

## **Review of Code of Professional Conduct**

**To: Standards, Freedoms and Professionalism Committee**

**From: Yvonne Lynch, Convenor, Code of Professional Conduct Task Force**

**Date: 5<sup>th</sup> May 2017**

### **Response to Consultation on 2<sup>nd</sup> Exposure Draft**

1. 11 actuarial associations and 1 external body responded to the consultation on the second exposure draft (ED) of a revised Code of Professional Conduct and associated Sample Questions & Answers. Of these, 5 associations indicated that they were happy with the Code and Sample Q&A and 6 respondents made some comments / suggestions.
  2. The most strongly-voiced comment related to the concept of the public interest. One association commented that the "well-being of society" (mentioned in the Preface) has no ethical dimension and that "public interest" or "interest of the public" are better references. The association also strongly advocated that not acting against the interest of the public should be part of the Code itself, not just the Preface, as the public interest is the basis of any ethical code. You will recall that, in the 2<sup>nd</sup> ED, at amplification A1 on Integrity, we removed the words "and shall not act against the public interest", as concerns had been expressed about consistency of interpretation and about enforceability.
    - 2.1.1 We discussed the matter with the parties that had raised concerns during the consultation on the first ED.
    - 2.1.2 We also independently researched the background to the concerns about enforceability. Please see pages 6 – 9 of the Report at Appendix 1. As explained in the Report, we came to the view that it is best to leave amplification A1 on Integrity as is (i.e. as drafted for the second ED). However, we suggest that the term "public interest" could be used in the Preface instead of "well-being of society".
    - 2.1.3 We proposed this approach to the association that raised concerns in the recent consultation and they have agreed to consider it.
    - 2.1.4 Please note also, at page 9 of Appendix 1, point 11 of the note on "Public interest".
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### **Revised Code and Sample Q&A**

3. The Task Force now submits (as separate papers), for your approval, revised drafts of the Code and Sample Q&A.
  - 3.1 In the Report at Appendix 1, we set out details as to which suggestions received have been taken on board and which have not.
  - 3.2 The Report also provides details of changes made in order for the Code to be consistent (in our opinion) with the requirements of paragraph 2.2.2 of the [IAA Internal Regulations](#) – noting, however, that it is the responsibility of individual member associations of the IAA to ensure that they meet IAA requirements. At Appendix 2, we include a comparison of the proposed Code and the IAA requirements.

### **Next steps**

4. We are conscious that you will have only a short time to consider this paper and the revised draft Code and Sample Q&A before your meeting in Iceland. Indeed, due to other commitments, we have been able to spend only a limited amount of time on this work ourselves, and so it is possible that we will notice the need for some corrections to the drafts, though we hope not. We are also conscious that not all Committee members will be able to attend the meeting in Iceland.
5. We suggest, therefore, that all Committee members be allowed a period of 4 weeks after the Iceland meeting (i.e. to 9<sup>th</sup> June) to do a final review of the proposed Code and Sample Questions and Answers, to check that there are no “fatal flaws” that need to be addressed before they are taken forward.
6. If no issues arise that cannot be addressed promptly and decided by the Committee by email, we propose that the Code be submitted to the autumn General Assembly meeting for implementation.
  - 6.1.1 The proposal submitted to the General Assembly should also state an implementation period. In the consultation on the first ED, we asked member associations whether they thought that an implementation period of 2 years would be too short, too long or about right. 10 associations responded. 3 said “too short” (all 3 preferred 3 years), 3 said “too long” (all 3 preferred 1 year) and 4 said “about right”. Perhaps associations could be given until 31<sup>st</sup> December 2020 (i.e. just over 3 years from approval) to implement the new Code. The Task Force has not discussed this.
7. Our understanding is that the Sample Questions & Answers, if approved by the Committee, can be issued with the revised Code when the Code is approved by the General Assembly.

