each Employer Adviser in the Firm.](#)

Equivalent Scheme Actuary

A Member who is carrying out a role similar to that of a Scheme Actuary appointed under the UK Pensions Act 1995 (but for a Scheme that is not a Relevant Scheme). ~~Including~~, [including](#) a Member who is working for a governing body other than Trustees or is working for a decision-making body in relation to a public sector or public service pension scheme.

Firm

A sole practitioner, partnership, limited liability partnership or other corporate entity engaged in the provision of actuarial services. It includes related or connected entities which are:

- (i) controlled by the Firm; or
- (ii) under common control, ownership or management; or
- (iii) part of a larger structure that is clearly aimed at profit or cost sharing.

IFoA's Disciplinary and Capacity for Membership Scheme

The currently in force Disciplinary and Capacity for Membership Schemes of the Institute and Faculty of Actuaries, as may be amended from time to time.

Member

Member of any category of the Institute and Faculty of Actuaries, including Students, Affiliates, Associates and Fellows, in any location.

Other Actuarial Adviser

A Member who provides Advice to the Trustees of a Scheme, but is not a Scheme Actuary or

Equivalent Scheme Actuary. This would include a Member who provides Advice to the Trustees on behalf of a different Firm from that of the Scheme Actuary or Equivalent Scheme Actuary or as an in-house pensions actuary.

Practising Certificate

Practising certificate issued by the Institute and Faculty of Actuaries to act as a Scheme Actuary to pension schemes.

Regulator

The Pensions Regulator as defined in Section 1 of the Pensions Act 2004.

Relevant Scheme

A pension scheme in relation to which a Scheme Actuary is, or requires to be, appointed.

Scheme

A pension scheme of any sort.

Scheme Actuary

An actuary appointed to advise the Trustees of a defined benefit pension scheme in accordance with section 47(1)(b) of the Pensions Act 1995.

[Section 70](#)

[Section 70 of the Pensions Act 2004.](#)

Trustees

The Trustees of a pension scheme, or, for pension schemes not established by a trust, the managers as defined in section 318(1) of the Pensions Act 2004 or other governing body of the scheme.

Appendix 1: Matters to be covered in written agreement with Trustees (References below to a **Scheme Actuary** should be taken to apply similarly to an **Equivalent Scheme Actuary**, except where they have no relevance.)

1. Liaison with other advisers

1.1 The agreement with the **Trustees** should allow the **Scheme Actuary**:

1.1.1 to liaise with other advisers to the **Trustees** in relation to matters which might be relevant either to the **Scheme Actuary's** statutory responsibilities or to other legislative or regulatory responsibilities which are placed on the other advisers in relation to the scheme;

1.1.2 to ask any existing actuary for information in accordance with paragraph 2.5 of this **APS**; and

1.1.3 in the event of their resignation or removal, to provide the new actuary with the information referred to in paragraph 2.5 of this **APS**.

2. Information to be provided by Trustees

2.1 The **Scheme Actuary** should obtain the **Trustees'** written agreement that the **Trustees** will advise the **Scheme Actuary** of specified events which could, in the **Scheme Actuary's** opinion, be of material significance to the financing or solvency of the [schemeScheme](#). Appropriate timescales for notifying events should be included and the list reviewed by the **Scheme Actuary** as frequently as they consider necessary or appropriate.

2.2 Paragraph 3 below illustrates the types of events which, if material, a **Scheme Actuary** would normally require the **Trustees** to notify them. However, a **Scheme Actuary** should consider:

2.2.1 whether all the categories listed are relevant to a particular [schemeScheme](#);

2.2.2 whether additional categories should be included; and

2.2.3 the actual events within each category which should be specified.

2.3 The **Scheme Actuary** should obtain the **Trustees'** written agreement that the **Trustees** will:

2.3.1 provide the **Scheme Actuary** with copies of any future reports to the **Regulator** under Section 70 [of the Pensions Act 2004](#) which are either made by, or sent to, the **Trustees**;

2.3.2 advise the **Scheme Actuary** if any communication which is relevant to the financing or solvency of the [scheme](#)**Relevant Scheme** is issued by the **Regulator** (or has been issued and is still relevant at the date of the **Scheme Actuary's** appointment) of which the **Trustees** are aware, including (but not limited to) the following:

- an order issued under section 231(2) of the Pensions Act 2004;
- a contribution notice under sections 38, 47 or 55 of the Pensions Act 2004;
- a financial support direction under section 43 of the Pensions Act 2004;
- a clearance statement under sections 42 or 46 of the Pensions Act 2004;
- a restoration order under section 52 of the Pensions Act 2004; or
- an approval notice in relation to an approved withdrawal arrangement under the Occupational Pension Schemes (Employer Debt) Regulations 2005;

2.3.3 allow the **Scheme Actuary** on request, access at all reasonable times to such information as may be required to carry out their duties, including:

2.3.3.1 the [scheme's](#)**Scheme's** books, accounts and supporting documentation;

2.3.3.2 copies of the minutes of the **Trustees** and sub-committees of the **Trustees'** meetings;

2.3.3.3 copies of the **Trustees'** resolutions;

2.3.3.4 copies of any other documents recording decisions taken by the **Trustees** following actuarial advice from [him/her/them](#) or from a person advising the **Trustees**; and/or

2.3.3.5 copies of all [scheme](#)**Scheme** constitution documentation.

2.4 The **Scheme Actuary** does not need to require the **Trustees** to provide them immediately with the information referred to in paragraph 2.3.3 of this appendix. However, there may be occasions when the **Scheme Actuary** will need to insist that specific information of the types listed is provided (or access to such information is allowed) without delay in order to assist them in assessing whether a report needs to be made to the **Regulator** under **Section 70**.

3. Events which could affect the financing or solvency of a [scheme](#)Scheme (This list is not exhaustive)

3.1 **Changes affecting the status of the [scheme](#)Scheme**

For example:

- cessation of future accruals
- closure to new members

- a decision to wind up or otherwise discontinue the ~~scheme~~Scheme
- a determination to defer winding up.

3.2 **Changes to (or legal opinions on the interpretation of) the trust deed and rules or the benefits provided under them**

For example, in relation to:

- the definition of pensionable pay
- contribution or benefit levels
- normal retirement date
- the degree of priority accorded to benefits in the event of the ~~scheme~~Scheme winding up
- an exercise under which members may change the form of their benefits.

3.3 **Significant changes to the membership**

For example, in relation to:

- the general remuneration levels of ~~scheme~~members of the Scheme
- the numbers of active members, deferred pensioners or pensioners
- an exercise which could involve many members taking transfer values from the ~~scheme~~Scheme.

3.4 **Events in relation to participating employers**

For example:

- a change in the **Trustees'** view of the strength of a participating employer's covenant
- a relevant event (as defined in section 75(6A) of the Pensions Act 1995) in relation to a participating employer
- an employment-cessation event (as defined in Regulation 6ZA of SI 2005/678) in relation to a participating employer
- sales and purchases affecting the membership of the ~~scheme~~Scheme.

3.5 **Events in relation to investment matters**

For example:

- a change in investment policy or investment management arrangements
- adverse investment performance relative to agreed objectives.

