7. Questions

We invite your comments on the proposed introduction of APS X1. It would be helpful if you would offer them by responding to the following questions.

An online version of the questionnaire can be found on the IFoA's website at http://www.actuaries.org.uk/regulation/pages/consultations-and-discussion-papers.

1. About you

Name:	Paul Kelly
Position held	Chair, International Committee

2. Are you a member?

Yes	X	No	

3. If yes, which category of membership do you hold?

Student		Fellow	X
Affiliate		Honorary Fellow	
Associate			

4. What is your practice area? (Answer one option only)

Life Assurance		Health and Care	
General Insurance		Education	
Pensions	X	Retired	
Finance and Investment		Other	
Enterprise Risk Management			

5. Name of your organisation?

Name:	Association of Consulting Actuaries

6. Type of organisation (Answer one option only)

Consultancy		Investment & Asset Management Firm	
Insurance / Reinsurance company		Other	X
Bank			

If other, please comment:

Body representing Consulting Actuaries in the UK

7. Size of organisation

Sole practitioner		26-40 Fellows or Associates	
2-10 Fellows or Associates		40+ Fellows or Associates	X
11-25 Fellows or Associates			

8. Do you want your name to remain confidential?

Yes		No	X

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

Yes		No	X

10. Do you want your comments to remain confidential?

Yes		No	X

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

Personal views		Organisation's views	
Both personal views and organisation's views			X

We would be particularly interested in hearing your views on the following:

12. Do you agree that it is appropriate to introduce a standard with the objective of clarifying the extent to which standards are applicable to members, including those who carry out work outside the UK?

Yes	X	No	
Comments (please specify): Although in principle we would welcome the introduction of a standard, we have considerable concerns as to the practical implications of the standard as currently drafted.			

13. Do you consider that APS X1 achieves that objective?

Yes	X	No	
Comments (please specify): Yes – but not to the optimal degree – see areas of concern in principle and practice below.			

14. Do you consider that the overarching requirement for those carrying out work outside UK geographic scope to comply with ISAP 1 is appropriate?

Yes	X	No	
Comments (please specify): However, we would note that ISAP 1 has a wider scope than the equivalent UK standards, thus leading to anomalies whereby non-UK work is subject to heavier requirements than the UK (e.g. post-retirement medical).			

15. Do you consider that the requirement additionally to apply relevant local Recognised Standards in certain circumstances (paragraph 3.4.1. of APS X1) is appropriate and proportionate?

Yes	X	No	
Comments (please specify): Yes, where the actuary is acting as a local expert then clearly local Recognised Standards should apply. However, where the actuary is acting in a broader capacity (perhaps advising on numerous countries or co-ordinating with local actuaries) we believe this should not be a prescriptive requirement, we would therefore suggest that this requirement be subject to the exercise of professional judgement reflecting the nature of the role being undertaken and its scope. Such a requirement to apply local Required Standards requires a co-ordinating actuary to be aware of the existence and nature of all such local standards. This is clearly impractical, for language reasons alone, when an actuary is undertaking a cross-border exercise (for instance in a multi-country M&A or an			

accounting co-ordination) involving potentially dozens of different countries (this is a fairly common situation when advising multinational companies).

16. **Do you consider that the requirement to use reasonable judgement to consider whether there are other relevant standards that should be applied (paragraph 3.4.3. of APS X1) is appropriate and proportionate?**

Yes	X	No	

17. **Do you think it is reasonable and proportionate to introduce a requirement to be open with users about the standards that are applicable to a piece of work?**

Yes	X	No	
Comments (please specify):			

18. **Do you have any other comments on the requirements and provisions of the Draft APS X1?**

Yes	X	No	
Comments (please specify): Under 3.4.4 and elsewhere the recognition of the role, locus and expectations of the User should be explicitly recognised as well as any specific agreement reached with the User as regards the standards to be applied. Para 3.4 requires IFoA Members carrying out work outside UK Geographic Scope (e.g. US GAAP for pension valuations) to comply with relevant Recognised Standards that would apply if the Member were subject to the jurisdiction of the Relevant Authority (i.e. to comply with relevant US actuarial professional guidance for US GAAP), which seems potentially quite onerous (e.g. would it extend to US actuarial CPD as well as relevant ASOPs?) Also, under the APS X1 proposals, the rules are very different for IAS19 work for a UK company (within UK geographic scope), and a non-UK company (outside UK geographic scope). So for IAS19 work, you could have fundamentally different professional standards applying to exactly the same work covering the same pension scheme, depending on where the company using the work is listed. This seems at odds with the Institute and Faculty's objectives, which is to have broadly equivalent treatment of UK and overseas work (their "Equivalence Principle").			