### **Task Force Members**

Thomas Béhar (SFPC member)

Florin Ginghina (SFPC member)

Luis Sáez de Jáuregui (SFPC member)

Yvonne Lynch (Convenor) (SFPC member)

Peter Melchior (SFPC member)

Alan Watson (member of the Institute & Faculty of Actuaries)

Emma Gilpin (in-house lawyer, Institute & Faculty of Actuaries)

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## **Appendix 1**

### **Report on Responses to Consultation on 2<sup>nd</sup> Exposure Draft of AAE Code of Professional Conduct**

This report has been prepared by the AAE Code of Conduct Task Force, for presentation to the Standards, Freedoms and Professionalism Committee.

<b>Suggestions that were taken on board (changes made for consistency with the requirements of the IAA Internal Regulations are also listed):</b>	<b>Suggestions that were not taken on board:</b>
<b><u>Preface</u></b>	
<ol style="list-style-type: none"><li>1. The "well-being of society" has no ethical dimension. "Public interest" or "interest of the public" are better references. <i>(See "Public interest", pages 6-9 of this report.)</i></li><li>2. FMAs are required to have a Code of Conduct that "reflects at least the requirements of the AAE's Code of Professional Conduct" – not one that is "substantially consistent with" the AAE's Code. These are different concepts. The Preface should use the terminology of the Statutes – the references to "substantial consistency" should be removed.</li><li>3. The Preface suggests that associations might require members other than fully qualified actuaries to comply with their code. It would also be helpful for associations to clearly state which groups of members are required to comply so that this is clear both to members and to the users of actuarial services.</li></ol>	<ol style="list-style-type: none"><li>a. Codes of Conduct are more effective if they can be enforced. Suggestion: the Preface should include a statement that FMAs will take into account the code of conduct if the conduct of a member to whom the code of conduct applies is called into question for the purpose of disciplinary actions by the association.  <i>Response:</i>  <i>Arguably, including such text in effect prescribes how Member Associations will enforce the Code and operate their disciplinary processes. In practice, it may be that most or all Member Associations will have regard to the Code in disciplinary cases. However, it seems inappropriate for them to be required to do so by virtue of a statement in the Preface or a provision in the Code. The Code should be enforceable (clear, robust etc) but how it is enforced (enforcement) should be a matter for individual Member Associations to determine.</i></li></ol>
<b><u>Section 1, General</u></b>	
<ol style="list-style-type: none"><li>4. 1.2.2 : the definition of "may" could be deleted as the word is used only in the Preface and a footnote.</li></ol>	<ol style="list-style-type: none"><li>b. See a. above. Suggested text for inclusion in 1.1 or 1.2: "Full Member associations will take into account the Code of Conduct if a member's conduct is called into question for the purpose of considering disciplinary matters."  <i>Response: see a. above.</i></li></ol>

<b><u>Section 2, Definitions</u></b>	
<p>5. 2.2 : the definition of "intended user" is not clear and should be rephrased.</p>	<p>c. 2.4: Professional judgement needs to be applied within a context. Suggested expanded definition: <b><i>"The judgement of the actuary, based on actuarial (or other relevant) training and experience <b>with due consideration of the scope and intended purpose of the services provided; the intended users; and relevant legal, regulatory and professional requirements</b>".</i></b></p> <p><i>Response: the definition is the same as that in ESAP 1 except that it refers to "actuarial (or other relevant) training and experience" instead of "actuarial training and experience" because the Code relates to professional services whereas ESAP 1 relates to actuarial services. We have retained the definition as is, for consistency with ESAP 1.</i></p>
<p><b><i>There were no comments on Section 3, Principles. Some comments were received on Section 4, Amplification of Principles, as summarised below.</i></b></p>	
<b><u>Integrity</u></b>	
<p>6. A3: delete "materially" in "materially false or misleading" - an actuary should not provide knowingly false information.</p> <p>7. A3 : This could be problematic, e.g. where an actuary is required to do work using assumptions that are prescribed by law but the assumptions are outdated, or where the principal requests that calculations be performed using assumptions that the actuary does not support (note that this possibility is envisaged in ESAP 1). Perhaps change "must" to "should"? Given the definition of "should", the actuary would then be required to provide appropriate disclosure if (s)he did not comply with A3.</p> <p><i>(Edited A3; however, the revised draft does not put an onus on the actuary to second-guess assumptions or methodologies prescribed by law, regulation or professional requirements. Note that we have also edited A3 for consistency with 2.2.2(a)(ii) of the <a href="#">IAA Internal</a></i></p>	<p>d. A1: An association strongly advocated that not acting against the interest of the public should be part of the Code itself, not just the Preface, as the public interest is the basis of any ethical code.</p> <p><i>Response : see "Public interest", pages 6-9 of this report.</i></p> <p>e. A2: Presumably the intention is that the actuary should consider how actions will be perceived by a third party. Suggestion: amend A2 by adding "evaluated by reference to the perspective of an objective, reasonable and informed third party".</p> <p><i>Response : A2 talks about situations where "conduct could reasonably be considered to reflect on the actuarial profession". Given the inclusion of the words "could reasonably", we feel that the provision is clear enough as it is and that the suggested additional text is not necessary.</i></p>