3.6 **The exercise of a discretionary power**

For example, the augmentation of a benefit, or the granting of a discretionary pension increase, where the cost is not met by additional contributions at the time on a basis agreed with the **Scheme Actuary**.

3.7 **Events connected with the Regulator**

For example:

- any event notified to the **Regulator** under section 69 of the Pensions Act 2004 by the **Trustees** (or any event of which the **Trustees** are aware has been notified to the **Regulator** under such section by a participating employer)
- an application for a refund of surplus to a participating employer.

3.8 **Events in relation to financing**

For example:

- non-payment of the employer's and/or employees' contributions stated in the most recent Schedule of Contributions
- a change of policy in relation to the payment of expenses
- a change in the arrangements for insuring death in service benefits or a change from insured to self-administered or vice versa
- a change to the ~~scheme~~Scheme year for accounting purposes.

APPENDIX 3: LIST OF RESPONDENTS TO THE CONSULTATION

Individual Respondents

Doug Huggins
Gail Higgins
John Prior
Neil Walton
Charles Cowling
Daniel Winrow
Esther Hawley
Peter Ballard

Organisations which responded

Barnett Waddingham LLP
Aon Solutions UK Limited
Association of Consulting Actuaries' Professional Affairs Committee
Lane Clark & Peacock
Government Actuary's Department (GAD)
Mercer Ltd
Society of Actuaries in Ireland
Hymans Robertson LLP

Appendix 4: Responses to the Consultation Questionnaire

The following is a breakdown of the responses provided to the online consultation questionnaire. Where respondents requested that their feedback be kept confidential, their comments have been redacted in this Appendix (although they have been considered by the Committee).

Q1: Personal information

ANSWER CHOICES	RESPONSE COUNT
Name	17
Position	17

Q2: Position

	RESPONSES
1	Business consultant
2	Chief Actuary
3	Consulting Actuary
4	Director
5	FFA
6	Government Actuary
7	Head of AEGON Trustee Solutions
8	Head of ATS Development, AEGON Trustee Solutions
9	Managing Director
10	Partner
11	Pensions Actuary
12	Principal
13	Principal and Actuary
14	Project Actuary
15	Research Actuary
16	Scheme actuary
17	Pension Scheme Actuary

Q3: Region

ANSWER CHOICES	RESPONSE COUNT
UK	15
Republic of Ireland	1
Rest of Europe	1
South Africa	0
Africa - other	0
South East Asia	0
Hong Kong	0
China	0
India	0
Asia - other	0
Canada	0
USA	0
South or Central America	0
Australia	0
Oceania – other	0

Q4 Are you a Member of the IFoA?

ANSWER CHOICES	RESPONSE COUNT
Yes	17
No	0

Q5 If yes, which category of membership do you hold?

ANSWER CHOICES	RESPONSE COUNT
Affiliate	0
Associate	0
Certified Actuarial Analyst	0
Fellow	17
Honorary Fellow	0

Retired	0
Student	0
Student Actuarial Analyst	0

Q6 If you are an Actuary, what is your main practice area? (Answer one option only)

ANSWER CHOICES	RESPONSE COUNT
Life Assurance	0
General Insurance	0
Pensions	13
Finance and Investment	1
Enterprise Risk Management	0
Health and Care	0
Resource and Environment	0
Other (please specify)	3

Q7 Do you want your name to remain confidential

ANSWER CHOICES	RESPONSE COUNT
Yes	2
No	15

Q8 Do you want your comments to remain confidential?

ANSWER CHOICES	RESPONSE COUNT
Yes	1
No	16

Q9 Type of organisation (answer one option only)

ANSWER CHOICES	RESPONSE COUNT
Actuarial consultancy	11
Insurance company or reinsurer	0
Bank or Building Society	0
Investment Firm	0
Public Body or Regulator	1
Educational Establishment	0
Not applicable	1
Other (please specify)	4

Q10 Do you want the name of your organisation to remain confidential?

ANSWER CHOICES	RESPONSE COUNT
Yes	3
No	14

Q11 Do these comments represent your own personal views or your organisation's views?

ANSWER CHOICES	RESPONSE COUNT
Personal views	6
Organisation's views	8
Both personal and organisation's	3

Q12 Do you agree with the proposal to withdraw the current version of APS P1 and replace it with the revised version?

ANSWER CHOICES	RESPONSE COUNT
Yes	13
No	1
Blank	3

COMMENTS	
1.	The proposed version achieves the objective to provide a simpler principles-based approach; our comments in question 19 below, if implemented, would further simplify the document.
2.	We are broadly supportive of the proposed revisions to APS P1, subject to clarification on the points made below.
3.	In particular, we welcome the clarification introduced by the four roles defined and the consequent structure (subject to some concerns around the Equivalent Scheme Actuary role covered in our response to Q16).
4.	We support the principles behind the proposed version, but have specific concerns around some of the detail which we would wish to see addressed before implementation, as detailed in our response to question 19.
5.	Overall, the proposed APS is clearer and more concise than the current version.
6.	The proposed revised version of APS P1 is simpler and clearer to follow.
7.	We agree with the Committee's proposed changes to APS P1 and think it should replace the current version.
8.	The proposed APS P1 continues to omit any requirements on the actuarial advisers to the employer. (The exception being where the actuarial company also provides the scheme actuary advice.) It is well known that it is the advice given to the employer that drives the long term events affecting the scheme and members, e.g. closure of benefit accrual, transfer value or PIE exercises, etc. Often the trustees advisers are only advised when the decisions have been made, preventing effective consideration of the member's interests. There is also significant scope for conflict between the various actuaries providing advice to the employer. The APS needs to include all advisers in respect of the pension arrangement equally, rather than constraining only one set of advisers and one party -the trustees.
9.	We regard the proposal as one of good housekeeping with an extension in scope so that those advising the scheme sponsor are brought within its ambit, along with clarification that in-house actuaries are also covered. We welcome this more stream-lined and clearer standard.
10.	We welcome the review and intention to provide a more streamlined standard for Members and agree that the draft is a helpful step forward in this regard. That said, at 11 pages, APS P1 remains significantly longer than most recently reviewed IFoA standards. Whilst we appreciate there is a large amount of content addressed in the standard, has the Committee considered whether some of this content might be better placed in supporting guidance? The level of prescription (particularly in Appendix 1) seems at odds with the IFoA's intention to produce principles-based and outcomes focused guidance.

Q13 Overall do you think that the requirements contained in the revised APS P1 are relevant and appropriate?

