

Communication between the Institute and Faculty of Actuaries and the Financial Reporting Council

Introduction

The Memorandum of Understanding (MOU)¹ between the Financial Reporting Council (FRC) and the Institute and Faculty of Actuaries (Institute and Faculty) states: "The FRC and the Institute and Faculty maintain arrangements to co-operate, consult and notify each other on issues relevant to their respective responsibilities."

This document details the arrangements that have been agreed between the two bodies to fulfil the MOU requirement.

Regular liaison and review

- FRC and Institute and Faculty representatives generally meet and communicate at staff level, as arranged between regular contacts. Communications are generally informal.
- There is a four-monthly high level meeting between the President of the Institute and Faculty, and the relevant Committee Chairmen and Directors of the FRC, with other regular and review contacts, to review the overall performance of these arrangements.
- A list of main contacts will be developed and will be updated by each body as necessary.

Cooperation and requests for information

- The Institute and Faculty uses best endeavours to cooperate with the FRC and meet FRC requests for information, access, explanations and support on an open and timely basis, in accordance with its commitments under the MOU.
- Most FRC requests are made in the context of its annual work programme and data requests, which it develops in consultation with the Institute and Faculty and other interested parties.
- For other requests, the FRC normally gives reasonable notice and explanation, and is sensitive in doing so to concerns about costs and burdens on Institute and Faculty staff.
- Sensitive information not already in the public domain, including regulatory, disciplinary or personal data² provided by the other body is, unless otherwise agreed, treated as confidential.
- Confidentiality is subject to a number of exceptions including:
 - use and disclosure of information for the purposes of investigations or disciplinary proceedings
 - disclosure to other regulators
 - as required by law.

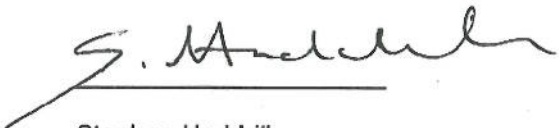
¹ "Memorandum of Understanding between the Financial Reporting Council and the Institute and Faculty of Actuaries in relation to Oversight and Actuarial Technical Standards" dated 17 July 2012.

² Personal data is shared in accordance with data protection legislation.

Notifications and consultation

- The Institute and Faculty notifies the FRC as appropriate of any significant proposed changes to its regulatory policies or procedures.
- The Institute and Faculty advises the FRC if it considers that a technical actuarial standard needs amending, and advises the FRC if it considers there are cases, issues or other areas that may warrant or benefit from FRC action. This may include sharing information about deficiencies identified in current practice or its regulation, changing areas of actuarial activity, new research on actuarial techniques and practice, changing commercial and regulatory practices and legal interpretations.
- The FRC consults the Institute and Faculty, along with other stakeholders, in developing its work plans and proposals for actuarial standards and other framework changes, and notifies the Institute and Faculty of its pronouncements, reports and recommendations relating to actuarial practice.
- The aim in making notifications and in consultation is one of 'no surprises'. As a matter of courtesy, the Institute and Faculty and the FRC usually give each other prior notice of a new proposal or statement which is likely to affect or refer to the other or its work. It is for each body to decide whether to consult, and how much notice and information to give of a proposal, and it may take into account amongst other things:
 - the sensitivity of the proposal and the extent to which its value or independence would be undermined by premature disclosure or discussion;
 - the urgency of the proposal;
 - the significance and likely level of interest in the proposal, and whether the other body is likely to have to respond to enquiries from third parties;
 - the connection with and implications for the other body or its work including the extent of its responsibility for the subject-matter of the proposals;
 - a general expectation that the other body will need a minimum of 3 working days (longer during busy periods or holidays) to consider any significant proposal at executive level;
 - the scope for controversy and disagreement about judgments, descriptions and underlying facts if they are published without prior checking or consultation;
 - whether the other body is likely to need formal approval from its governing bodies in order to formulate a response.

Signed by:



Stephen Haddrill

For the FRC

22nd August 2012



Derek Cribb

For the Institute and Faculty

25th August 2012