<p><a href="#"><u>Regulations</u></a> - "An actuary shall not engage in advertising or business solicitation with respect to actuarial services that the actuary knows or should know is false or misleading.".)</p> <p>8. A4 : The order of the sentence means that the actuary only needs to show respect to "others serving the <i>actuary's principal</i>", rather than respect more generally. Suggestion: revert to previous order, i.e. "An <i>actuary</i> should show respect and should cooperate with others serving the <i>actuary's principal</i>."</p> <p>9. A5 : 2.2.2(a)(iii) of the <a href="#"><u>IAA Internal Regulations</u></a> says: "An actuary shall not disclose to another party (unless authorized by the client or required by the discipline process of the actuary's association, but subject to what is required by applicable laws) confidential information (that is, client information that is not in the public domain and of which the actuary becomes aware as a result of providing actuarial services.". At A5, we have changed "Subject to any legal or regulatory reporting obligations" to "Subject to any legal, regulatory or professional reporting obligations". Qt 2.4 of the Sample Q&amp;A addresses the possibility that disclosure might be required under the association's discipline process.</p>	
<p><b><u>Competence and care</u></b></p>	
<p>10. B3: the revised wording does not quite make sense. We suggest deleting the word "ascertain" and retaining the previous wording "provide confidence regarding". Ascertain means to "find out for certain" or to "make sure of" which does not make sense in the sentence, which is referring to the outcome of a process or procedure.</p> <p>11. B3: this seems to bar actuaries from doing "quick and dirty" or "back of the envelope" work, even in circumstances where – subject to appropriate caveats / disclosure about constraints on time and/or resources – that work could have value. Perhaps "should" would be preferable to "must"?</p>	<p>f. B2: suggestion to move the word "only" so that the first line reads "An <i>actuary</i> must only perform <i>professional services</i> if . . .".</p> <p><i>Response: we believe that the existing wording is correct.</i></p>

<p>12. In order to determine whether the actuary is acting competently and with care, it is helpful to have clarity on the actuary's responsibilities. We suggest that an additional amplification is added, as follows: "B4 An <i>actuary</i> should agree with the <i>principal</i> the scope and nature of the <i>actuary's</i> responsibilities before commencing delivery of <i>professional services</i>."</p>	
<p><b><u>Compliance</u></b> – no comments were received. However, we propose a change to amplification C1 – see "Public interest" (para. 11), page 9 of this report.</p>	
<p><b><u>Impartiality</u></b></p>	
<p>13. Whether an actuary is impartial should be considered from the perspective of the users whose interests are impacted by the work of the actuary. Consideration should be given not only to whether the actuary has a bias but also whether an external party may perceive that there is a bias. We suggest that an amplification is added before D1 as follows: "An <i>actuary</i> must ensure that his or her ability to provide impartial advice is not and cannot reasonably be perceived to be compromised."</p> <p><i>(Taken on board in an edit to D1.)</i></p>	<p>g. D1: the actuary should not only disclose to the principal any impartiality but also seek agreement from the principal.</p> <p><i>Response: this could create problems, e.g. where a principal was careless about responding to the actuary's request for agreement in a timely manner (or at all). We have not included the suggested edit in the proposed Code, but 2.10 of the Sample Q&amp;A draws attention to the fact that an individual association could include such a requirement in its code.</i></p> <p>h. The basis of and changes to remuneration may impact the actuary's ability to be impartial. We suggest an additional amplification, as follows, "D3 The <i>actuary</i> must ensure the level and basis of remuneration will not impair the <i>actuary's</i> ability to act impartially. An <i>actuary</i> will agree with the <i>principal</i> the basis for remuneration before commencing delivery of <i>professional services</i>. This refers to total remuneration received by the <i>actuary</i> including bonuses for in-house actuaries and success fees for consultants."</p> <p><i>Response : this is quite detailed and seems overly prescriptive for a principles-based Code. We feel that D2 is sufficient.</i></p>