ANSWER CHOICES	RESPONSE COUNT
Yes	13
No	4

COMMENTS	
11.	Our response reflects the comments set out in question 19 below.
12.	We agree that the requirements contained in the revised APS P1 are relevant and appropriate, subject to clarification on the points made below.
13.	We support the principles behind the proposed version, but have specific concerns around some of the detail which we would wish to see addressed before implementation, as detailed in our response to question 19.
14.	It is not clear to me which provisions apply to work outside the UK; however, those who undertake such work are better qualified to comment.
15.	It remains appropriate to set out the expectations for scheme actuaries (or actuaries in an equivalent role)
16.	As the requirements largely mirror those in the current version we think they remain relevant and appropriate. We agree with the removal of previous requirements that did not add anything substantive or were overly

	prescriptive. However, new Section 2.4 appears overly detailed compared to the remainder of the revised APS, including suggestions of wording that might be used in the agreement with the trustees. We think this level of detail should be left to the Appendix. Also, 4.5.2 seems a little odd in that the Employer Adviser is unable to promise confidentiality to their client.
17.	<p>We support the broad intentions of this ethical standard for pension's advisers to focus on speaking up and conflicts of interest. However, as drafted some of the provisions are not relevant or appropriate for a number of the large unfunded public service schemes we advise. We have set out further details of our specific concerns in later questions below.</p> <p>The requirements around Scheme Actuary appointments do seem relevant and appropriate, although there is an argument to suggest that these specific provisions could sit within the Practising Certificate Scheme instead. The additional CPD requirements for Practising Certificate holders have recently been migrated into that scheme and a similar approach could be taken here – helping to elevate APSs relevance to an 'all Member' basis.</p> <p>GAD's position as an actuarial consultancy within government means we advise pension schemes subject to a broader range of governance arrangements than most other actuarial employers. The pension schemes we advise can be broadly categorised into three groups:</p> <ul style="list-style-type: none"> • funded pension schemes which are subject to Part 3 of the Pensions Act 1995 • funded pension schemes which are not subject to Part 3 of the Pensions Act 1995 • unfunded public service pension schemes, established in legislation. <p>We do not typically advise overseas pensions schemes.</p> <p>Drafting a standard which applies to all pension scheme governance arrangements is a difficult task. In general, we support the idea of a single standard applying to all different pension schemes. In practice, the standard still feels very much centered on UK-based Part 3 schemes.</p> <p>For example, the definition of an Equivalent Scheme Actuary turns on whether a Member sees their role as 'similar to that of a Scheme Actuary appointed under the UK Pensions Act 1995'. This seems both subjective to the Member and requiring a certain level of knowledge of UK pension's legislation. Are you confident that all readers will be able to interpret this as intended?</p> <p>As noted above, some of the provisions as drafted are not relevant or appropriate for some of the schemes we advise. We have set out further details of our specific concerns in below.</p>

Q14 Do you think that Members' obligations under the revised APS P1 are clearly set out?

ANSWER CHOICES	RESPONSE COUNT
Yes	10
No	7

	COMMENTS
1.	Yes, within the confines of a principles-based approach.
2.	<p>We have 2 comments in relation to this question: In 3.1.1, the requirement that "a Scheme Actuary, Equivalent Scheme Actuary and/or Other Actuarial Adviser should notify the Trustees, or another relevant party involved in the running of a Scheme, if they are aware that it is reasonably likely that a party's actions could adversely affect the security of members' benefits and/or financing of the Scheme" appears to encompass any issue which might impact the funding or security of the scheme in any way. We suggest that the requirement might usefully be made narrower. In 4.2, we consider that the clause "to the best of their reasonably held knowledge" is both cumbersome and too passive. There should be an onus on the Scheme Actuary or Equivalent Scheme Actuary to ascertain, or use best endeavors to ascertain, whether "another person is undertaking work on behalf of their Firm for the Employer to that Scheme", so that they can be confident that there is no potential for conflict(s) of interest to arise.</p>
3.	<p>In general, we agree that Members' obligations are set out clearly in the revised draft of APS P1. However, we make the following observations:</p> <ul style="list-style-type: none"> • On the resignation of a Scheme Actuary (SA) or Equivalent Scheme Actuary (ESA), the wording in paragraph 2.6 of the revised draft standard should be clarified so that the "deadlines relevant to responsibilities" in 2.6.2 specifically refers to the statutory deadlines associated with the SA and ESA roles or specifically required of the SA or ESA by the scheme rules. The existing APS P1 at s3.5.2 refers to "deadlines relevant to the responsibilities of the Scheme Actuary". • Section 3.1.1 refers to notifying "another relevant party involved in the running of the Scheme". We understand your intention here is to refer to another governing body if there is no trustee body, but this appears to already be covered in the definition of "Trustees". If that is the case, please could the wording be clarified? The current draft wording could be interpreted such that the requirement to notify could be fulfilled by notifying "another" party even where there are trustees in place. • In the same section 3.1.1, imposing a requirement on actuaries to notify the trustees or another party where actions are taken that "could adversely affect the security of members' benefits and/or financing

	<p>of the Scheme” could be burdensome if taken at face value. We strongly urge that a materiality test be incorporated into 3.1.1.</p> <ul style="list-style-type: none"> • The proposed section 3.1.1 also appears to extend the requirements of para 4.1 of the current standard to cover actions affecting the “security of members’ benefits” which may impose a wider obligation on Members to monitor actions by sponsors including legitimate corporate activity. • Section 4.2 might be extended to include an OAA as well as the SA or ESA in order that the obligations in sections 4.3 and 4.4 more naturally flow. • Section 4.3 does not appear to acknowledge the legitimate situation where advice is being provided jointly to the trustee and the employer in circumstances where their interests are closely aligned (e.g. in the lead up to buy out). • Section 4.5 of the draft requires some clarification, particularly at 4.5.2. Where a firm advises the sponsor and trustees (for example using separate teams), does this require them to breach their duty of confidentiality to their client in order to inform the trustees (via the SA) of any corporate undertakings that may affect the scheme? • 4.5.4 should specifically exclude the legal implications of agreeing to the CMP (as such matters could not be advised on by an actuary). • Section 5 does not currently impose a requirement to ensure the Employer Adviser has had sight of the CMP before the requirement to comply with it is imposed. • Under Section 5.2 the Employer Adviser is required to ensure the SA or ESA “has the opportunity to put a Conflicts Management Plan in place”. We suggest that what constitutes “has the opportunity to” is clarified here, for example by requiring the Employer Adviser to liaise with the SA or ESA and seek confirmation that either a CMP has been completed or that a plan is not necessary or not appropriate. • The reference at s2.5.2 to s2.4.1 should refer to s2.5.1
4.	Overall, yes, but please note our response to Q16 regarding Equivalent Scheme Actuaries.
5.	We agree the obligations are generally clearly set out, but do not believe they are all appropriate as currently drafted. We set out specific comments in our response to question 19.
6.	<ul style="list-style-type: none"> • Paragraph 2.5.2 is unclear and contains a wrong reference. We expect it would be clearer if it said “ the information in 2.5.1 must include any information considered to be relevant relating to reports made to the Regulator under Section 70 of the UK Pensions Act 2004 or similar reports to other regulatory authorities”. • Paragraph 2.3.2 of Appendix 2 would be clearer if the opening paragraph specified that the communications in question related specifically to the scheme in question, rather than schemes in general. As it stands, it could be interpreted to include generic guidance.
7.	<p>In general, we feel it is clear in most regards, however, there are a few areas where we think further clarity could be provided:</p> <ul style="list-style-type: none"> • Section 2.6 could be less vague, for example no timescales are mentioned; perhaps specifying that it relates only to deadlines that are relevant to the responsibilities of Scheme Actuaries (or relevant equivalent actuaries) as is the case in the existing APS P1. • In section 4.5.4 what constitutes the Scheme Actuary (or equivalent Scheme Actuary) being reasonably satisfied the Trustees are aware of the implications of adopting the CMP, particularly legal implications, which the Scheme Actuary will normally be unable to advise upon? • Sections 4.2 / 5.1 / 5.2 – there is no obvious mechanism for the Employer Adviser to be made aware of the contents of the CMP, even though 5.1 requires their adherence to it. In addition, there is no exception for the Employer Adviser if they are not made aware (whereas there is such an exception for the Scheme Actuary). Finally, “has the opportunity to put a CMP in place” is not particularly clear – for example how long a period would be reasonable?
8.	It is much clearer to explicitly set out the obligations of Scheme Actuaries and the new defined roles in this manner compared to the previous version. The re-ordering and simplification of the revised version also help with this. This should make it easier for Members to decide if their role in relation to pension schemes now falls within the scope of this APS and what they need to do in order to comply with its requirements.
9.	The current APS is also deficient in the respects outlined in Q12
10.	The clarity of the obligations has been obscured by the over engineered distinctions between members. Firstly, the persons to whom each paragraph is applicable is repeated: - in the title of the section - in the first paragraph of the section - in each paragraph of the section this bloats the document, makes it difficult to read, and obscures what should be simple and clear messages. Secondly, the distinction between Scheme Actuary and Equivalent Scheme Actuary has been implemented very poorly, which leads to further bloating and obscurity as per my first point. The only place in which they are separated is Section 1. Therefore Section 1 should be the section which defines exactly what type of Scheme Actuary (i.e. the one appointed under UK legislation) the practicing certificate refers to. The definition of Scheme Actuary then, should include all Equivalent Scheme Actuaries, meaning you can remove the obscuring bloat from the bulk of the document.
11.	We consider that expanding the current population covered by this guidance is appropriate and should be welcomed. We do, however, seek that the IFoA ensures that the requirements are level across all types of firm and advising actuary and have provided our comments in this regard. In addition to those comments made under 14. we think the scope of 4.2 should be extended to include Other Actuarial Advisers (“OAA”). We consider that the same conflicts apply to this situation as to when a SA’s firm advises more than one party and it is therefore important to be clear that the same requirements apply in both

