

Institute and Faculty of Actuaries, **Regulatory Board**

Subject	Designated Professional Body (DPB) Board Annual Report
Meeting date	16 July (carried over item from May 2025)
Previous Steer/Approval	This is an annual report
Related horizon scan code	N/A
International issues considered?	N/A
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Reviewers	Emma Gilpin, Head of Regulatory Policy James Smith, DPB Board Chair
Purpose	Noting

A: Executive summary

1. The following contains the DPB Board's annual report to the Regulatory Board on its activities and planning during the period May 2024 to May 2025. Board members are invited to note the following key points:
 - The DPB scheme continues to be in steady state with no major issues reported by firms during the year. The smooth running of the regime and completion of the Handbook review is heavily dependent on appropriate and consistent support in the future.
 - DPB firms have completed the 2024 Annual Return. The DPB Board considered a summary report on the data from the Annual Returns which was drafted by ICAEW, at its 8 May 2025 meeting. Two DPB firms have received monitoring visits during the course of the year, as part of ongoing supervision activities.
 - The IFoA has received one complaint about a DPB firm in the period.
 - The DPB Board has been undertaking a review of the DPB Handbook and associated policies and procedures.
 - IFoA continues to have regular contact and a good working relationship with the Financial Conduct Authority (FCA) liaison in relation to the DPB scheme and has submitted the FCA annual return on 13 May.

Recommendation: the Regulatory Board is invited to note the following annual report on the IFoA's DPB scheme.

B: Introduction

2. The IFoA is one of several 'designated professional bodies' (DPBs), of which FCA has oversight, under powers in the Financial Services and Markets Act (2000) (FSMA). This allows the IFoA to directly regulate firms which are controlled by actuaries and which provide certain regulated activities to clients. The IFoA's DPB scheme continues to be run in 'steady state', with no major issues or difficulties reported by DPB firms during the course of the year and no change in the

number of licences. A list of the DPB firms are appended to this paper, which also summarises the following topics:

- DPB Firms and monitoring
- DPB Board
- Complaint determination
- DPB Handbook Review
- Regulatory Oversight and the FCA

C: DPB Firms and monitoring/supervision

3. There are currently 13 DPB firms licenced by the IFoA. Four of these firms have an 'Authorised Professional Firm' (APF) licence, which means they are dual regulated by the IFoA and the FCA (in respect of certain regulated activities). The APF licence means they are exempted from certain aspects of the FCA regime.
4. The IFoA has in place arrangements to monitor/supervise DPB firms as follows:
 - All DPB firms are required to complete the DPB Annual Return. The Annual Return includes data on, among other matters: firm composition and services; insurance and compliance arrangements; activities undertaken and financial reporting; complaints and disciplinary issues. The 2024 Annual Return was completed by firms by the deadline of 31 January 2025 (as with last year, firms were given an additional month due to changes to reporting process). The IFoA has a contract with the Institute of Chartered Accountants of England and Wales (ICAEW) to review the returns and report to the DPB Board any issues arising. The DPB Board considered this report at its meeting on 8 May 2025 and there were no significant areas of concern.
 - **[REDACTED]**.
 - The IFoA also has a contract with ICAEW in terms of which their Quality Assurance Directorate (QAD) carries out review and monitoring of the firms licensed by the IFoA. QAD agrees in advance with the DPB Board which firms should be inspected, based on a risk assessment framework. The risk assessment framework is informed by the annual returns submitted by firms.
 - ICAEW QAD have completed two monitoring visits during the course of 2024/2025.
 - **[REDACTED]**.
 - **[REDACTED]**.
 - **[REDACTED]**.

D: DPB Board

5. The DPB Board continues to govern the DPB scheme and benefits from considerable depth and breadth of experience in its membership, in order to tackle its review and policy work and supervision of DPB firms. We have 1 chair, 3 lay members and 4 volunteers. We currently have 1 Chair, 3 lay members, and 4 volunteers. The Board is required to note that the tenures of two lay members end in September. One of the members will be stepping down, and the Board will

be recruiting a replacement to fill that position. The other lay member's tenure will be extended for another term. The schedule of appointments is included in Appendix 2.

