



THE SOCIETY OF ACTUARIES IN IRELAND

SAMPLE PROTOCOLS ON CONFLICTS OF INTERESTS

The following sample Protocol has been prepared in order to assist actuaries who need to prepare Protocols for the purposes of ASP Pen-13, Conflicts of Interests – Pensions Actuaries.

It is the responsibility of any actuary who chooses to base a Protocol on this sample to ensure that it is suitable for the intended purpose, having regard to all relevant circumstances and requirements. The Society of Actuaries in Ireland is not responsible for the content of any Protocol agreed between an actuary and his or her client(s).

A further sample Protocol is also included in this document, covering the situation where two actuaries within the same firm are appointed to advise the trustees and the sponsoring employer of a pension scheme respectively.

Protocol on Conflicts of Interests

I, [actuary name], am currently appointed by both the trustees of the [scheme name] and the sponsoring employer, [employer name], to provide actuarial advice and actuarial services in respect of the scheme.

As a result of my appointment, I have a duty of care to both parties in relation to the advice and services provided.

The purpose of this Protocol is to set out how I will deal with any conflict of interests that may arise during the course of my appointment. The Protocol is required by Actuarial Standard of Practice Pen-13 entitled “Conflicts of Interests – Pensions Actuaries” issued by the Society of Actuaries in Ireland.

Conflict of Interests

A conflict of interests may arise if the trustees and the sponsoring employer have conflicting objectives in relation to a particular issue, and this may impact on the impartiality or objectivity of my actuarial advice or actuarial services to either party.

A conflict of interests may also arise in relation to confidential information provided to me by either party that could constrain me from acting in a professional manner in respect of the other party’s interests.

Context of Advice

In any advice of a substantive nature that I provide, I will include the name of the intended recipient and I will specify whether the advice is directed to the trustees or sponsoring employer or both.

If any advice of a substantive nature favours the interests of one party over the other, or is aimed at achieving a balanced compromise between the interests of the parties rather than fully meeting the interests of one of the parties, I will state this fact in the advice provided.

In any advice that I provide, I will take into account any relevant information provided to me by either the trustees or the sponsoring employer. If I am unable to do so due to confidentiality of information, I will consider this to be a situation in which I cannot perform my work in accordance with this Protocol and I will take the steps outlined in “Courses of Action” below.

Confidentiality

Either party may share information with me in confidence and ask me not to share that information with the other party. I will respect the confidentiality of any such information provided.

If, in my opinion, the fact that information is confidential to one party would impact on my ability to provide impartial or objective advice to the other party, or prevent me from pointing out (where applicable) that my advice favours one party’s interests over the other’s, I will be unable to continue to act for both parties. In such circumstances, I will take one of the courses of action outlined in “Courses of Action” below, while respecting the confidentiality of the information provided.

If there are no restrictions placed on information provided to me, I will assume that it may be disclosed by me to the other party at any time and may be taken into account in any advice provided to either party.

Courses of Action

If a conflict of interests arises such that I cannot perform work under my dual appointment within the terms of this Protocol, or, as described above, if particular confidentiality issues arise, I will take the following steps:

- 1) I will inform the trustees or the sponsoring employer (as applicable) that I cannot comply with the request that gave rise to, or made evident, the conflict of interests

or

- 2) I will inform the trustees and the sponsoring employer that I can no longer act in accordance with the Protocol and I will either:

- (a) Suspend or cease one or both of the appointments

or

- (b) Modify the dual appointment and / or the Protocol to reflect the changed conditions such that the conflict of interests is eliminated; if it is not possible to do so in a manner that is acceptable to both the trustees and the sponsoring employer, I will suspend or cease one of both of the appointments.

If it is appropriate that one of my appointments should be suspended or ceased, I will suspend or cease the appointment agreed by both parties. In the event that the two parties fail to agree on which appointment should be suspended or ceased, I will suspend or cease the [trustees' / sponsoring employer's] appointment. In either case, I will not disclose the reasons for suspending or ceasing the appointment unless it would not, in my view, be a breach of confidentiality to do so. If either of the appointments is suspended or ceased, this Protocol will cease to apply.

Review

The terms of this Protocol will be reviewed every three years, or earlier if necessary due a change in the dual appointment or otherwise agreed by all parties.

Signature: _____ Date: _____
Actuary

Acceptance of Protocol

We confirm that we accept the terms of this Protocol.

Signature: _____ Date: _____
On behalf of the trustees

Signature: _____ Date: _____
On behalf of the sponsoring employer

SAMPLE PROTOCOL

covering the situation where two actuaries within the same firm are appointed to advise the trustees and the sponsoring employer of a pension scheme respectively

The following sample Protocol has been prepared in order to assist actuaries who need to prepare Protocols for the purposes of ASP Pen-13, Conflicts of Interests – Pensions Actuaries.

It is the responsibility of any actuary who chooses to base a Protocol on this sample to ensure that it is suitable for the intended purpose, having regard to all relevant circumstances and requirements. The Society of Actuaries in Ireland is not responsible for the content of any Protocol agreed between an actuary and his or her client(s).

