

Amending Bylaw No. 2023-2

To Amend the Rules of Professional Conduct of the Canadian Institute of Actuaries (Rules of Professional Conduct)

Whereas in March 2021, the Actuarial Profession Oversight Board recommended that the Board conduct a review of Rule of Professional Conduct #5 (Conflict of Interest), with a particular regard to its applicability to volunteer roles within the CIA;

Whereas in March 2021, the Board directed the Governance and Nominations Committee (GNC) to undertake a comprehensive review of the Rules of Professional Conduct (Rules), which had not been fully reviewed since 2003, with a particular focus on Rule of Professional Conduct #5;

Whereas from March 2021 to June 2022, the GNC conducted a review of the Rules, particularly in relation to the codes of conduct of other actuarial and professional organizations, and presented recommendations to the Board for changes to the Rules, in principle;

Whereas in June 2022, the Board expressed support for the GNC's recommendations and mandated a task force, under the oversight of the GNC, to implement the recommendations and coordinate the drafting and consultation processes with members and other key stakeholders;

Whereas in December 2022, the Board approved a draft set of Rules for release for consultation with members and stakeholders, along with the proposed timeline for approval;

Whereas in March 2023, following consultation with members and stakeholders, the GNC presented the Board with a recommendation for approval and confirmation of proposed amendments to the Rules;

Whereas the Board considered the proposed amendments to the Rules at its meeting on March 29, 2023, and was of the view that it is in the interest of the members and of the Institute to adopt the amendments to the Rules, as indicated in the documents provided to the members of the Board on or around March 24, 2023;

Therefore, Be It Resolved

That the English and French versions of the Rules of Professional Conduct of the Institute be modified, as indicated in the documents provided to the members of the Board on or around March 24, 2023, and annexed as Appendix C (English) and Appendix D (French) to this Amending Bylaw No. 2023-2.

That the changes referred to above and hereby adopted by the Board shall have force and effect as of January 1, 2024, provided such changes are confirmed by the members at the CIA Annual General Meeting on June 27, 2023.

Adopted by the members of the Board on March 29, 2023, and confirmed by the members of the Institute at the CIA Annual General Meeting on June 27, 2023.

President

Chair, Governance and Nominations
Committee



Canadian
Institute
of Actuaries

Institut
canadien
des actuaires

Rules of Professional Conduct

May 2023

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November 1995, June 1998, November 1998,
July 2000, July 2001, December 2002, July 2003, September 2003,
November 2003, July 2006, April 2011, July 2014,
September 2016, January 2020, January 2023 and January 2024*

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Rules of Professional Conduct

Preamble

~~These Rules of Professional Conduct identify the professional and ethical standards with which a member⁴ must comply and thereby serve the public interest. The Annotations provide additional explanatory, educational, and advisory material to members of the actuarial profession on how the Rules are to be interpreted and applied. It is the professional responsibility of the member to be knowledgeable about, and to keep current with, the revisions to the Rules and Annotations. In addition to these Rules, a member is subject to applicable law and rules of professional conduct or ethical standards that have been promulgated by a recognized actuarial organization for the jurisdictions in which the member renders professional services. Professional services are considered to be rendered in the jurisdictions in which the member intends them to be used unless specified otherwise by an agreement between the recognized actuarial organization for any such jurisdiction and the Institute. The member is responsible for securing translations of such law or rules of conduct as may be necessary.~~

~~[Modified July 13/95; Modified July 1/03]~~

Definitions

As used throughout these *Rules of Professional Conduct (Rules)*, the following terms are ~~italicized-dotted underlined~~ and have the meanings indicated⁴:

Confidential information: Information not in the public domain of which the member becomes aware in conjunction with the rendering of professional services to a ~~client or employer~~person or entity. It may include information of a proprietary nature, information which is legally restricted from circulation, or information which the member has reason to believe that the ~~client or employer~~person or entity would wish not to be divulged.

~~[Modified July 1/03; Modified January 1/24]~~

Direct user: ~~A client or employer or any other person retaining the member's services who has had the opportunity to select the member and is in a position to communicate directly with the member about qualifications, work and recommendations.~~

~~[Modified July 1/03]~~

Indirect compensation: Any material consideration received from any source in relation to an assignment for which the member provides professional services (examples of which may include volume bonuses, finder's fees and commissions), other than direct remuneration for those services.