6. It is highlighted that the Terms of a number of actuary DPB Board members have extended beyond the usual 6 year maximum term for Board members. However, this reflects the highly-specialised nature of DPB and the small number of potential volunteers able to take on the roles.
7. Support for the DPB Board and managing the review work is currently undertaken by the DPB Manager; additionally there is some *ad hoc* administrative support provided from pooled Regulatory Coordinator resource across the team. The smooth running of the regime and completion of the Handbook review is heavily dependent on receiving support in the future.

E: Complaint determination

8. [REDACTED].
9. We are currently in the process of putting together a sub group to review the complaint as the chair of the board is conflicted.

F: DPB Handbook Review

10. The DPB Board has been conducting a review of the DPB Handbook and associated policies and procedures over the course of the last year.
11. Following approval by the Regulatory Board in February 2024, the consultation was launched on 11 April 2024 and closed on 14 June 2024. The proposed changes aimed to:
 - Streamline the authorisation process to be quicker, more cost-effective, and better integrated with supervision activities.
 - Redesign the annual return to ensure only essential, non-duplicative data is collected, and transition to a web-based application by December 2024.
 - Revise the complaints process for clarity and efficiency, including new timeframes and clearer procedures for both firms and the IFoA.
12. A total of 10 responses were received (9 from DPB firms, 1 from the Association of Consulting Actuaries (ACA)). Feedback was broadly supportive of the overall direction, with several technical and implementation concerns noted:
 - Authorisation: Support for financial due diligence and business model assessment, though some questioned the appropriateness of introducing a DPB financial subcommittee without specialist financial expertise.
 - Supervision: Positive response to the proposed digitalisation of the annual return, though concerns were raised about system usability, potential costs, and data sensitivity (e.g. treatment of business plans and PII coverage).
 - Complaints handling: ACA welcomed clarity but raised concerns around the interaction between proposed time limits and statutory provisions.
13. The DPB Board considered consultation feedback on 29 May 2025 and recommends proceeding to the next phase. This includes instructing external legal counsel to:

- Draft a revised DPB Handbook, reflecting consultation feedback, regulatory developments, and structural improvements (e.g. enhanced layout and useability).
- Incorporate changes across all Handbook parts, including statutory updates, PII requirements, revised complaints policy (Part 5), and updates to the Conduct of Business Code (Part 3).
- Consider broader regulatory themes including the Actuaries' Code, DEI strategy, AI and data governance, Consumer Duty, AML, and ESG principles, determining where and how these should be reflected in Handbook provisions.

14. Next Steps and Timeline:

- External counsel to be instructed in July 2025.
- A draft revised Handbook will be shared with the Board in November 2025.
- The FCA will be engaged during the process, with approval expected to take ~3 months.
- Implementation of the revised Handbook and supporting processes is targeted for June 2026.

G: Regulatory Oversight and the FCA

15. As well as reporting to the IFoA's Regulatory Board, the DPB Board is also required to report annually to the FCA and seek approval for any significant changes. The DPB Manager also holds regular catch ups with FCA liaison staff responsible for DPBs.
- The DPB Board has successfully submitted its annual report to the FCA for the period May 2024 – April 2025. There has been no update from the FCA.
 - The DPB Board also continues to review any relevant regulatory developments or topics of relevance to DPB firms.
 - The DPB biennial seminar (for all DPB firms) was held on 22 May 2025. It was well received, with positive feedback on both the content and organisation. The seminar aimed to update firms on key regulatory developments and common compliance issues. A key part of the agenda included a session from the ICAEW, which focused on monitoring visits and the annual return process highlighting common findings, areas of concern, and best practices. Attendance was strong with a representative from each DPB firm. The Q&A segment saw good engagement, suggesting a high level of interest and relevance. While there are no immediate action points for the board, the feedback will help shape the content of future regulatory engagement and guidance.

H: Conclusions

16. The IFoA's DPB scheme is currently in steady state and continues to operate well overall. Over the coming year, it can expect to benefit from improvements to its reporting mechanisms and other procedures, rules and guidance, and a strengthened Board and relationship with the FCA as oversight regulator. The smooth running of the regime and completion of the Handbook review is heavily dependent on appropriate and consistent support in the future.

I: Appendices

- **Appendix 1**, DPB firms
- **Appendix 2**, Schedule of Appointments