	<p>circumstances.</p> <p>If this extension is considered appropriate, then the definition of EA would need to be expanded to cover those who work in the same firm as OAAs and 4.5 extended to include OAAs.</p>
12.	<p>We support the bringing into scope of “Employer Advisers” for the first time. We note that the only effect of their being covered is as set out in the new section 5 in which there is a new requirement that if a Conflict Management Plan is agreed and imposes any requirements on an Employer Adviser, then that adviser must comply with those requirements. In addition, an invitation to become an Employer Adviser cannot be accepted without first ensuring that the Scheme Actuary has an opportunity to put a Conflict Management Plan in place.</p>
13.	<p>To the extent that definitions are clearly understood by Members and directly applicable to the governance arrangements in which they advise, then the Members’ obligations are generally clearly set out. However, as noted in Q17 below we have some concerns around some terms and definitions which do not currently read across well to the public sector environment.</p>

Q15 Do you agree that the scope of the revised APS P1 is appropriate?

ANSWER CHOICES	RESPONSE COUNT
Yes	15
No	2

	COMMENTS
1.	<p>The following comments relate to the role of corporate advisers, whilst noting that the main application of APS P1 is to Trustee advisers. Paragraph 4.1 of the introduction to the consultation states that members with experience working as corporate pension advisers were consulted on what provisions of the APS might proportionately and appropriately cross over to that line of work. The revised APS then only applies to such members (“Employer Advisers”) in very limited circumstances. In particular, Employer Advisers (including corporate advisers from a different firm) may be party to discussions/plans that would adversely affect member security in a way that borders on not being lawful or ethical. Whilst this scenario is arguably covered by Principle 5 of The Actuaries’ Code, the same is true of Scheme Actuaries. If APS P1 is giving more guidance and direction to Scheme Actuaries to clarify their duties under The Actuaries’ Code, then are there plans to review the position for Employer Advisers (including corporate advisers from other firms)? The scenarios that a corporate Adviser could face are potentially complex and difficult to navigate; making their duties to Speak Up clearer would be in the public interest.</p>
2.	<p>Para. 6.8 of the existing APS P1 requires a member who would under the proposed APS be an Equivalent Scheme Actuary to consider the Conflicts of Interests requirements which apply to Scheme Actuaries and, “to the extent that they are relevant, apply those principles as nearly as may be appropriate in the circumstances”. We note that this paragraph has been removed and that section 4 has wider application than was previously the case. We are concerned that this may have unintended consequences for actuaries practising in Ireland, and indeed for the sponsoring employers and trustees advised by them. In particular, 4.4 refers to departure “exceptionally” from the presumption set out in 4.3. However, in Ireland, there are many small pension schemes for which it would not be economically feasible or prudent to appoint separate advisers to the sponsoring employer and the trustees. Dual appointments are not uncommon and are subject to a rigorous professional regulation framework, including the provisions of the Society’s ASP Pen-13 Conflicts of Interests - Pensions Actuaries.</p>
3.	<p>In general, we agree that the scope of the revised APS P1 is appropriate, subject to the observations made above.</p>
4.	<p>We support the principles behind the proposed version, but have specific concerns around the apparent extension of scope - which we would wish to see addressed before implementation, as detailed in our response to question 19.</p>
5.	<p>We feel the position has been clarified for such members.</p>
6.	<p>The requirements for those currently in scope remain broadly unchanged. We are happy with the extension of scope to include the Employer Adviser role and welcome clarification that in-house actuaries are also within scope.</p>
7.	<p>The deficiencies outlined are just as critical in non-UK jurisdictions.</p>
8.	<p>There are a few areas where the ACA considers that additional wording is required compared with the current draft. The reasons for the additional wording are divided into two areas. Firstly, to ensure parity for Employer Adviser (“EA”) with the requirements on Scheme Actuaries (“SA”) and, secondly, limiting the scope of the responsibilities falling on these kinds of advisers to that which is within reason for their job.</p> <p>Concerning parity of the requirements on EAs with those on SAs:</p> <ul style="list-style-type: none"> • 5.1 requires a mechanism to ensure that the EA is made aware of the Conflicts Management Plan (“CMP”), and also a get out from the requirement of 5.1 if they are not made aware. • 5.2 should have “Where the EA is aware...” included, as in 4.2 for a SA.

