



## Rule for the Registration of Consulting Actuarial Firms

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This Rule has been made by Council under Clause 11.2 of the Constitution to govern the supply of Actuarial Advice by an Actuary through a firm describing itself as "Consulting Actuaries" or "Actuaries", or in similar terms, in Australia.

For the purpose of this Rule, "firm" includes any entity or partnership trading in Australia, of which the Actuary is an employee, contractor, partner or director. However, this Rule does not apply to a sole practitioner, or to an unincorporated partnership of which all the partners are Members of the Institute.

For the purpose of this Rule, "Actuary" and "Actuarial Advice" have the same meanings as those in the Institute's Code of Professional Conduct.

This Rule serves only to prescribe which firms can offer Actuarial Advice and describe themselves as "Consulting Actuaries" or "Actuaries" in Australia. An Actuary must not provide Actuarial Advice for or on behalf of such a firm unless the firm satisfies Council that its Australian operation acts in accordance with the principles set out in the Code of Professional Conduct and is predominantly under the control of Actuaries who are working for it on a full time or close to full time basis.

It does not prevent Actuaries from providing Actuarial Advice as members of other firms (that is, those not describing themselves as "Consulting Actuaries" or "Actuaries" in Australia), whether corporate bodies, partnerships or otherwise, whose members comprise Actuaries, other members of the Institute and/or members of other professions or callings. However, where mixed membership is involved, extreme care is necessary to ensure that Actuarial Advice is not provided by, or not seen to be provided by, members of the firm who are not Actuaries.

Where a firm describes itself as "Consulting Actuaries" or "Actuaries" (or in similar terms), as a general principle, there should be a separate legal entity in Australia for that part of the firm which is described as "Consulting Actuaries" or "Actuaries".

In order to satisfy this requirement, the Senior Actuary (as defined in the Code of Professional Conduct) must submit in writing to the Chief Executive Officer of the Institute a statement certifying that:

- (a) the Australian operation of the firm acts in accordance with the principles set out in the Code of Professional Conduct;
- (b) the ownership of the Australian operation is such that no conflict is expected to occur between (a) and the objectives of the owners of the Australian operation; and



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- (c) the Australian operation is effectively under the control of Actuaries who are working for it on a full time or close to full time basis.

As an illustration of the meaning of "effectively under the control...", an Australian operation would be deemed to be effectively under the control of Actuaries who are working for it on a full time basis if:

- (i) there is a "management group", such as a Board of Directors or an Executive Committee, which effectively controls the activities of the Australian operation; and
- (ii) if the number of members of the "management group" is three or more, more than 50% of those members are Actuaries, or if the number of such members is less than three, all of those members are Fellows or Accredited Members; and
- (iii) the Senior Actuary is a Member of the "management group".

The Senior Actuary's statement under this heading should be supported by statements from the other actuarial members of the "management group" collectively or individually, indicating that they agree with the terms of the Senior Actuary's statement.

A firm whose Senior Actuary has made the statement described above may expect that Council will approve the firm describing itself in such terms as "Consulting Actuaries" or "Actuaries".

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