



EXPLANATORY MEMORANDUM TO PRACTICE GUIDELINE PG 199.01 (PRESCRIBED ACTUARIAL ADVICE REPORTING)

December 2009

A. About the development of this Practice Guideline

1. In 2007, the Professionalism Review Taskforce ("Taskforce") was formed to consider whether the Code of Professional Conduct ("Code") should be amended in light of experience with its operation since its original introduction in March 2006, as well as possible amendments arising out of designations changes then proposed (and subsequently adopted).
2. In October 2009, the Taskforce released an Exposure Draft of a Practice Guideline on reporting with respect to Prescribed Actuarial Advice. This followed the release of an Exposure Draft of the Code which foreshadowed the shifting of a number of reporting obligations out of the Code and into a Practice Guideline.
3. Two submissions were received proposing some very minor amendments for clarification. All the proposed changes were taken up.

B. Code of Professional Conduct

4. As mentioned above, many of the reporting obligations which previously existed in the former Code have been transferred to this Practice Guideline.
5. However, Members are reminded that the Code continues to stipulate certain reporting obligations in respect of Professional Services, including Prescribed Actuarial Advice. Compliance with the Code is compulsory.

C. Compliance with this Practice Guideline

6. Although compliance with a Practice Guideline is not mandatory, Members to whom a Practice Guideline applies should consider explaining any significant departure to the Principal, and to document such explanation (see clause 1.2.3).
7. The Taskforce considered that reporting obligations in respect of Professional Services other than Prescribed Actuarial Advice should be light-touch for a variety of reasons. Nonetheless, the Taskforce recognised that many of the reporting requirements in the former Code represented good practice for such Professional Services. As such, clause 1.1.2 encourages Members providing Professional Services other than Prescribed Actuarial Advice to consider the guidance given, even though the Practice Guideline applies to Prescribed Actuarial Advice only.



D. About this Practice Guideline

8. The Practice Guideline largely replicates the reporting provisions that applied in respect of 'Actuarial Advice' under the former Code. However, it does introduce new provisions with respect to short form reports (refer clause 9).
9. This Practice Guideline applies with effect from the same date as the new Code of Professional Conduct, namely 1 January 2010.

END OF EXPLANATORY MEMORANDUM