~~[Modified July 1/03; Modified January 1/24]~~

Member: Fellow, Associate, and Affiliate of the Canadian Institute of Actuaries.

~~[Adopted January 1/24]~~

~~(Note: This definition was previously in a footnote and will be removed altogether if the proposed new member categories are introduced in the Bylaws on January 1, 2024 (see proposed amendments to the Bylaws related to new member categories since the Rules will apply to all member categories going forward.)~~

Professional services: ~~The rendering of~~Any advice, recommendations or opinions, rendered by a member, where a person or entity could reasonably be expected to rely on the member's training and experience as an actuary based upon actuarial considerations, including other services provided from time to time by a member to a client or employer. ~~[Modified July 1/03; Modified January 1/24]~~

⁴ "member" includes Fellows, Associates, and Affiliates.

Recognized actuarial organization: An organization that has been accepted for full membership in the International Actuarial Association or a standards-setting, counselling, or discipline body to which authority has been delegated by such an organization.

[Adopted July 1/03; Modified January 1/24]

All other terminology used in this document is consistent in meaning with the same terminology used in the CIA Bylaws.

All CIA publication titles used in this document are italicized.

Preamble Purpose and scope

~~These Rules of Professional Conduct identify the professional and ethical standards with which a member² must shall comply, and thereby serve contribute to fulfilment of the profession's responsibility to the public interest. The Rules apply to all members' conduct if that conduct could reasonably be considered to reflect upon the profession. This means conduct by a member that may have an impact upon the reputation of the actuarial profession as a whole, even if that conduct occurs outside of the provision of professional services.~~

~~The Annotations provide additional explanatory, educational, and advisory material to members of the actuarial profession on how the Rules are to be interpreted and applied. It is the professional responsibility of the member to be knowledgeable about, and to keep current with, the revisions to the Rules and Annotations. In addition to these Rules, a member is subject to applicable law and rules of professional conduct or ethical standards that have been promulgated by a recognized actuarial organization for the jurisdictions in which the member renders professional services. In accordance with the Bylaw 5.9.5 of the CIA Bylaws and Section 1160.03 of the Standards of Practice, Professional services are considered to be rendered in the jurisdictions in which the member intends them to be used unless specified otherwise by an agreement between the recognized actuarial organization for any such jurisdiction and the Institute. The member is responsible for securing translations of such law or rules of conduct as may be necessary.~~

These Rules are intended to be principles-based and do not provide for every circumstance a member may encounter. Judgment and common sense are required on the part of the member and the Professional Conduct Board in the interpretation and application of the Rules.

The Guidance on the Rules of Professional Conduct (Guidance)~~Annotations~~ provides additional explanatory, educational, and advisory material to members of the actuarial profession on how the Rules are to be interpreted and applied. The Guidance imposes no additional obligations upon members. Rather, the CIA believes that the Guidance will be a useful tool for its members. The Guidance does not constitute legal advice, nor does it necessarily provide a defense to allegations of misconduct. While care has been taken to ensure that this Guidance is accurate, up to date and useful, the CIA will not accept any legal liability in relation to its contents.

[Note: This paragraph will be added if the proposed new member categories are introduced in the Bylaws on January 1, 2024.] Bylaws 4.2.4 and 4.2.5 also provide for a process related to violations of the CIA Code of Conduct and Ethics for Participants in the CIA Education System which is applicable to members (i.e., Students, Candidates, or Associates) when participating in the CIA education system. These violations are initially assessed and handled through a process outside the normal disciplinary system. The Policy on the Enforcement of the Code of Conduct and Ethics for Participants in the CIA Education System provides detailed information regarding that process, which includes the potential referral of the

² "member" includes Fellows, Associates, and Affiliates.

matter to the Professional Conduct Board if the violation could also be a violation of the Bylaws, Standards of Practice, or Rules.

It is the professional responsibility of the member to be knowledgeable about, and to keep current with, the revisions to the Rules, Guidance and relevant policies identified in these documents and Annotations. [Modified July 13/95; Modified July 1/03; Modified January 1/24]

Professional Integrity

Rule 1 A member shall act honestly, with integrity, ~~and~~ competence, and care, and in a manner to fulfil the profession's responsibility to the public and to uphold the reputation of the actuarial profession.