19. **Do you think that the case studies and examples included in the Guide at Part 3 are helpful? If not, can you suggest how those might be improved?**

Yes	X	No	
Comments (please specify): They are helpful, but it would be useful to have an			

example where the actuary is acting in a non-local multi-country role.

20. Do you have any suggestions for other useful issues that should be drawn out in examples contained in the Guide?

Yes	X	No	
Comments (please specify): As noted above ISAP 1 has a wider scope than the equivalent UK standards. If this is not an unintended anomaly it would be useful to have a case study of this type included in the Guide.			

21. Do you think that the revised decision tree is helpful? If the answer is no, what suggestions do you have for improving it?

Yes	X	No	
Comments (please specify): Yes but the decision tree is still very complicated and could be simplified (eg there are two arrows from two boxes which lead to unintended “dead-ends” in the tree)			

22. Do you think it would be helpful to have any further guidance (in addition to the Guide) and/or training opportunities in this particular area? If so, what should this guidance/training include?

Yes	X	No	
Comments (please specify): A Q&A document in due course would be helpful.			

23. Do you anticipate that there would be any practical or resource implications caused by the introduction of these proposals? If yes, what sort of implications do you anticipate?

Yes	X	No	
Comments (please specify): We noted above that the requirement to apply local recognised standards in all circumstances would require considerable and disproportionate resources. This would add to the costs of advice without any significant advantage to the User(s) or the public interest.			

24. Do you have any other general comments or suggestions in relation to the proposals?

Yes	X	No	

Comments (please specify):

The introduction of the exercise of professional judgement within the applicability of local recognised standards would allow the APS to be simplified considerably.

8. How to Respond

The deadline for responses is **21 August 2014**.

Responses should be sent to APSX1@actuaries.org.uk

A link to an online version of the questionnaire can be found on the IFoA's website at http://www.actuaries.org.uk/regulation/pages/consultations-and-discussion-papers.

You can also send a response by post to:

Cross Practice Working Party – Applying Standards
The Institute and Faculty of Actuaries
Maclaurin House
18 Dublin Street
EDINBURGH
EH1 3PP

Please indicate whether you wish any of the information you supply in your response to be treated confidentially. Unless you so indicate, we may make responses to this paper available on our website at www.actuaries.org.uk.

Consultation meetings

We also encourage members and interested stakeholders to attend one or other of the following two consultation meetings to discuss and comment on these proposals:

The first will be held at Maclaurin House, Edinburgh from 17:00 on 5 June 2014. Refreshments will be served from 16:30 hrs.

The second will be held at Staple Inn, London from 17:00 on 23 June 2014. Refreshments will be served from 16:30 hrs; and

In order for us to gauge participant numbers, we should be grateful if you could please inform us via email to karen.cross@actuaries.org.uk if you are planning to attend either of these meetings.

We are also arranging for both consultation meetings to be recorded and uploaded onto our website. In advance of these meetings we would invite members who are unable to attend in person to provide questions or issues for discussions in advance by email to karen.cross@actuaries.org.uk or by post to the address noted above. Please clearly mark your correspondence as being a question/issue for the consultation meeting and provide them no later than 30 May 2014. Please note that for practical reasons it may be the case that not all questions or issues can be dealt with at the meeting.

9. CPD

Members of the Institute and Faculty are entitled to claim:

1) Up to one hour of private study CPD time for reading this consultation paper and completing the relevant questionnaire; and

2) CPD time for attending or viewing one of the consultation meetings, provided that the topic can be shown to be personally relevant and developmental. Please remember to record your learning outcome within your online CPD record and, if attending a meeting in person, record your name on the registration form.

Thank you for your time and interest.