<b><u>Communication</u></b>	
<p>14. E1: “must” is more appropriate than “should” - we don’t see in which situation an actuary should be exempted of communicating in a timely manner and in a style and format that is appropriate.</p> <p>15. E1 &amp; E2 refer to “professional analysis and advice” but this term is not defined.</p> <p>16. E2: suggest changing “inappropriate” to “disproportionate”.</p> <p>17. E2: in understanding actuarial advice, it is important to understand the purpose for which such advice is given. Suggestion: extend the fourth bullet point in E2 to “state the scope <b>and purpose</b> of the work; and”.</p> <p>18. 2.2.2(a)(vi) of the <a href="#">IAA Internal Regulations</a> says : “An actuary shall, in communicating professional findings, show clearly that the actuary takes responsibility for them”.</p>	

Other comments received:

- Section 1, General: The footnotes to 1.1.1 and 2.1 are important with respect to the applicability of the code to members of national associations who are not yet qualified.
- Section 2, Definitions: Pleased with the changes; some definitions differ slightly from ESAP 1 but we recognise that the differences may be intentional and we don’t consider them significant.
- Integrity - A3: The changes to paragraph A3 are a key improvement.
- Competence and Care - B3: The addition of “and proportionate” is helpful.

## **Public interest**

### **Current AAE Code of Professional Conduct**

1. The current AAE Code of Professional Conduct includes the following:

#### **“Purpose**

The Code consists of ethical and professional principles which actuaries are expected to observe in the public interest and in order to build and promote confidence in the work of actuaries and in the actuarial profession.”

*and*

#### **“1 Integrity**

- 1.1 An actuary shall perform professional services with integrity, skill and care, shall fulfil the actuary’s professional responsibility to the principal and shall not act against the public interest.”

### **First Exposure Draft of updated Code**

2. In the first Exposure Draft (ED) of an updated Code :
  - (a) We included a new “Section 1, General”. This drew on the corresponding section of ESAP 1, General Actuarial Practice – thus, under “Purpose” , we stated that the Code provides guidance on behaviours expected of actuaries when performing professional services, to give intended users of those services confidence that they are carried out professionally and with due care, as well as guidance on behaviours expected in wider contexts. We did not specifically mention the public interest.
  - (b) We did not change the first amplification on Integrity, i.e. we retained the provision that an actuary “shall not act against the public interest”.

### **Consultation on first ED**

3. The following points were made in the consultation on the first ED:
  - (a) The term “public interest” is used but is not defined. Will the term be defined/expanded upon?
  - (b) The requirement not to act against the public interest is different from the IESBA<sup>1</sup> Code of Ethics adopted by the accounting professional bodies, which states that “A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant’s responsibility is not exclusively to satisfy the needs of an individual client or employer.” What does the AAE mean by the requirement that an actuary shall not act against the public interest?
  - (c) Imposing a direct requirement on an individual actuary to determine what is in the “public interest” may be an unduly burdensome requirement and would be difficult to enforce. The Code is intended to guide an actuary towards acting in the public interest but without placing an onus on the actuary to determine what the “public interest” requirements are. This is a particular issue that is being debated across the Institute and Faculty of Actuaries in light of recent difficulties encountered in the UK within one of the accounting professional bodies, partly as a result of imposing an obligation on its individual members (in effect) to act in the public interest.

