

Sir Christopher Hogg
Chairman
Financial Reporting Council
Aldwych House
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London WC2B 4HN

11 March 2010

Dear Chris

FRC: Draft Plan and Levy Proposal 2010/11

The Actuarial Profession is once again pleased to participate in the FRC's consultation processes. We have very few comments to make on this year's plan and budget. Overall we find the style of the document more accessible and easier to understand than that of last year and we welcome the impression of a cohesive entity rather than a collection of related but separate bodies. This seems to address the concerns about compartmentalisation we raised last year.

The four priorities you have identified for the year seem appropriate and in answer to Question 1 the proposed major activities and projects seem a comprehensive set of actions in order to address them. Given its good assessment as part of the Better Regulation Executive's Hampton Review, we are pleased that the FRC will focus its energy and limited resources on the areas greatest risk and expect that, as a consequence, it will not undertake any regulatory change unless there is a proven need identified. In this respect we urge the FRC to find more ways of engaging with, and obtaining the views of, the users of actuarial information before BAS builds requirements into technical standards or POB frames its views on the Actuarial Profession's regulation of our members.

We note that the FRC is planning to secure 5% efficiency savings in the year. Will this lead next year to a commensurate reduction in levy?

We are extremely interested in the proposed review of your overall relationship with the accountancy and actuarial professions. We would welcome a full briefing at our next meeting.

We also note that the FRC is planning to complete the review of the effectiveness of the framework for professional discipline, including the FRC's role within the framework. As yet we have had no discussions with you on this and we remind you of our comment from last year.

"The Profession entered into its relationship with the FRC on a voluntary basis in April 2005. One of the reasons why we agreed to have public interest discipline cases involving actuaries undertaken by the Accountancy and Actuarial Discipline Board (AADB) was that we could see much merit in having the same investigation and Tribunal consider matters where both actuaries and accountants are involved. It is not clear to us that under the operation of the two separate

schemes that this would be the case. As a result there is a downside risk that if there were such a matter and that it was handled differently because of the professional membership of the individuals concerned that it would undermine public confidence in the regime. We would like to see finding a means of achieving this integration as one of AADB's priorities in 2009/10."

As this was not achieved in 2009/10 perhaps it can be in 2010/11?

We look forward to our next meeting with you.

Yours sincerely

Caroline Instance
Chief Executive