To: **Standards, Freedoms and Professionalism Committee (SFPC)**

From: **MRA Task Force**

Members: Birgit Kaiser (Deutsche Aktuarvereinigung), Yvonne Lynch (Society of Actuaries in Ireland) and Suzie Lyons (Institute & Faculty of Actuaries)

Update

1. To re-cap, the brief that we agreed with the Standards, Freedoms and Professionalism Committee (SFPC) is as follows:

   a. Consider the changes to the MRA and Heubeck Letter suggested by member associations in their responses to the 2016 "Review of Mutual Recognition Agreement - Questionnaire" (see Appendix) and draft updates to the documents, for consideration by the SFPC;

   b. Also consider whether any other changes are needed (e.g. to address ambiguities or implementation issues that have been identified more recently) and if so, draft updates for consideration by the SFPC. This will not involve a "root and branch" review of the MRA or the Heubeck Letter, as it appears from the responses to the Questionnaire that the MRA is working well;

   c. Find out what amendments to Directive 2005/36/EC were introduced by Directive 2013/55/EU;

   d. Consider whether the MRA and/or Heubeck Letter should be amended to take account of Directive 2013/55/EU.

2. Re 1.b.: we invited SFPC members to send us details, if they wished us to consider any particular issues. We did not receive any requests in this regard. Therefore, we will focus on issues identified through the questionnaire mentioned at 1.a., any other issues that may be identified by us during the course of our work and the discussion points recorded in the minutes of the SFPC meeting held on 21st September 2017.

3. Re 1.d.: as previously reported, we have had an initial discussion about the scope of the Directive[1] and the purpose of the MRA. In the preamble to the MRA, the AAE states that "the objectives of the Directives appear to the associations to be desirable" and that associations have entered into the MRA "in order to facilitate the achievement of the objectives of the Directives". We interpret this as meaning that the MRA should reflect the spirit and goals of the Directive and we will be mindful of this when we consider 1.d.

[1] Article 1: "This Directive shall apply to all nationals of a Member State wishing to pursue a regulated profession in a Member State . . . other than that in which they obtained their professional qualifications . . .".

4. The Society of Actuaries in Ireland intends to commission legal advice soon on interpretation of the Directive, for its own purposes, and is willing to share findings from this advice with the working group. As this should help to inform our discussions and decisions, we will await this information, and we hope to then progress our work before the autumn SFPC meeting.

Appendix

Suggested changes to the MRA and/or Heubeck Letter

Society of Actuaries in Ireland

Some points that could be considered in relation to the Heubeck Letter:

(i) Section 2,recommendation that "a migrant actuary be asked to report annually to his or her home Association" – it is not clear what the purpose of this is, i.e. what is the migrant actuary expected toreport.

(ii) Section 5, last sentence – the purpose of this recommendation is not clear, as it seems to us that the home association is not in a position to do anything with or in relation to the information mentioned.

(iii) Section 14, "If the actuary has not joined the host Association, the question of discipline should be referred to the home Association" – if the actuary has not joined the host association, he or she is not subject to that association's codes and standards, and the host association has no obligation (or, perhaps, authority) to take any action relating to the actuary, including referring conduct to the home association.

(iv) Section 14, "it should not be a defence against invoking the disciplinary procedures to argue that the misconduct in the host country would not have been misconduct according to the rules of the home Association if the offence had been committed in the home country" – this is perhaps arguable. For example, suppose an actuary is censured by a host association for not completing CPD requirements, and the home association does not have CPD requirements or has much lighter CPD requirements. Would it really be fair and proportionate for the home association to censure him or her too, when other members of the home association would not be so censured?

(v) The last paragraph says that home Associations "should be under an obligation" to make certain notifications to other associations. This wording is odd and could be improved. If the obligation set out did apply, it could be be onerous in terms of record-keeping and processes.

Institute & Faculty of Actuaries:

We suggest that it would be prudent to review the MRA to ensure compliance with Directive 2013/55/EC, which has amended Directive 2005/36/EC on the Mutual Recognition of Professional Qualifications. We have already carried out some preliminary work in considering the implications of these changes, which we would be happy to share.

Separately, in light of these changes and of the current core syllabus reviews by both the AAE and IAA, it may be necessary for member associations to reconsider the appropriate qualification level(s) to which mutual recognition should appropriately apply. The IFoA, for example, recognises both Associateship and Fellowship as providing 'qualified actuary' status, both of which are referred to in the UK legislation (the European Union (Recognition of Professional Qualifications) Regulations 2015) implementing in the UK the changes introduced by the 2013 Directive.

END