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<sup>1</sup> International Ethics Standards Board for Accountants



4. To throw some light on the concerns about enforceability (3.(c) above):
- (a) These concerns stemmed from the outcome of an investigation, initiated by the UK Financial Reporting Council in 2005, into the conduct of certain accountants who acted as advisers to MG Rover<sup>2</sup>.
  - (b) Specifically: in 2015, an Appeal Tribunal<sup>3</sup> considered, among other matters, an appeal against a charge that certain accountants “failed adequately to consider the public interest before accepting or continuing” a particular engagement. The Tribunal noted that the Guide to Professional Ethics (“Guide”) of the Institute of Chartered Accountants in England and Wales (ICAEW) stated that accountants shall consider the public interest but did not provide guidance as to how to do so, beyond the requirements for the accountant to act with integrity, honesty, objectivity and competence (as per the “Fundamental Principles” set down in the ICAEW Code of Ethics). The Tribunal also outlined a hypothetical scenario, involving a takeover bid, and stated that they regarded “the suggestion, if it be made, that the accountants are not free to accept the engagement without considering the vague question whether the takeover is in the public interest as absurd”. Another point made by the Tribunal was that a duty to consider the public interest had no foundation in law; it could only be derived from the Guide, but the Guide was “vague and unhelpful”. The Tribunal found in favour of the appellants.
  - (c) The current ICAEW Code of Ethics has applied since 1st January 2011 and is based on the IESBA Code of Ethics for Professional Accountants.
    - (i) The ICAEW and IESBA Codes state that a distinguishing feature of the accountancy profession is its acceptance of the responsibility to act in the public interest; therefore, an accountant’s responsibility is not exclusively to satisfy the needs of a client or employer; in acting in the public interest, an accountant is required to observe and comply with the Code.
    - (ii) The ICAEW have added guidance that accountants shall take into consideration the public interest and reasonable and informed public perception in deciding whether to accept or continue with an engagement or appointment. (The use of the word “shall” in text that is described as guidance is confusing).
    - (iii) In 2012, the ICAEW published a 76 page paper, and accompanying resources, on “Acting in the Public Interest: a Framework for Analysis”<sup>4</sup>, in which they noted the significant challenges involved in justifying a proposal on the grounds that it is in the public interest and commented that the concept of the public interest should be used sparingly.
    - (iv) Earlier this year (2017), the ICAEW published guidance on the “Public interest responsibility of accountants”<sup>5</sup>. In this, they stated that the Code of Ethics is designed to take into account the profession’s responsibility in respect of the public interest and that accountants discharge their individual public interest responsibility, and their obligation to bear in mind the profession’s public interest purpose, by complying with the letter and spirit of the Code.

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<sup>2</sup> <https://www.frc.org.uk/Our-Work/Conduct/Professional-discipline/Past-cases/MG-Rover-Group-Limited.aspx>

<sup>3</sup> <https://www.frc.org.uk/News-and-Events/FRC-Press/Press/2015/January/Outcome-of-appeal-by-Deloitte-Touche-and-Mr-Maghso.aspx>

<sup>4</sup> <http://www.icaew.com/en/technical/ethics/the-public-interest>

<sup>5</sup> <http://www.icaew.com/-/media/corporate/files/technical/ethics/icaew-guidance-public-interest-responsibility-of-accountants.ashx?la=en>

## Second ED of updated Code

5. In the discussion on the points summarised at 3. above, it was apparent that there are variations across countries in the interpretation of “public interest”. When we were preparing the next draft of the Code, we were mindful of these variations and of potential difficulties in enforcing provisions relating to public interest responsibilities. We were also mindful of the fact that Full Member associations are obliged to put in place a code of conduct that reflects at least the requirements of the AAE Code. In the second ED:

(a) Rather than referencing the public interest in the Code itself, we added an informational Preface, in which we stated that :

- The Code was developed by the AAE “in the context of its goal to enhance the quality of actuarial work and promote professionalism, to the benefit of the public and the users of actuarial advice”;
- “Full Member associations . . . have collectively approved [the Code] as the basis for their own Codes of Conduct”; and
- “Individual actuaries . . . contribute to the well-being of society . . . by complying with relevant professional requirements, including any applicable Code of Conduct”.

(b) We changed amplification A1 on Integrity to read :

“An *actuary* must perform work with integrity, skill and care and (subject always to any relevant legal, regulatory and professional requirements) should fulfil the *actuary’s* responsibility to the *principal*.”

