

## Institute and Faculty of Actuaries

### Regulatory Board

#### Noting report

<b>Subject</b>	IFoA Executive Update
<b>Regulatory Board meeting</b>	5 July 2022
<b>Author</b>	Executive Team
<b>International Issues considered?</b>	Yes
<b>Purpose</b>	Noting

#### A: INTRODUCTION

1. This paper provides an update on the work of the IFoA Executive Team since the last meeting of the Board (in April 2022) and highlights key issues and developments for the Board to note.
2. **PLEASE NOTE:** Board Members are asked to let the Board Secretary know **at least three days in advance** if there are aspects of the update paper that they would like to discuss, so that appropriate time can be allocated in the agenda and the appropriate member of the Executive team can arrange to attend the meeting. We would also be happy to answer any specific questions on the below topics via email.

#### B: KEY DEVELOPMENTS

3. The new PC Scheme and accompanying new PC Handbook was published on 8 June, setting out the processes and procedures for applying for a PC. The new Scheme will take effect on 1 December. New application forms and information on the transitional arrangements for existing PC Holders and non-PC holders that have sat the current UK Practice Modules is also now available. The Executive is now working on assessment guidance for the PCC to help with their decision making and considering further examples and guidance for PC applicants.
4. The new Disciplinary Scheme was approved by Council on 9 June 2022. Planning is underway for the full Member vote that will be required to give effect to the new Scheme and associated communications.
5. Planning has begun on the work to look at new regulatory requirements for members, and guidance, around DEI , with a proposed timeline set out within the Board's forward agenda.
6. Following the Board's discussion at the April meeting on their response to the AMS funeral plans thematic review, work has begun to review APS Z1 and the accompanying guidance with a consultation scheduled to take place in the autumn. The FCA's new regulatory role in relation to funeral plans comes into effect on 29 July 2022.
7. The FRC has published a revised draft TAS 100 for consultation as well as Calls for Feedback on the specific TASs. Discussions have also taken place between the Executive and FRC Actuarial

policy team around the future of the IFoA's TAS 100 guidance. This is covered in more detail later in the agenda.

8. A plenary event hosted by the PRA and FCA on the role of actuaries in relation to Part VII transfers was held on 13 June with contributions from the IFoA. We will continue to liaise with the PRA to ensure that the issues they identified concerning the role of the Independent Expert earlier this year have been resolved.
9. A meeting of the JFAR took place on 8 June, attended by the Chair of this Board and Ben Kemp, where there were discussions about the UK Government's response to the proposals for actuarial regulation and discussions about transition risk issues in relation to funeral plans. A fuller update can be found in the Chair's Update. Work is ongoing with the JFAR Risk Perspective Working Party to develop the hotspots for this year's Risk Perspective document, due to be published at the end of September.
10. Work has begun on the governance review of the regulatory committee structure supporting the Board in its regulatory functions, including all IFoA Committees with distinct regulatory responsibility. Terms of reference have been drafted and shared with the Chairs of the Committees for initial comments, following which, the aim is to have proposals for discussion at the Board's Strategy Day on 27 September. If Board members would like sight of the terms of reference before that, please contact the Board Secretary.
11. A post-implementation review of the CPD Scheme (introduced in 2020) will commence in the coming months. The review will assess the impact of the new CPD Scheme, including measuring against the agreed KPIs. The Executive will gather the information through a variety of means, including through RPDs, surveys and discussions with relevant member groups.
12. The AMS team is currently progressing two reviews. Submissions from several significant market participants have been made to the Equity Release review and analysis work is taking place. The Corporate Pensions review launched in the last week of June following extensive stakeholder interaction to finalise scope and encourage participation.
13. BEIS has now published their response to the consultation on Restoring trust in audit and corporate governance, including the future for actuarial regulation in the UK.
14. The Disciplinary Committee met on 22 June. This was Nicola Williams' first meeting as Chair of the Disciplinary Committee. Robert Garvin FIA has also joined the Disciplinary Committee as an actuary member. As a former Investigation Actuary, Robert brings a wealth of experience of the disciplinary process.
15. The Board's annual report for 2021/22 is currently in draft and with the Chair for review. The report will be shared with the Board via email after the July meeting.
16. The proposals for changes to the regulatory appointments process were approved by Council on 9 June, electing to retain a reformed RAC. The appointment process for the Chair will, in future, be carried out by an external, independent body using an open, competitive appointment process. Two additional lay members of the Committee bring the RAC size to eight (lay: actuary parity). Council/ professional body involvement in appointment processes to the RAC and roles appointed by the RAC is discontinued. This means that RAC has no involvement in the appointment process for the Council representative on this Board, which is made by Council on the recommendation of Nomination Committee.

## KEY PLANNED ACTIVITIES FOR NEXT PERIOD (UP TO NEXT BOARD MEETING)

17. In addition to work mentioned above, over the next period, we anticipate the following key activities:
- Continued engagement on proposed reform of actuarial regulation by UK Government
  - Responses to the FRC's consultation on TAS 100 and the Calls for Feedback on the specific TASs.
  - AMS reviews:
    - Equity Release - further analysis work and interviews with participants will take place with a view to forming early conclusions from the review and commencing report drafting.
    - Corporate Pensions – this will be in the submission window phase until early September, with further stakeholder activity to encourage participation.
    - Future reviews – the team will be developing potential future review topics for discussion at the Strategy Day.
  - Work to begin to develop guidance for members on climate change and sustainability issues related to the Actuaries' Code (including engagement with the FRC)
  - Communications on revised Disciplinary Scheme to be issued in advance of the member vote which is expected to take place in the Autumn. Preparing for full Member vote on Disciplinary Scheme and associated stakeholder communications.
  - Work to begin on the review of APS Z1: Duties and responsibilities for actuaries working for UK Trust-based Pre-Paid Funeral Plans and supporting guidance, following Regulatory Board steer
  - Proposals for changes to the regulatory appointments process to go to Council
  - Work on possible new DEI regulatory requirements to begin
  - Review of the DPB Handbook and processes to begin
  - Review of the Board's Committee structure
  - Approval of approach for the creation, maintenance and dissolution of IFoA regulations
  - Review of APS X2 (requirements on work review) to begin