[Modified July 1/03; Modified January 1/24]

~~**Annotation 1-1** — A member shall perform professional services with skill and care.~~
~~[Modified July 1/03]~~

~~**Annotation 1-2** — It is the professional responsibility of the member not to be associated with anything which the member knows or should know is false or misleading.~~
~~[Modified July 1/03]~~

~~**Annotation 1-3** — A member shall not engage in any professional conduct involving dishonesty, fraud, deceit or misrepresentation or commit any act that reflects adversely on the actuarial profession.~~
~~[Adopted July 1/03]~~

Qualification Standards

Rule 2 A member shall perform professional services only when the member is qualified to do so and meets applicable professional continuing qualification standards.

[Modified July 1/03; Modified January 1/20; Modified January 1/24]

~~**Annotation 2-1** — It is the professional responsibility of the member to observe applicable professional continuing qualification standards that have been promulgated by a recognized actuarial organization for the jurisdiction in which the member renders professional services and to keep current regarding changes in those standards.~~
~~[Modified July 13/95; Modified July 1/03; Modified Jan. 1/20]~~

~~**Annotation 2-2** — The “professional continuing qualification standards” promulgated by the Canadian Institute of Actuaries are defined in Bylaw 2.25.~~
~~[Adopted Jan. 1/20; Modified Jan 1/23]~~

Standards of Practice Compliance with legal, regulatory and professional requirements

Rule 3 A member shall comply with all relevant legal, regulatory and ensure that professional requirements, including services performed by or under the direction of the member meet applicable standards of practice.

[Modified July 1/03; Modified January 1/24]

~~**Annotation 3-1**— It is the professional responsibility of the member to observe applicable standards of practice that have been promulgated by a *recognized actuarial organization* for the jurisdiction in which the member renders *professional services* and to keep current regarding accepted principles and standards of practice in the jurisdiction in which the member renders *professional services*.
[*Modified July 13/95; Modified July 1/03*]~~

Compensation and Disclosure

Rule 4 A member shall make full and timely disclosure, to a ~~client or employer~~ person or entity using their work, of the sources of all direct and indirect compensation that the member or the member's firm has received or may receive in relation to an assignment for which the member provides professional services to that ~~person or entity~~ client or employer.
[*Modified July 1/03; Modified January 1/24*]

~~**Annotation 4-1**— “Full and timely disclosure” means disclosure of all material facts concerning direct or *indirect compensation* that may be relevant to a client's or employer's decision, and in sufficient time for the client or employer to make an informed and independent decision. Such disclosure should be made in writing.
[*Adopted July 1/03*]~~

~~**Annotation 4-2**— A member who is not financially and organizationally independent concerning any matter related to the performance of *professional services* should disclose to the client or employer any pertinent relationship which is not apparent in a full and timely manner.
[*Modified July 1/03*]~~

~~**Annotation 4-3**— A member employed by a firm which operates in multiple sites is subject to the requirement of full and timely disclosure of sources of compensation which the member's firm has received or may receive in relation to *professional services* with respect to a specific assignment for that client, regardless of the location in which such compensation is received.
[*Modified July 1/03*]~~

Conflict of Interest and impartiality

Rule 5 A member shall ensure that their not perform professional judgment is impartial, and cannot reasonably be seen to be compromised, by real or perceived services involving an actual or potential conflict of interest.

A member shall take reasonable steps to ensure that they are aware of any relevant interests that might create a conflict.

Once a member becomes aware of a conflict of interest, the member shall take action to reconcile the conflict, or cease or decline to act on the matter where there remains a conflict, unless:

(a) — the member's ability to act fairly is unimpaired,

(b) — there has been full and timely disclosure of the conflict to all known present and prospective direct users, and

~~(c) — all known present and prospective direct users have expressly agreed to the performance of the services by the member. [Modified July 1/03; Modified January 1/24]~~

~~**Annotation 5-1** — “Full and timely disclosure” means disclosure of all material facts concerning the conflict (including the nature of the influence or relationship and the nature and extent of the interest) that may be relevant to a direct user’s decision, and in sufficient time for the direct user to make an informed and independent decision. Such disclosure should be made in writing. [Adopted July 1/03]~~

~~**Annotation 6-2** — [Note: repealed July 1/03 prior to renumbering of Rule 6 to Rule 5]~~

Control of ~~W~~work ~~P~~product

Rule 6 A member who performs professional services shall take reasonable steps to ensure that such services are not used to mislead other parties or to violate or evade the law.