6. Thus :

- The actuarial profession serves the public interest – or acts for “the benefit of the public” - by (among other things) developing codes of conduct;
- Individual actuaries serve the public interest – or “contribute to the well-being of society” – by complying with professional requirements, including codes of conduct. As well as the amplification on Integrity mentioned above, the AAE Code states that “An *actuary* is responsible for observing applicable technical and professional standards and must take into account any relevant standards, guidance notes and similar documents formally issued or endorsed by the actuarial association(s) of which the *actuary* is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).”.

This is similar to the ICAEW approach outlined at 4.(c) above.

7. Note that amplification A1 on Integrity does not permit the actuary to always follow the principal’s instructions, regardless of what those instructions are – the actuary must have regard to legal, regulatory and professional requirements.

## Consultation on second ED

8. During the consultation on the second ED, the following comments were submitted:

(a) In relation to the Preface: an association commented that the “well-being of society” has no ethical dimension and that “public interest” or “interest of the public” are better references.

(b) In relation to amplification A1 on Integrity (see 5.(b)): the same association commented that the reference (in the previous ED and current Code) to the public interest is meaningful and important and they strongly advocated that not acting against the interest of the public should be part of the Code and not just of the Preface, on the basis that the public interest is the basis of any ethical code.

9. Notwithstanding potential inconsistencies in interpretation of the term "public interest", we propose using this term rather than "well-being of society" in the Preface. It is a widely used term and, given that the Preface is informational only, we hope that the use of the term here will be acceptable to all associations.
10. However, bearing in mind the information set out at 3. – 6. above, we consider that it is best to leave amplification A1 on Integrity as is (i.e. as drafted for the second ED - see 5.(b)).
11. That said: most AAE member associations are also member associations of the IAA. Under the IAA accreditation criteria, member associations must have a code of professional conduct in place that is consistent with principles described in the IAA Internal Regulations (though the provisions in the association's code do not need to be identical to the provisions in the IAA regulations). One of the principles is: "An actuary shall act in a manner that fulfils the profession's responsibility to the public". For consistency with the IAA requirement that this principle be reflected in associations' codes, we propose to change amplification C1 on Compliance as follows:

"An *actuary* shall act in a manner that fulfil's the actuarial profession's responsibility to the public by is responsible for observing applicable technical and professional standards. and An *actuary* must take into account any relevant codes, standards, guidance notes and similar documents formally issued or endorsed by the actuarial association(s) of which the *actuary* is a member, having regard to their scope and status (for example mandatory, recommended practice, etc)."

## **Appendix 2**

### **Comparison between requirements under the IAA Internal Regulations and the version of the AAE Code of Professional Conduct proposed to the AAE Standards, Freedoms and Professionalism Committee in May 2016**

*Prepared by the AAE Code of Professional Conduct Task Force*

#### **Introduction**

Under the IAA Internal Regulations (“Regulations”), an IAA Full Member association’s code of professional conduct “must be consistent with the principles described in [provisions set down in the Regulations]”, though it is not necessary to use identical text.

We set out overleaf sections of the proposed AAE Code of Professional Conduct that correspond to provisions in the IAA Regulations<sup>6</sup>.

A point to note on language:

- Most of the IAA provisions use the word “shall”. The word “must” is also used (at v.).
- Some of the proposed AAE provisions use “must”, others use “should”. The latter means, in effect, “comply or explain”.
- The IAA does not define “shall” in the Internal Regulations, but it is defined in its ISAPs as having the same meaning as “should”, i.e. “comply or explain”.

The attached comparison suggest that the provisions of the proposed AAE Code are consistent with the principles described in the IAA provisions. However, it is the responsibility of individual IAA Full Member associations to satisfy themselves as regards their compliance with IAA requirements.

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<sup>6</sup> The IAA Internal Regulations include some optional provisions and examples. We have not included these in the comparison.

