

To: AAE's Professionalism Committee (ProfC)

From: Gábor Hanák on behalf of the team working on Appendix 2 of the Fit and Proper Paper (FPP)

Re: One-pager for the FPP and the proposed Appendix 2

Date: 11 September 2025

Attached: The proposed one-pager

The AAE Board has requested a summary and some clarifications of the high-level principles of the FPP and Appendix 2 and producing a one-pager on the subject.

Note that

- The Board has approved but has not yet published the FPP; and that the Board could also approve Appendix 2 without publishing it. The ProfC has approved Appendix 2. The underlying idea is that upon reaching consensus, the Board may want to publish and act on the paper (including Appendix 2) if and when the tactical environment is appropriate. Appropriateness would be decided by the Board.
- There is a difference between adopting the principles (a strategic approach) and acting on them (a tactical action).
- The one-pager summarizes but not replaces the FPP itself (and the proposed Appendix 2). The one-pager has not been approved by the Board. It should be clear for the reader that the one-pager is produced for communication of the FPP already approved by the Board and Appendix 2 already approved by the ProfC. Upon agreement by the ProfC, the one-pager would be submitted to the Board for their consideration and approval.
- There are still significant differences across Europe. Even if there is a common approach to the high-level principles for fit and proper, assessment, action plan and execution may be predominantly a local issue which may be supported by the AAE.

The one-pager

The most important principles of the FPP are the following

- The quality of some actuarial services is critical from the perspective of protecting the public interest. For this reason, the FPP includes a definition of “Actuarial Public Interest Role”. In doing so the AAE/Board acknowledged that there is a public interest in certain actuarial services and that an appropriate framework is required to protect that public interest.
- The fit and proper requirements are there to contribute to the high quality and correct governance of the services provided in the Actuarial Public Interest Role and so complying with proper fit and proper requirements will contribute to the protection of the public interest.
- Requiring high quality service from one group and not doing so from another group creates an unlevel playing field while the public interest would be that all service providers, irrespective of their affiliation to an actuarial professional organisation, are subject to the same (or very similar) safeguards such as the fit and proper requirements.
- Thus, for the type of services where the public interest dictates high quality, the same (or very similar) fit and proper requirements should be imposed on all actuarial service providers – irrespective of their affiliation.
- The important elements of the fit and proper requirements to be applicable to all include basic and continuous education; ethical standards; and practice standards.

Appendix 2 is a natural extension of the approved FPP

The FPP itself does not include a requirement of complying with actuarial practice standards. However, if there is consensus in a jurisdiction that such standards contribute to the public good, then complying with such standards of that jurisdiction will contribute to the quality of actuarial services and serve and protect the public interest.

The FPP (without and with Appendix 2) is aspirational

By adopting the principles in it, the AAE will demonstrate to be committed to serve and protect the public interest and in particular the safety of the recipients of actuarial services and also those who are related (e.g. as their clients) to such service recipients as part of our vision statement (“The vision of the Actuarial Association of Europe (AAE) is for actuaries throughout Europe to be recognized as the leading quantitative professional advisers in financial services, risk management and social protection, contributing to the well-being of society, and for European institutions to recognize the valuable role that the AAE plays as a leading source of advice on actuarial and related issues.”) by working for a level playing field for all actuarial service providers.