Where two actuaries within the same firm are appointed to advise the trustees and the sponsoring employer of a scheme respectively, arrangements may exist within the firm for other staff to carry out support work for both of the actuaries, such as data preparation/analysis and completing core calculations, using common data. These arrangements must be such that they do not adversely affect the actuaries' ability to act independently, and they must be described clearly in the Protocol. The following sample Protocol does not cover this, as each firm may have different arrangements.

Protocol on Conflicts of Interests

[Actuary name A] of [firm name] is currently appointed by the trustees of the [scheme name] to provide actuarial advice and actuarial services to them in respect of the scheme. At the same time, [actuary name B] of [firm name] is appointed by the sponsoring employer, [employer name], to provide it with actuarial advice and services in respect of the same scheme.

As a result of the appointment of two actuaries within the same firm, we have a particular duty of care to both parties in relation to the advice and services provided.

The purpose of this Protocol is to set out how we will deal with any conflict of interests that may arise during the course of our appointments. The Protocol is required by Actuarial Standard of Practice Pen-13 entitled "Conflicts of Interests – Pensions Actuaries" issued by the Society of Actuaries in Ireland.

Conflict of Interests and Independence

A conflict of interests may arise if the trustees and the sponsoring employer have conflicting objectives in relation to a particular issue, and this may impact on the impartiality or objectivity of our actuarial advice or actuarial services to either client.

A conflict of interests may also arise in relation to confidential information provided by either party that could constrain either of us from acting in a professional manner in respect of our client's interests.

To minimise the possibility of such conflicts arising, we commit to operating in a manner that ensures that the independence of our services or advice is no less than would apply if actuaries from separate firms had been appointed to act independently,

unless the trustees and the sponsoring employer agree otherwise in relation to a specific matter or matters. In particular, each of us undertakes not to share information that relates to work carried out under our separate appointments, or access information regarding our colleague's client, without appropriate approval.

We confirm that we are both satisfied regarding our ability to act independently and in accordance with the terms of our appointments.

Context of Advice

In any advice of a substantive nature that we provide, we will include the name of the intended recipient and we will specify the party to whom the advice is directed.

As we will treat our appointments as independent appointments, each of us will, in any advice provided, have regard to the interests of our own client, and will not have regard to the interests of our colleague's client, unless our client directs otherwise and such direction does not impact on the objectivity of our advice or compromise our independence. If any advice of a substantive nature is not based on the relevant client's interests – for example, if it is aimed at achieving a balanced compromise between the interests of both clients rather than fully meeting the interests of the client for whom it is prepared - we will state this fact in the advice provided.

If either of us becomes aware of information about our colleague's client that impacts on the impartiality or objectivity of our advice or services, we will consider this to be a situation in which one or possibly both of us cannot perform our work in accordance with this Protocol and we will take the steps outlined in "Courses of Action" below.

Confidentiality

As outlined above, we commit to operating in a manner that ensures that the independence of our services or advice is no less than would apply if actuaries from separate firms had been appointed to act independently, and each of us undertakes not to share information that relates to work carried out under our separate appointments, or access information regarding our colleague's client, without appropriate approval.

Thus, each of us will respect the confidentiality of any information provided to us by our client and will not disclose such information to each other or to our colleague's client without appropriate approval.

If, in the opinion of either or both of us, the fact that information is confidential to one party would impact on our ability to provide impartial or objective advice to our respective clients, or prevent us from pointing out (where applicable) that our advice favours one party's interests over the other's, we will be unable to continue to act under the appointments and in accordance with this Protocol. In such circumstances, we will take one of the courses of action outlined in "Courses of Action" below, while respecting the confidentiality of the information provided.

Courses of Action

If a conflict of interests arises such that we cannot perform work under our appointments within the terms of this Protocol, or, as described above, if particular confidentiality issues arise, either one of us or both of us will take the following steps:

3) We will inform the trustees or the sponsoring employer (as applicable) that we cannot comply with the request that gave rise to, or made evident, the conflict of interests

or

4) We will inform the trustees or sponsoring employer (as applicable) that we can no longer act in accordance with the Protocol and we will either:

(a) Suspend or cease one or both of the appointments

or

(b) Modify one or both of the appointments and / or the Protocol to reflect the changed conditions such that the conflict of interests is eliminated; if it is not possible to do so in a manner that is acceptable to both the trustees and the sponsoring employer, we will suspend or cease one of both of the appointments.

If it is appropriate that one of our appointments should be suspended or ceased, we will not disclose the reasons for suspending or ceasing the appointment unless it would not, in our view, be a breach of confidentiality to do so. If either of the appointments is suspended or ceased, this Protocol will cease to apply.

Review

The terms of this Protocol will be reviewed every three years, or earlier if necessary due a change in the dual appointment or otherwise agreed by all parties.

Signature: _____ Date: _____
Actuary to the trustees

Signature: _____ Date: _____
Actuary to the sponsoring employer

Acceptance of Protocol

We confirm that we accept the terms of this Protocol.

Signature: _____ Date: _____
On behalf of the trustees

Signature: _____ Date: _____
On behalf of the sponsoring employer