<u>From the IAA Internal Regulations:</u>	<u>From the proposed AAE Code:</u>
<p>The Full Member must have a code of professional conduct in place which may be modified from time to time. A copy of the Full Member's current code of professional conduct must be made available to the actuaries who are members of the Full Member. The code of professional conduct must be consistent with the principles described in the provisions below, but the provisions contained in the code do not need to be identical with the provision below. The code does not need to include optional or permissive language set out below, such as "An Association may" or "for example". The Full Member may provide additional guidance in its code of professional conduct, provided that the additional guidance is not inconsistent and does not lower any of the obligations set forth below.</p>	<p>[The AAE Statutes require that "Actuarial associations applying for Full membership must have a Code of Conduct that reflects at least the requirements of the AAE's Code of Professional Conduct".]</p>
<p>i. An actuary shall perform professional services with integrity, skill and care. An actuary shall fulfill the actuary's professional responsibility to any client or employer.</p> <p>The Full Member may provide more specific guidance if it wishes to do so (for example, it may indicate that an actuary could consider advising a client or employer where a proposed course of action would, in the opinion of the actuary, be contrary to the public interest).</p>	<p><i>Principles:</i></p> <p>A. Integrity – An <i>actuary</i> must act honestly and with the highest standards of integrity</p> <p>B. Competence and Care – An <i>actuary</i> must perform <i>professional services</i> competently with care</p> <p><i>Amplifications</i></p> <p>A1 An <i>actuary</i> must perform work with integrity, skill and care and (subject always to any relevant legal, regulatory and professional requirements) should fulfil the <i>actuary's</i> responsibility to the <i>principal</i>.</p>
<p>ii. An actuary shall act in a manner that fulfils the profession's responsibility to the public.</p>	<p>C1 An <i>actuary</i> must act in a manner that fulfil's the actuarial profession's responsibility to the public by observing applicable technical and professional standards. An <i>actuary</i> must take into account any relevant codes, standards, guidance notes and similar documents formally issued or endorsed by the actuarial association(s) of which the <i>actuary</i> is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).</p>

<p>An actuary shall act in a manner that upholds the reputation of the actuarial profession.</p> <p>An actuary shall not engage in any advertising or business solicitation with respect to actuarial services that the actuary knows or should know is false or misleading.</p>	<p>A2 An <i>actuary</i> should not act in a manner that is likely to damage the reputation of the actuarial profession, whether in the performance of work or in other contexts in which the conduct could reasonably be considered to reflect on the actuarial profession.</p> <p>A3 An <i>actuary</i> must not provide, or knowingly be associated with the provision of, information, nor engage in advertising or business solicitation, that the <i>actuary</i> knows or ought to know is materially false or misleading, contains statements or information furnished recklessly or omits or obscures information required to be included and as a result is materially misleading. If an <i>actuary</i> becomes aware that the <i>actuary</i> has been associated with such information, the <i>actuary</i> should take steps to be disassociated from the information. This provision does not preclude an <i>actuary</i> from performing work based on:</p> <ul style="list-style-type: none"> <li>- assumptions or methodology prescribed by the <i>principal</i> or another party, provided that, if the <i>actuary</i> does not support the assumptions or methodology, the <i>actuary</i> discloses that fact to the <i>intended user</i>; or</li> <li>- assumptions or methodology prescribed under legal, regulatory or professional requirements.</li> </ul>
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<p>iii. An actuary shall co-operate with others serving the actuary's client or employer.</p> <p>An actuary shall not disclose to another party (unless authorized by the client or required by the discipline process of the actuary's association, but subject to what is required by applicable laws) confidential information (that is, client information that is not in the public domain and of which the actuary becomes aware as a result of providing actuarial services).</p>	<p>A4 An <i>actuary</i> should show respect and should cooperate with others serving the <i>actuary's principal</i>.</p> <p>A5 Subject to any legal, regulatory or professional reporting obligations, an <i>actuary</i> must respect the confidentiality of confidential information received.</p> <p>(Qt 2.4 of the Sample Q&amp;A addresses the possibility that disclosure might be required under the association's discipline process).</p>
<p>iv. An actuary shall perform professional services only if the actuary is competent and appropriately experienced to do so</p> <p>The Full Member may permit its actuaries to operate otherwise in defined and specific circumstances (for example, where an actuary is working with another actuary who is fully competent and with the appropriate experience, or where the client would be disadvantaged if available advice was denied).</p>	<p>B2 An <i>actuary</i> must perform specific <i>professional services</i> only if:</p> <ul style="list-style-type: none"> <li>- the <i>actuary</i> is competent and appropriately experienced to do so, or</li> <li>- the <i>actuary</i> is acting on the advice of an individual who has the appropriate level of relevant knowledge and skill and the <i>principal</i> is aware that this is the case, or</li> <li>- the <i>actuary</i> is acting under the direct supervision of another person who is taking professional responsibility for the work.</li> </ul>
<p>v. An actuary is responsible for ensuring that the actuary's work conforms to applicable practice standards in the actuary's area of work. An actuary must take into account relevant mandatory practice-related guidance issued or endorsed by the actuary's association, and may take into account any non-mandatory practice-related information that is so issued or endorsed.</p>	<p>C1 An <i>actuary</i> must act in a manner that fulfil's the actuarial profession's responsibility to the public by observing applicable technical and professional standards. An <i>actuary</i> must take into account any relevant codes, standards, guidance notes and similar documents formally issued or endorsed by the actuarial association(s) of which the <i>actuary</i> is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).</p>