	<p>Concerning the scope of the requirements:</p> <ul style="list-style-type: none"> • 3.1.1. We believe that the wording is intended to extend those entities that are required to be informed to governing bodies that are not trustee boards. However, as these already come under the definition of 'trustees', the way it is worded implies the requirement to tell other parties e.g. lawyers etc which we do not consider to be the intention. We would recommend that this is limited to 'trustees' only. • 3.1.1. We have concerns that the effective extension of para 4.1 of the existing APS P1 to include "the security of members' benefits" represents a significant widening of the scheme actuary's obligations (beyond the financing of the scheme which is more clearly within the SA's statutory role). There are many actions that could have a significant adverse impact, for example payment of dividends by the sponsoring employer. As a minimum, we consider that this should be restricted to actions that could have a significant adverse impact. • 4.5.4. We consider needs clarifying to ensure it is clear that it does not encompass legal implications of agreeing to the CMP.
9.	<p>We have a few concerns regarding how APS P1 applies to Public Service Pension Schemes (PSPSs) as set out below.</p> <p>We do support the idea of a single standard applying to all pension scheme arrangements. In principle we support the concept of establishing defined terms for Equivalent Scheme Actuary and Other Actuarial Advisers, as this helps clarify which parts of the guidance applies to which roles. However, our two main concerns are as follows:</p> <p>1. The role of the 'Employer' and the 'Trustee'</p> <p>The issue: PSPS schemes do not have the same clear distinction between 'Employer' and 'Trustee' that is seen in Part 3 schemes.</p> <p>The Public Service Pensions Act 2013 requires both:</p> <ul style="list-style-type: none"> • a 'Scheme Manager' - responsible for managing and administering the scheme • a 'Responsible Authority' - the person who makes the scheme regulations <p>In many public service schemes, the relevant Secretary of State effectively holds both these roles, with the scheme manager function delegated to the sponsoring government department. Slightly different arrangements apply for locally administered schemes (Police, Fire, and LGPS) where scheme managers are appointed locally with the responsible authority sitting at the national level. Whereas most PSPSs are unfunded 'pay as you go' schemes, the LGPS is funded. The LGPS also differs in the fact it has 'local actuaries' advising each of the sub-funds in addition to GAD's role at the national level.</p> <p>Whilst not holding a formal position in individual scheme governance arrangements, HM Treasury (HMT) also has a role in the operation of PSPSs. In particular, HMT must be consulted on any amendments to scheme regulations. The framework for actuarial valuations of all PSPSs, including the operation of cost control regulations and directions, is set out in HMT regulations. Similar provisions apply in Northern Ireland in respect of the Northern Irish schemes and the role of the Department of Finance (NI). More generally, it should be noted that due to the indivisibility of the Crown, any potentially conflicted parties may be the same legal entity as each other.</p> <p>Our concerns: Resulting from this, our keys areas of concern are:</p> <ul style="list-style-type: none"> • Section 4.3 in which there is a presumed 'irreconcilable conflict of interest' in advising both 'Employer' and 'Trustee'. • Section 4.4, which sets out circumstances where the presumption in 4.3 can be departed from. <p>GAD supports the intention of this guidance to ensure clear conflict boundaries between advices given to different parties responsible for occupational pension schemes. We operate a number of conflict risk controls in relation to our advice to the various PSPS stakeholders – for example we have a clear divide between our teams that advise HM Treasury and teams that advise the relevant schemes and departments.</p> <p>However, in the PSPS situation where the 'Employer' and 'Trustee' may essentially be the same entity, as drafted, section 4.3 seems somewhat unworkable. At the very least we would immediately need to have reference to section 4.4 as to why it's appropriate to depart from the presumption of this conflict. Whilst perhaps the rationales listed in 4.4 are sufficient to permit a departure (PSPSs are established in legislation and therefore 4.4.3 applies?), it does not seem entirely satisfactory to rely on a generic exemption.</p> <p>Our suggestion: We are keen to work with you to identify how best to address this, and other, concerns in relation to PSPSs. As primarily unfunded schemes, PSPSs don't typically experience conflicts on funding to the same degree as traditional Part 3 schemes. It may be that alternative definitions would better describe the Employer/Trustee relationship in such a way that the provisions follow more naturally. Alternatively perhaps 4.3 or 4.4 could be amended to make clear how these requirements should operate in the context of governance arrangements (such as PSPSs) which do not mirror those of Part 3 schemes.</p> <p>2. Speaking up</p> <p>The issue: We are unclear about how the requirements outlined in section 3 on Speaking Up would work in the context of unfunded PSPSs. In particular:</p> <p>Our concerns:</p> <ul style="list-style-type: none"> • Section 3.1.1 requires actuaries to inform the Trustees if they are aware of a party's actions adversely affecting benefit security or scheme financing. PSPSs are ultimately financed, at least in part, from tax receipts and government borrowing. The security and financing of members' benefits reflects the strength of Government's covenant over the schemes. This covenant is complex, and political, and the strength will depend on many factors, with responsibility for controls spread across Government. As such, this requirement potentially brings into scope all issues which could affect government financing.

	<ul style="list-style-type: none"> • Section 3.2 - We do not have specific concerns around complying with this provision but would like to note that the (statutory) duties of Scheme Managers for unfunded public service schemes are not the same as the requirements for Trustees of private sector occupational pension schemes. <p>Our suggestion: In the absence of further clarity, we feel we would have to take an overly pragmatic and broad-brush approach to compliance. Complying with the provision 'to the letter' would be overly burdensome and offer little value to the scheme members or the taxpayer. Accordingly, we would suggest that clarity is provided around how these issues should be addressed in the context of unfunded public service schemes. Alternatively you may wish to tone down the language to exclude certain actions – for example some actions which are immaterial, not directly relevant or outside of the control of the pension scheme may not always need to be notified.</p>
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Q16 Do you think the key terms within the revised APS P1 are sufficiently well defined? If no, which of these terms would you amend?

ANSWER CHOICES	RESPONSE COUNT
Yes	13
No	4

COMMENTS
1. See two small suggestions in our response to Question 19
2. We are of the view that the introduction of the term "Equivalent Scheme Actuary" and new abbreviations ESA and EA is potentially confusing. We propose "Scheme Actuary Equivalent" instead for the Scheme Actuary analogous role. As a result of the scope of 4.3 and 4.4, we suggest that the definition of "Employer Adviser" be expanded to include those who work in the same firm as an OAA.
3. We think there will be some confusion over the term Equivalent Scheme Actuary (ESA), particularly where the appointment is of the Member's employer rather than an individually named Member. Various Members may be involved in providing different elements of work that would be 'reserved' for the scheme actuary were the scheme a relevant scheme. It may not be clear who has the responsibility then of being the ESA rather than just being an 'Other Actuarial Adviser'.
4. In 3.1.1 it is not clear what is meant by "another relevant party", and similarly "a party" See also our answer to question 19 for our comments on the terms Employer and Employer Adviser
5. Conflict Management Plan - the Firm may also be a party to the CMP where the provisions allow another actuary in that firm to advise the Employer; I am unsure also about the reference to "all known conflicts of interest", as the CMP usually tries to anticipate potential conflicts as well, which would seem to be the point of it. Equivalent Scheme Actuary - on the 4th line you have ". Including"; it should be ", including".
6. The definition of "Employer" refers to "any entity which participates in a pension scheme ...". It is possible that, in the UK, the term "participates" is not sufficiently well defined to be useful and, internationally, it might not have the same relevance.
7. Not that they're necessarily not well defined, they are instead, over-defined. A review of whether the definitions from the previous document are necessary has clearly not been done. Section 70 is defined in the substance of the document and does not need to be separately defined in the definitions. Relevant Scheme was used copiously in the previous APS, but should be removed from this one, along with the redefining of Scheme Actuary. You can assume everyone knows what the acronym IFoA means, or you can define it. But be consistent throughout the document. The definition of IFoA's Disciplinary and Capacity for Membership Scheme seems cumbersome and unnecessary. 3.1.1 Who is "a party"? The Trustees, the third party, only the party who is taking the action, or all of them?
8. Providing investment advice would seem to me to clearly fall under the definition of "Advice", which would make an actuary providing investment advice fall under the definition of "Other Actuarial Adviser". I am not sure that this is the intent?
9. It is useful to clarify through introducing further role definitions – ie the "Other Actuarial Adviser", "Equivalent Scheme Actuary" and "Employer Adviser". It is useful to clarify that the "Equivalent Scheme Actuary" includes in-house actuaries.

