

Name of Organisation	Pension Protection Fund
<p>Question 1: What are your views on the proposal to incorporate relevant sections of the Framework for TASs document within TAS 100? Further, what are your views on incorporating relevant sections of the Glossary document within TASs?</p>	<p>We are supportive of these proposals to create a single integrated document and think they will improve ease of reference for practitioners.</p>
<p>Question 2: Does the draft FRC guidance provide clarity on the definition of technical actuarial work and geographic scope? If you don't think the guidance provides clarity, please explain why not and suggest how the position might be further clarified?</p>	<p>We consider the draft guidance to be clear and helpful; however it is important to recognise that there will inevitably be 'edge' cases where it is not possible for practitioners to reach a definitive conclusion as to whether or not a piece of work constitutes technical actuarial work. We would suggest expanding the guidance document to clarify that compliance with TAS 100 is required in these instances, unless it would be contrary to the principle of proportionality. The proportionality guidance could then also be expanded for completeness to cross-reference this point.</p>
<p>Question 3: Does the draft guidance support you in complying with the TASs?</p>	<p>Yes, subject to the comments in our response to Question 2 above.</p>
<p>Question 4: Our proposal places all the application statements in a separate section within the TAS. An alternative approach would be to place application statements relating to each principle immediately after the relevant principle. Which do you prefer?</p>	<p>Immediately after each principle</p>
<p>Question 5: What are your views on the proposed change to the compliance requirement?</p>	<p>We are supportive of the principle, and would expect that practitioners are already complying in practice. We do have some concerns that enshrining the proposed new requirement within TAS 100 is unnecessary and could lead to further prescriptive specifications in order to make it operable – for example a requirement to provide evidence of demonstrable compliance to the intended user within a specified time period.</p>
<p>Question 6: Does the proposed FRC guidance on how TAS 100 can be applied proportionately assist actuaries in their compliance with TAS 100?</p>	<p>Yes, we consider the guidance to be clear and helpful. Linking to our response to Question 2 above, the guidance could be expanded to illustrate when it would or would not be appropriate on proportionality grounds to require compliance with TAS 100, in cases where it is not possible for practitioners to reach a definitive conclusion as to whether or not a piece of work constitutes technical actuarial work. In addition, although the consultation does not request comments on the application statements themselves, we would note that the demarcation between mandatory</p>

	<p>requirements (the must of the principles) and regulatory expectations (the should of the application statements) is sometimes a little counter-intuitive. For example, A1.3 in the TAS 100 Exposure Draft states: 'The practitioner should take account of any relevant legal opinions relating to the technical actuarial work or existing practices relating to the exercise of discretion'. This suggests that there are circumstances where the practitioner can ignore relevant legal opinions relating to the technical actuarial work which, on the face of it, doesn't seem appropriate. Further clarification using additional hypothetical scenarios in the proportionality guidance would be helpful, to illustrate where compliance with certain of the application statements would or would not be considered proportionate.</p>
<p>Question 7: What are your views on the revision in nomenclature of the 'user' to 'intended user'?</p>	<p>We are supportive of this change, which better reflects the context in which practitioners' work is prepared and communicated.</p>
<p>Question 8: Do you agree the new proposed Risk Identification Principle and associated Application statements?</p>	<p>Yes, we agree that all material risks or factors should be considered and disclosed in a proportionate manner. In particular, the inclusion of climate change as an illustrative external material factor aligns with the IFoA's Risk Alert issued in April 2022.</p>
<p>Question 9: What are your views on the clarification included in the proposed changes to TAS 100 in respect of the exercise of judgement? Further, do you feel that guidance will be helpful?</p>	<p>We are supportive of this clarification, but would suggest adding 'where applicable' at the end of P2.2 of the TAS 100 Exposure Draft, since most judgements will not incorporate all four of the specified elements (methodologies, models, data and assumptions). We do not see an immediate need for guidance in this area, but the situation could be kept under review as practitioners' experience evolves.</p>
<p>Question 10: What are your views on the proposed changes to the Data Principle and associated Application statements?</p>	<p>We are supportive of these changes.</p>
<p>Question 11: Do you agree with the proposed clarifications and additions relating to documenting and testing material assumptions?</p>	<p>Yes, we are supportive of these changes.</p>
<p>Question 12: Do you agree with the proposed changes to the Modelling Principle and associated Application statements? Further, do you agree that guidance would be helpful?</p>	<p>Yes, we are supportive of these changes. We do not see an immediate need for guidance in this area, but the situation could be kept under review as practitioners' experience evolves.</p>
<p>Question 13: Do you agree with the proposed clarification of the Documentation Principle? Further, do you agree with the proposal to move all requirements relating to</p>	<p>Yes, we are supportive of these proposals. Amalgamating all requirements relating to documentation within that principle and associated application statement should</p>

<p>documentation to the Documentation Principle and associated Application Statements, where applicable?</p>	<p>improve ease of reference for practitioners and facilitate compliance.</p>
<p>Question 14: Do you agree with the proposal to move all requirements relating to communication to the Communications Principle and associated Application Statements, where applicable?</p>	<p>Yes, we are supportive of this proposal. Amalgamating all requirements relating to communication within that principle and associated application statement should improve ease of reference for practitioners and facilitate compliance.</p>
<p>Question 15: What are your views on the additional clarification provided in the Application Statements?</p>	<p>We consider the Application Statements to be a helpful and comprehensive aid to compliance.</p>
<p>Question 16: What are your views on the proposed changes to the requirements relating to assumptions set by the intended user or a third party?</p>	<p>We are broadly supportive of this proposed amendment, to give context to the practitioner’s communications. However, we would note that it may bring work within the scope of technical actuarial work where it would not otherwise have done so (due to the introduction of the exercise of judgement), and that practitioners should be alerted to this possibility. In addition, the resulting burden of compliance may be counter-productive or disproportionate if there is no scope to amend the assumptions (for example if they have been set by a third party following external consultation or by a regulator under statutory powers).</p>
<p>Question 17: What are your views on these proposed amendments to clarify the existing requirements?</p>	<p>We are supportive of these proposed amendments.</p>
<p>Question 18: Do you agree with our impact assessment? Please give reasons for your response.</p>	<p>We agree with the impact assessment, particularly in relation to one-off costs, but consider that the ongoing costs could potentially be more substantive than suggested for smaller consultancies which are less able to benefit from economies of scale by standardising processes across a large number of schemes. With regard to the new principle (Risk Identification), we note that we are starting to see increased fees charged by third party advisors in relation to estimating the impact of climate change. This is not unexpected, as such estimation requires significant exercise of judgement and consideration of many alternative assumptions, but it is nonetheless a real cost for practitioners, whether absorbed through in-house resources or paid in fees to advisors.</p>