<p>vi. An actuary shall, in communicating professional findings, show clearly that the actuary takes responsibility for them. An actuary shall indicate the extent to which the actuary or other sources are available to provide the client or employer with supplementary information and explanation about scope, methods and data in relation to the work performed.</p> <p>vii. An actuary shall, in communicating professional findings, identify the client for whom these findings are made and the capacity in which the actuary serves.</p>	<p>E2 Unless the <i>actuary</i> judges it disproportionate (in which event, departure from these requirements does not create a requirement for disclosure under paragraph 1.2.2 (b)), an <i>actuary</i> should, in communicating the results of <i>professional services</i>:</p> <ul style="list-style-type: none"> <li>- identify that the <i>actuary</i> is the source of and takes responsibility for the results;</li> <li>- state the capacity in which the <i>actuary</i> is acting;</li> <li>- identify the <i>intended user(s)</i> of any analysis and advice included in the communication;</li> <li>- state the scope and purpose of the work; and</li> <li>- indicate to what extent and how supplementary information and explanation can be obtained from the <i>actuary</i> or another party.</li> </ul>
<p>viii. An actuary shall not perform professional services where the actuary is involved in an actual or potential conflict of interest, unless the actuary's ability to act fairly is unimpaired and there has been full disclosure to the client and all principals of the actual or potential conflict. The Full Member may also require that an actuary may not perform professional services under these circumstances unless the client and all principals have expressly agreed that the actuary may do so.</p>	<p>D1 An <i>actuary</i> must not perform <i>professional services</i> involving an actual or potential conflict of interest or involving bias or perceived bias on the part of the <i>actuary</i>, unless the <i>actuary's</i> ability to act in an impartial manner is unimpaired and there has been full disclosure to the <i>principal</i> of the actual or potential conflict or bias.</p>
<p>ix. When an actuary is asked to take on professional services previously provided by another actuary, the actuary shall consider whether it is appropriate to consult with the previous actuary to ensure that there are no professional reasons to decline taking on this new responsibility.</p>	<p>A6 When an <i>actuary</i> is asked to perform work previously performed by another person, the <i>actuary</i> must consider whether it is appropriate to consult with the previous provider to establish whether there might be any professional reason not to take on the new responsibility.</p>
<p>x. An actuary shall disclose to the actuary's client the sources of material compensation or income from any other source that is related to any service provided for a client as soon as such a source is identified.</p>	<p>D2 An <i>actuary</i> should disclose to the <i>principal</i>, in writing and in a timely manner, all sources of income related to any assignment carried out for the <i>principal</i> (except that, where the <i>principal</i> is the <i>actuary's</i> employer, there is no requirement to disclose remuneration paid by the employer).</p>



<p>xi. An actuary shall be subject to the disciplinary procedures prescribed in the rules of the actuary's association, including the right of appeal provided within those rules.</p>	<p>C2 An <i>actuary</i> is subject to the disciplinary procedures prescribed in the rules of the actuarial association(s) of which the <i>actuary</i> is a member, and, subject to the right of appeal within those rules, must accept any judgement passed, or the decision of any appeal procedure.</p>
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