Q17 Overall, for provisions of the revised APS P1 that apply to work outside of the UK, do you agree that they are relevant and appropriate?

ANSWER CHOICES	RESPONSE COUNT
Yes	13
No	4

COMMENTS	
1.	Our response relates to the UK practice, except as noted below (with further detail in our covering email). Further clarity is requested in respect of the following situations, please: <ol style="list-style-type: none"> 1. When the only governing body of a plan is the sponsoring company itself (for example unfunded plans in the UK or overseas); 2. When the actuary's primary role is to calculate benefits based on plan rules and prescribed assumptions, but there are grey areas for which the actuary makes recommendations on interpretation (for example "umbrella DB plans" for Internationally Mobile Employees); 3. When the IFoA actuary is providing actuarial advice in conjunction with a local actuary who has local professional responsibility.
2.	We believe the scope of work covered by Employer Adviser is too wide in relation to paragraphs 5.1 and 5.2, as set out in our answer to question 19 below. This could also be particularly relevant for work outside the UK.
3.	Why aren't you introducing an equivalent practicing certificate for non-UK members?
4.	We consider that expanding the current population covered by this guidance is appropriate and should be welcomed. We do, however, seek that the IFoA ensures that the requirements are level across all types of firm and advising actuary and have provided our comments in this regard. In addition to those comments made under 14. we think the scope of 4.2 should be extended to include Other Actuarial Advisers ("OAA"). We consider that the same conflicts apply to this situation as to when a SA's firm advises more than one party and it is therefore important to be clear that the same requirements apply in both circumstances. If this extension is considered appropriate, then the definition of EA would need to be expanded to cover those who work in the same firm as OAAs and 4.5 extended to include OAAs.
5.	There are a few instances where the terms and definitions used do not currently read across well to the public sector environment. Trustees: It is this definition, combined with that of 'Employer' that gives us most cause for concern. As drafted, the term may lead to ambiguity in interpreting the guidance in which it is used. Whilst the definition of 'Trustees' includes scheme managers (which is relevant for PSPSs), these scheme managers do not have the same role and responsibilities as Trustees. Employer: as described, this definition is interlinked with the definition of Trustees for PSPSs so may need further consideration. Equivalent Scheme Actuary: As noted in Q14, will Members understand what it means to act in a similar role to that of a Scheme Actuary? The second sentence of the definition is helpful in establishing the applicability to non-standard governance arrangements (although is possibly linked to how Trustees is defined). You could delete the words 'public sector or'. We also wondered if this term should be abbreviated to ESA in the guidance. It's used over 30 times and such a long term contributes to the overall wordiness of the standard. Firm: APS QA1 uses the term Organisation to describe the entity which employs actuaries. Can these two terms and definitions be more closely aligned? In particular, APS QA1 refers to 'legal entities' rather than 'corporate entities' and explicitly refers to public bodies. Scheme: This definition struck us as being particularly loose. Is the concept of a pension scheme sufficiently well defined (in the UK and internationally) that this definition is sufficient? We would welcome the opportunity to work with you to ensure the definitions used within APS P1 can be correctly interpreted in the context of PSPSs.

Q18 Do you think that anything substantial has been lost in the revised APS P1 as compared to the current version of the APS?

ANSWER CHOICES	RESPONSE COUNT
Yes	1
No	16

COMMENTS	
1.	In our view, the streamlining of APS P1 has not led to the material loss of guidance for actuaries.
2.	As an actuary providing technical and professional support to colleagues, the specific explicit instructions given in the first two sentences of 4.4 of the current standard (around certification) are very helpful to me in directing colleagues about their obligations around certifying Technical Provisions, SoCs and other matters. I agree that these matters are addressed implicitly in the Speaking Up section and I think it is helpful that this is not now restricted to certification required by legislation. I do wonder, however, if this will be perceived as a reactive speaking up requirement in response to actual failures by trustees etc, rather than a pro-active

	requirement for Members to always remind trustees of other material issues they should consider before taking action on the basis of a certificate (but where the trustees may not need to seek further advice).
3.	We do not think anything has been lost by what has been removed from the previous version of APS P1 for the reasons given by the Committee.
4.	The Association of Consulting Actuaries (“ACA”) is, in general, supportive of the extra clarity and streamlining and we welcome the introduction of the revised version of APS P1.
5.	Section 2, with 2.6 in particular, we consider should be made clearer that this relates only to deadlines that are relevant to SA or ESA responsibilities (like it is in the existing APS P1).
6.	For those holding Scheme Actuary appointments, these proposals seem to result in little change. However, it is a useful reminder of the existence of this key professional standard and in particular the need to keep under review, and especially in the current economic climate, the list of matters agreed with the trustees for notification to the Scheme Actuary should they arise. There would also seem to be little change for those in other trustee advisory roles. However, the new version of APS P1 is clearer as to how such individuals are covered and so is a useful opportunity for those in such roles to examine in order to appreciate their professional responsibilities under this standard.

Q19 Do you have any other comments on the requirements and provisions of the revised APS P1?

ANSWER CHOICES	RESPONSE COUNT
Yes	14
No	3

COMMENTS	
1.	<p>We have some detailed drafting points which are set out below using the paragraph numbering from the revised APS: 2.4 Paragraph 2.1 of Appendix 1 is clear that the materiality judgement rests with the Scheme Actuary whereas this is not so clear in the wording used in paragraph 2.4, where “they” could be taken to mean either the Scheme Actuary or the Trustees. Could the wording of paragraph 2.4 be made as clear as, and unambiguously consistent with, appendix 1 paragraph 2.1? That said, could consideration be given to removing the requirement for the Scheme Actuary to be satisfied that the Trustees understand what they [the Scheme Actuary] would consider to be material? This could lead to a lengthy process to agree what this means for a particular scheme at a particular time. There may also need to be a review of these criteria as circumstances change. This increases the costs of adhering to APS P1 whilst, in our view, not providing obvious benefits to our clients. It would also seem to depart from the ‘principles based’ approach as it seems to suggest more of a hard-coded approach to determining what is deemed to be material or significant. 2.5 This section arguably does not reflect the commercial realities that operate. In practice, a new actuary would obtain most relevant information directly from their client, the Trustees. Clauses 2.5.1, 2.5.3 and 2.5.4 could be combined to say “The existing actuary and the new actuary should discuss the information to be provided to the new actuary. The new actuary may request relevant information from the existing actuary. Provided that the new actuary agrees to any reasonable conditions imposed by the existing actuary for the release of information, the existing actuary must comply with any such reasonable request or explain why it is not possible or appropriate to comply.” We suggest use of the word “should” in the first sentence as this covers the various caveats to the use of “must” in the current draft. Clause 2.5.2 is important (but the reference to 2.4.1 should be to 2.5.1, subject to any changes to this paragraph). 3.1.1 We suggest removing the words “or another relevant party involved in the running of a Scheme” as the definition of Trustees includes other relevant parties. This paragraph would seem to encompass many potential – and perfectly legitimate – circumstances. For example, would a decision to increase commutation factors fall under the scope of this reporting, or investing in lower returning or risky assets? Is it intended to cast the net so wide and, if so, what is it seeking to achieve beyond, for example, the ‘speaking up’ provisions of the Actuaries’ Code or the provisions of TAS 300? And what will the adverse impact be measured relative to? 3.1.2 We note the overlap with paragraph 2.4 of the Actuaries’ Code; is the IFoA content that the draft wording amplifies those requirements (and if so, how)? 4.2 And 4.5 Should these paragraphs not also apply to Other Actuarial Advisers? 4.5 The wording could be made clearer as follows: “...must ensure that a CMP is agreed with the Trustees and Employer for whom the work is undertaken, and that the CMP is reviewed at appropriate intervals.” 4.5 As drafted this paragraph only applies to work carried out under para 4.2, namely work where there is an Employer Adviser (from the same firm) advising the Employer. This means that no CMP is required where the Scheme Actuary (or ESA or OAA) provides advice to the Employer under one of the exceptions listed in 4.4. Is this the intention, or would it be preferable to require the Scheme Actuary to put a CMP in place in that scenario? Sub paragraph 4.5.3 appears to anticipate the situation where the Scheme Actuary is providing advice to the Employer and also anticipates that there will be a CMP in place. If paragraph 4.5 began as follows, it would clarify the situation: “Where the work to which paragraphs 4.2 and/or 4.4 refer constitutes Advice...” 4.5.2 It is not clear who is covered by the waiver of duty of confidentiality (which would otherwise be owed to the Employer). Is it intended that this should only refer to the Scheme</p>

