

APS D1: INVESTMENT RELATED BUSINESS ACTIVITIES FOR AUTHORISED PROFESSIONAL FIRMS

- Author:** Professional Regulation Executive Committee, in conjunction with the Designated Professional Body Committee
- Status:** Approved under Standards Approval Process
- Version:** 2.0, effective from 1 March 2013
- To be reviewed:** No later than 1 March 2016
- Purpose:** To set out the requirements for **Actuarial APFs** who wish to make use of any of the **FSA's APF Exemptions**.
- Authority:** Institute and Faculty of Actuaries
- Target Audience:** All **Members** of the Institute and Faculty of Actuaries who are **Principals** of a **Firm** which is authorised by the **FSA** as an **APF** and where the **Firm's** status as an **APF** is derived from (in terms of the **FSA's Handbook**) an individual or individuals being subject to the rules of the Institute and Faculty of Actuaries. This **APS** does not apply to **Firms** holding a **DPB Licence** from the Institute and Faculty of Actuaries, or where the **Firm's APF** status is derived from regulation by any other **DPB**.

General Professional Obligations:

All **Members** are reminded of the Status and Purpose preamble to the Actuaries' Code which states that the Code will be taken into account if a **Member's** conduct is called into question for the purposes of the Institute and Faculty of Actuaries' Disciplinary Scheme. Rule 1.6 of the Disciplinary Scheme states that misconduct:

“means any conduct by a Member...in the course of carrying out professional duties or otherwise, constituting failure by that Member to comply with the standards of behaviour, integrity or professional judgement which other Members or the public might reasonably expect of a Member having regard to...any code, standards, advice, guidance, memorandum or statement on professional conduct, practice or duties which may be given and published by the Institute and Faculty of Actuaries and/or...by the Financial Reporting Council (including by the former Board for Actuarial Standards)”.

Members are required to comply with all applicable provisions of **APSs**.

In the event of any inconsistency between this **APS** and the Actuaries' Code, the Code prevails.

Use of the words “must” and “should”:

This **APS** uses the word “must” to mean a specific mandatory requirement.

In contrast, this **APS** uses the word “should” to indicate that, while the presumption is that **Members** comply with the provision in question, it is recognised that there will be some circumstances in which **Members** are able to justify non-compliance.

1. Requirement to ascertain Actuarial APF status

1.1 It is the responsibility of each **Principal** to ascertain whether their **Firm** is an **Actuarial APF**.

2. Requirement to obtain an APF Licence before making use of the FSA's APF Exemptions

2.1 Every **Principal** of an **Actuarial APF** must ensure that their **Firm**, being an **Actuarial APF**, obtains an **APF Licence** from the Institute and Faculty of Actuaries before the **Firm** makes use of any of the **FSA's APF Exemptions**.

2.2 It is recognised that some **APFs** may not seek to make use of the exemptions which might otherwise be available to them in terms of the **FSA's Handbook**. Such **Firms** are not required to apply for an **APF Licence** from the Institute and Faculty of Actuaries. Where an **APF** does not hold an **APF Licence** from the Institute and Faculty of Actuaries and is as a result not subject to the Institute and Faculty of Actuaries DPB Handbook, it must not make use of any exemptions which would otherwise be applicable in the **FSA's Handbook**. It must comply with the full requirements of the **FSA's Handbook**, including, but not limited to, any applicable Own Funds Requirements, Capital Resources Requirements, and Professional Indemnity Insurance Requirements, all as imposed by the **FSA** in terms of the **FSA's Handbook**.

3. Disclosure of Regulatory Status

3.1 Every **Principal** of an **Actuarial APF** is required to ensure that, if that **Actuarial APF** does not hold an **APF Licence** from the Institute and Faculty of Actuaries, it does not make any statement or representation to the effect that the **Actuarial APF** is regulated by the Institute and Faculty of Actuaries.

3.2 Every **Principal** of an **Actuarial APF** is required to ensure that any statement or representation as to the **Firm's** regulatory status is fair, clear and not misleading.

5. Definitions

Reference	Definition
Actuarial APF	An APF which derives its status as a Professional Firm (as defined in the Glossary of definitions section of the FSA's Handbook) from the fact that an individual or individuals are subject to the rules of the Institute and Faculty of Actuaries
APF	A Firm which satisfies the FSA's definition of an "Authorised Professional Firm" as set out in the Glossary of definitions section of the FSA's Handbook
APF Licence	An "APF Licence" as defined in the Institute and Faculty of Actuaries Designated Professional Body Handbook
APS	Actuarial Profession Standard
DPB	A Designated Professional Body under Part XX of FSMA2000
DPB Licence	A "DPB licence" as defined in the Institute and Faculty of Actuaries Designated Professional Body Handbook
Firm	A sole practice, a partnership, a limited liability partnership or a company
FSA	The Financial Services Authority or its successor body
FSA's APF Exemptions	In terms of the FSA's Handbook , the modifications and disapplications available to APFs to the extent that they are undertaking Non-Mainstream Regulated Activities , including, but not limited to, those set out in section 5.3 of PROF
FSMA2000	The Financial Services and Markets Act 2000
Member	Member of the Institute and Faculty of Actuaries
Non-Mainstream Regulated Activities	Those activities set out in section 5.2 of PROF
Principal	A sole practitioner; a partner of a partnership; a member of a limited liability partnership; or a director of a company
PROF	The Professional Firms Sourcebook, as contained within the FSA's Handbook