

# **MEMORANDUM OF UNDERSTANDING (‘memorandum’) BETWEEN THE UK ACTUARIAL PROFESSION AND THE PENSIONS REGULATOR**

## **Parties**

**The Faculty of Actuaries in Scotland  
Maclaurin House  
Dublin Street  
EDINBURGH  
EH1 3PP**

**The Institute of Actuaries  
Staple Inn  
High Holborn  
LONDON  
EC1V 7QJ**

**The Pensions Regulator  
Napier House  
Trafalgar Place  
BRIGHTON  
BN1 4DW**

## **1. Scope and purpose**

1.1 This memorandum sets out the guidelines and procedures for:

- the exchange of information between the Faculty of Actuaries in Scotland and the Institute of Actuaries (‘the Profession’) and the Pensions Regulator (‘the Regulator’); and
- co-operation and co-ordination between the Profession and the Regulator.

1.2 This memorandum is to take effect on and from 6<sup>th</sup> November 2006.

1.3 The memorandum is subject to what is permitted and required by law.

## **2. The Regulator’s statutory objectives**

2.1 The Regulator’s statutory objectives are set out in section 5 of the Pensions Act 2004 (the Act) and are:

- to protect the benefits under occupational pension schemes of, or in respect of, members of such schemes;

- to protect the benefits under certain personal pension schemes of, or in respect of, members of such schemes;
- to reduce the risk of situations arising which may lead to compensation being payable from the Pension Protection Fund; and
- to promote, and to improve understanding of, the good administration of work-based pension schemes.

2.2 A work-based pension schemes is:

- an occupational pension scheme;
- a personal pension scheme where direct payment arrangements exist in respect of one or more employee members of the scheme; or
- a stakeholder pension scheme.

### **3. The Profession's role**

3.1 The Profession has the twin roles of representing its members externally and regulating its members in the public interest.

3.2 The Profession's aims also include:

- the regulation of members in terms of both an ethical code and professional standards including the enforcement of the code and the standards through disciplinary procedures.
- the education of new entrants who wish to become actuaries and the oversight of continuing professional development of existing actuaries.
- co-operation with government, business, regulators and other professions.
- innovation, through research and debate, to expand the horizons of actuarial knowledge.
- promotion of the work of actuaries in general (but not individual firms).

3.3 The Profession also has an obligation to serve the public interest. In addition to regulating its members it does so by making informed contribution to debate on matters of public interest and by influencing those with power to protect and enhance the public interest.

3.4 Individually, members must follow the Profession's ethical code and Professional Standards and report to the Regulator in appropriate circumstances.

#### **4. Areas of common interest**

- 4.1 The Profession and the Regulator share a common interest in the good administration of work based pension schemes.
- 4.2 The Regulator may also disclose “restricted information “(as defined in section 82 (4) of the Act) to the Profession if it is with a view to the institution of, or otherwise for the purposes of, any disciplinary proceedings relating to the exercise of an actuary’s professional duties, under section 87(2) (e) of the Act.

#### **5. Co-operation and co-ordination**

- 5.1 The Profession and the Regulator will meet periodically to discuss issues around their common interest.
- 5.2 These meetings may result in a letter of representation which sets out areas where a policy or procedure of the Profession or the Regulator might be usefully developed upon a common basis.

#### **6. Exchange of information**

- 6.1 The Profession and the Regulator may request information from each other in connection with a matter, or refer a matter to the other party, if it is considered that the other party could more appropriately deal with the matter having regard to the other party’s functions, resources, expertise, powers and objectives.
- 6.2 Any requests or referrals shall include details of the information or action sought. Any such requests or referrals may suggest a reasonable deadline for response, including an explanation of any urgency.
- 6.3 Any such request or referral will be duly considered and, if it is possible, responded to within the deadline. However, if this is not possible, the other party will be informed as soon as is reasonably practicable giving a date by when it expects to give a full response.

#### **7. Supervision, enforcement and professional discipline**

- 7.1 The Profession and the Regulator will liaise with each other as appropriate and in particular, exchange information as appropriate in relation to and concerning the institution of, or otherwise for the purposes of, any disciplinary proceedings relating to the exercise of an actuary’s professional duties (see paragraph 4.2).
- 7.2 The Profession will keep a register of all those actuaries which it has licensed as “fit and proper” to be a reserved role holder by issuing them with a Scheme Actuary’s practising certificate.

7.3 The Profession will inform the Regulator of all Adjudication Panel, Interim Orders and Tribunal findings of professional misconduct against any actuary related to any pension matter.

7.3 The Regulator will inform the Profession of any Determination made against any actuary.

7.4 The Regulator will inform the Profession if it appears to the Regulator that there is an issue with regards to the exercise of any actuary's professional duties.

## **8. Review**

8.1 The parties will consider at least annually and as appropriate:

- any issues that have arisen from the operation of this memorandum; and
- the exercise of the Profession's and the Regulator's respective responsibilities in connection with this memorandum.

8.2 This memorandum will be reviewed, and if necessary, revised with the agreement of both parties.

## **9. Termination**

9.1 This memorandum may be terminated by either party upon 28 days' notice.

## **10. Contacts**

10.1 In the absence of a specific contact, initial referrals or requests for information shall be directed to;

Richard Maconachie  
The Actuarial Profession  
Maclaurin House  
Dublin Street  
EDINBURGH  
EH1 3PP

David Unsworth  
The Pensions Regulator  
Napier House  
Trafalgar Place  
BRIGHTON  
BN1 4DW

10.2 At all times thereafter, the exchange of information referred to in sections 6 and 7 will be managed through the most appropriate person as nominated by each respective party.

## **11. Publication**

Copies of this memorandum will be available on the parties' websites:

<http://www.actuaries.org.uk>  
<http://www.thepensionsregulator.gov.uk>

Signed..... *Caroline Instance*  
Caroline Instance  
for the Actuarial Profession

Date..... *6/11/06*

Signed..... *Tony Hobman*  
Tony Hobman  
for the Pensions Regulator

Date..... *03/11/08*