	<p>Actuary (and ESA and OAA)? If so, it should be stated more clearly to avoid it encompassing the Employer Adviser (noting that paragraph 4.2, to which 4.5 refers, is predicated on the existence of an Employer Adviser). The old APS (para 5.6.3) made it clear that this waiver of duty only applied to the Trustee advisers. Section 7: Definitions Conflict Management Plan: the agreement of the Other Actuarial Advisers or Employer Adviser (if any) is not stated as a requirement. Why would they not be a signatory? Equivalent Scheme Actuary: should the full stop before "Including" be removed so that it reads "(...Relevant Scheme), including a Member..."? Appendix 1: The word 'scheme' has ceased to be capitalised and in bold text; was this intentional? 2.3.3.4 Replace "him/her" with "their" for consistency with elsewhere in the document?</p>
2.	<p>There is no mention of accompanying guidance on the revised APS P1. If there were to be some, and it was to cover the issues raised in our response to Qs 16 and 18, we would be more comfortable with the current draft of the proposed standard. Finally, I note that the Word version has a further question on numbers of Members employed (Answer: 100+) that is absent from the online form. It may be worth checking that where the Word version was used to draft a response, there isn't a misalignment of the answers to questions 12-19 as numbered in the online version, or that references to other questions in comments are similarly "one out".</p>
3.	<ol style="list-style-type: none"> 1. Para 2.5.2 should refer to 2.5.1 not 2.4.1 2. Para 3.1.1 is very widely drawn- first, (as noted in our comment on question 16) it is not clear which other parties are intended to be covered here and second, many actions taken sensibly with best intention could be subject to the challenge that they could adversely affect security or financing of the Scheme – for example investments in a wide class of assets, eg equities. We suggest actions are limited to those by the Trustees and "it is reasonably likely that a party's actions could" is replaced with "a party's actions would be expected to" 3. The definition of Employer (and hence the definition of Employer Adviser) is widely drawn: as drafted it could cover the provision of advice on any topic to any company associated with an entity participating in a pension scheme. This gives rise to two concerns: Para 4.2 includes a requirement for the Scheme Actuary (or ESA) to notify the Trustees of another appointment to provide work to the Employer - we support this requirement (it replaces the present requirement in 5.2). The subsequent paragraphs (4.3-4.5) then refer to advice to the employer in relation to the scheme. In particular, under 4.5, a conflict management plan is only required where work to the employer constitutes Advice to the Scheme - this accords with the current APSP1, para 5.6.2 which refers specifically to Advice in relation to the Scheme. However the wording of 4.5.1 could be read as referring to more general Advice to the Employer – we do not believe this is the intention so we suggest that the wording be made clearer. Para 5.1 requires an Employer Adviser to comply with the requirements of a conflict management plan. While we support the principle behind this, and this accords with our current practice, there are a number of resulting practical issues from the current drafting: - The Employer Adviser may not be aware of the existence of a Conflict Management Plan if the Advice they give does not relate to the Scheme. The Employer Adviser may not be aware of the Scheme Actuary appointment. We suggest first that 5.1 should make clear that it is restricted to Advice in relation to the Scheme and secondly that it should include a requirement for the Employer Adviser to make reasonable steps to make themselves aware of the existence of and contents of the Conflict Management Plan (only then can the Employer Adviser work out their obligations under the Plan); - In some circumstances the proposed "must" requirement would require advice to a company to cease, depriving the employer of access to their actuarial adviser at a potential crucial time. For example, if Group A is seeking a takeover of Group B, one of whose companies C has a pension scheme with the Scheme Actuary from the same firm that provides actuarial advice to the employer in Group A, 5.1/5.2 appears to mean that the Group A employer's actuary becomes the Employer Adviser and must then cease provision of any advice at the point company C becomes associated with Group A (presumably at point of takeover) until either they have reviewed the Conflict Management Plan (where the Plan allows such advice) or given an opportunity for the Scheme Actuary/Equivalent Scheme Actuary to put in place a Conflict Management Plan (which could potentially take some time). We therefore believe it is appropriate to allow flexibility on an exception type basis, to cover this and similar circumstances, to preserve the ability of employers to access actuarial advice, while bearing in mind the overarching requirements of the Actuaries Code. This could involve for example, the Employer Adviser taking reasonable steps to understand if there is a Scheme Actuary/Equivalent Scheme Actuary from the same firm advising the trustees of a scheme of an employer to which they are providing advice in relation to that scheme; if so and if it can be done without impacting client confidentiality, making themselves aware of the contents of the conflict plan; having obtained that, adding a duty to notify the employer if they are aware that the employer is seeking advice that is not in accordance with that protocol; considering whether they could provide that advice while acting in accordance with the actuaries code (eg if urgent or confidential advice was required in a situation not envisaged by the drafting of the plan); seeking to revisit the conflict plan at the earliest available opportunity without impacting client confidentiality. 4. Para 4.5 requires the conflict management plan to be revised at regular intervals. We suggest this requirement is set out in its own sentence, for example "... must ensure that a Conflict Management Plan is agreed with the Trustees and Employer for whom the work is undertaken. The Plan should be reviewed and, if necessary, revised, at appropriate intervals." 5. We note that in the new APS P1, where an Other Actuarial Adviser acts for a scheme and works for the same firm as the Employer Adviser to the scheme (but the Scheme Actuary works for a different firm), there is no requirement for the Other Actuarial Adviser to agree a conflict management plan with the trustees and employer (although there could be circumstances where conflicts could arise). Conflict Management Plans

	are owned only by the Scheme Actuary or by the Equivalent Scheme Actuary.
4.	Clause 2.7 (periods when a Scheme Actuary cannot fulfil his or her duties) is much shorter than in the current APS, losing much of the helpful guidance. While one may argue that this is a matter of judgment and common sense, is there any plan to have additional guidance to accompany the APS?
5.	<p>We have some concerns with Section 3.1.1:</p> <ul style="list-style-type: none"> • “another relevant party involved in the running of a Scheme” could encompass lots of parties – e.g. administrators, lawyers, etc. If the intention is to cover the situation where there is not a trustee board then these words should be deleted given that the term Trustees is already defined to include such a party • “reasonably likely that a party’s actions could adversely affect the security of members’ benefits” – as a minimum, this should be restricted to actions that could have a significant adverse impact. Even with this change, we do have concerns that the effective extension of para 3.1 of the existing APS P1 to include “the security of members’ benefits” represents a significant widening of the scheme actuary’s obligations (beyond the financing of the scheme which is more clearly within the scheme actuary’s statutory role) as there are many actions that could have a significant adverse impact, for example payment of dividends by the sponsoring employer
6.	Section 2.5.2 refers to 2.4.1 when it should refer to 2.5.1.
7.	Very glad to see Other Actuarial Adviser included. I fall into this category and am supportive of the requirements as set out in the revised APS P1
8.	<p>2.5.2, we think that the reference to 2.4.1 should really be to 2.5.1.</p> <ul style="list-style-type: none"> • Sections 2-5, we consider that it might be preferable, instead of referring to ESA each time, for brevity, to use the same technique as appears at the beginning of the appendix (ie “references to SA also apply to ESA where relevant”).
9.	<ol style="list-style-type: none"> 1. In para 2.5.2 there is an erroneous reference to para 2.4.1 – it should be to para 2.5.1. 2. In para 3.1 a logic flaw seems to have been introduced through splitting the old para 4.1 into two parts (new 3.1.1 and 3.1.2) and connecting them with an “or” rather than an “and”. We suggest that you should rephrase something like the following: “A Scheme Actuary, Equivalent Scheme Actuary and/or (subject to paragraph 3.3 below) Other Actuarial Adviser should notify the Trustees or another relevant party involved in the running of a Scheme, if: <ol style="list-style-type: none"> i. They are aware that it is reasonably likely that a party’s actions could adversely affect the security of members’ benefits and/or financing of the Scheme; and ii. They consider that the Trustees should be seeking advice or further advice, either from the Scheme Actuary, Equivalent Scheme Actuary or from another adviser.” 3. In section 4 there doesn’t seem to be a requirement for an Other Actuarial Adviser to tell trustees if someone else from the firm is advising the employer (eg if the Scheme Actuary is not from the firm). This is arguably required by old para 6.4 which applies old para 5.2. 4. The new para 4.2 only requires the Scheme Actuary or Equivalent Scheme Actuary to notify their client if someone else from their firm is advising the employer, but not if they are themselves! Old para 5.2 included this case. Should it be restored? 5. We have a concern about the new wording in para 4.5.2 when read in isolation. In the old wording in para 5.6.3 it was clear that confidentiality could (and should) only be broken by a trustee advisor. However, our reading of the new wording in para 4.5.2 by itself is that even the Employer Adviser might need to break confidentiality (to protect the trustees). We acknowledge that section 4 is not intended to place any obligations on the Employer Adviser, as made clear by para 4.1, but it may be sensible to adjust para 4.5.2 to put our concern beyond doubt. 6. Section 5 imposes a requirement for the Employer Adviser to comply with the Conflict Management Plan even though they aren’t party to it. This seems a reasonable idea, but we can’t see there is any duty to disclose it. Should say section 4.5 put a duty on the Scheme Actuary (or Equivalent Scheme Actuary) to disclose the Conflict Management Plan to the Employer Adviser (who after all will be from the same firm)? 7. Now that there is a new definition of Equivalent Scheme Actuary, the wording throughout the standard becomes a bit clumsy because it continually repeats Scheme Actuary and Equivalent Scheme Actuary. As far as we can see, the only place where they have different duties is in para 1.1. Given this would it be better to define the Scheme Actuary to include the Equivalent Scheme Actuary and clarify that only para 1.1 applies to the true Scheme Actuary? This drafting approach would also tie in neatly with the definition of Trustees, which also includes managers of schemes not established by a trust. 8. It is not clear when the revised standard will be in force. Given the extension in scope to Employer Advisers we ask that you give sufficient notice. It may also be necessary to provide a window in relation to any necessary updating of Conflict Management Plans as a consequence of introducing this new version of APS P1. We don’t see the need to hold a virtual consultation meeting but would be happy to participate should you choose to hold one.
10.	As discussed during our meeting with GE and LW on 10 December, we welcome the opportunity to continue working with you post-consultation to ensure any amendments operate as intended, particularly in the context of public service pension schemes.
11.	Version 2 of the Institute and Faculty’s APS P1, Duties and responsibilities of members undertaking work in relation to pension schemes, will come into effect from 1st July 2013. The purpose of APS P1 Version 2 is to set out specific practice area ethical obligations that apply for

members of the Institute and Faculty operating in the pension's area.

Sections 1-5 of the APS are primarily directed at actuaries who are appointed to advise the trustees of a defined benefit pension scheme in accordance with section 47(1)(b) of the (UK) Pensions Act 1995.

Section 6 extends the application of sections 1-5, in certain respects, to other members of the Institute and Faculty undertaking work in relation to pension schemes, whether in the UK or elsewhere.

Section 5 includes provisions relating to conflicts of interest. It prescribes, inter alia, that in certain circumstances, an actuary may not provide advice to both the sponsoring employer and the trustees of the same defined benefit pension scheme where that advice relates to the funding of the scheme or to any matter that has a direct bearing on the benefits payable under the scheme.

Section 6 includes a provision, in paragraph 6.8, relating to the application of the conflicts of interest provisions where a member of the Institute and Faculty performs (in the UK or elsewhere) certain work for the trustees of a pension scheme other than a scheme in relation to which a scheme actuary must be appointed under the (UK) Pensions Act 1995.

Paragraph 6.8 requires members of the Institute and Faculty to whom the paragraph applies to consider the extent to which the principles of the conflicts of interest provisions are relevant and, to the extent that the principles are relevant, to take appropriate action to comply with them. In this regard, we have been advised by the Institute and Faculty that, in considering the extent to which the principles of the conflicts of interest provisions are relevant, members of the Institute and Faculty who are working outside the UK may reasonably have regard to the existence of relevant professional requirements in their own jurisdiction. In particular, the Institute and Faculty has confirmed that members who are also members of the Society and who perform work relating to defined benefit schemes constituted under Irish law may reasonably have regard to the provisions of the Society's APS Pen-13, Conflicts of Interest – Pensions Actuaries, instead of the provisions of APS P1, for the purposes of that work. The Institute and Faculty has emphasised that APS P1 will nonetheless apply to members of the Society insofar as they are working on UK pension schemes and that it expects all of its members to comply with the Actuaries' Code.

This note is not intended as a full description of APS P1, nor does it provide an interpretation of the APS except in relation to the specific situation and matter outlined.

APS P1 is available on the Institute and Faculty of Actuaries website at

<http://www.actuaries.org.uk/regulation/pages/professional-standards-directory>

ASP Pen-13 is available on the Society of Actuaries in Ireland website at

<https://web.actuaries.ie/standards/asp/asp-pen-13>