~~Without limiting the generality of the foregoing, a member’s work product should identify the person or entity for whom it is prepared. The material should also identify the member as the source of the material, the capacity in which the member has acted in preparing the material, any aspect of the professional services for which the member does not take responsibility and the extent to which the member or other sources will be available to provide the person or entity with supplementary information and explanation as appropriate.~~

~~[Modified July 1/03; Modified January 1/24]~~

~~**Annotation 6-1** — Material prepared by a member may be used by another party in a way that may influence the actions of a third party. The member should recognize the risks of misquotation, misinterpretation or other misuse of such material and should take reasonable steps to ensure that the material is clear and presented fairly. [Modified July 1/03; Modified April 1/11]~~

~~**Annotation 6-2** — Material prepared by a member should identify the client or employer for whom it is prepared. Such material should also identify the member as the source of the material, the capacity in which the member has acted in preparing the material, any aspect of the professional services for which the member does not take responsibility, and the extent to which the member or other sources will be available to provide the client or employer with supplementary information and explanation as appropriate.~~

~~[Adopted April 1/11]~~

Confidentiality

Rule 7 A member shall not disclose to another party any confidential information obtained ~~through a while performing~~ professional ~~services assignment performed for a client or employer person or entity~~ unless

~~a) expressly or implicitly authorized to do so by the client or employer person or entity;~~

~~b) or required to do so under Rule 13;~~

~~c) or required to do so by the Professional Conduct Board, an investigation Team, a Disciplinary Tribunal or an Appeal Tribunal regarding any disciplinary matter arising under Section 5 of the Bylaws;~~

~~d) or~~ required to do so by law.

**[Modified July 1/03; Modified January 1/20; Modified January 1/23;
Modified January 1/24]**

Courtesy and ~~C~~cooperation

Rule 8 A member shall ~~show perform professional services with~~ courtesy, ~~and professional~~ respect, ~~and cooperation with~~ shall avoid unjustifiable or improper criticism of other members, and ~~shall cooperate~~ others in the way they conduct themselves ~~client's or employer's~~ interest.
[Modified July 1/03; Modified January 1/24]

Annotation 8-1 — Differences of opinion among members may arise particularly in choices of assumptions and methods. Discussion of such differences, whether directly between members or in observations made to a client by one member on the work of another, should be conducted objectively and with courtesy and respect.
[Modified July 1/03]

Annotation 8-2 — A member, in the course of an engagement or employment, may encounter a situation such that the best interest of the client or employer would be served by the member's setting out an alternative opinion to one expressed by another member together with an explanation of the factors which lend support to the alternative opinion. Nothing in the Rules should be construed as preventing the member from expressing such an alternative opinion to the client or employer.
[Modified July 1/03]

Annotation 8-3 — If a member is invited to advise a client or employer for whom the member knows or has reasonable grounds to believe that another member is already acting in a professional capacity with respect to the same matter or has recently so acted, it would normally be prudent to consult with the other member both to prepare adequately for the assignment and to make an informed judgment whether there are circumstances as to potential violations of the Rules which might affect acceptance of the assignment.

— The member who is the prospective new or additional advisor should request the client's or employer's consent to such consultation. When the client or employer has given consent, the original member shall cooperate in furnishing relevant information such as pertinent data, work papers and documents and may require reasonable compensation for the work involved in assembling and transmitting the relevant information. The original member shall not refuse to consult or cooperate with the member based upon unresolved compensation issues with the client or employer, unless such refusal is in accordance with a pre-existing agreement with the client or employer. A member need not include any items of a proprietary nature such as internal communications or computer programs.
[Modified July 1/03]

Advertising

Rule 9 A member shall not engage in any advertising or business solicitation activities in respect of professional services that the member knows or should know are false or misleading, or that

reflects unfavourably on the profession or the competence or integrity of any member thereof.

[Modified July 1/03; Modified January 1/24]

Annotation 9-1 — ~~“Advertising and business solicitation activities” encompass all communications by whatever medium, including oral communications, which may directly or indirectly influence any person or organization to decide whether there is a need for professional services or to select a specific person or firm to perform professional services.~~
[Modified July 1/03]

Titles and Designations

Rule 10 A member shall make use of membership titles and designations of a recognized actuarial organization only in a manner that conforms to the practices authorized by that organization.
[Modified July 1/03; Modified January 1/24]

Annotation 10-1 — ~~“Title” means any title conferred by a recognized actuarial organization related to a specific position within that organization. “Designation” means a specific reference to membership status within such organization.~~
[Modified July 1/03]

Collateral Obligations

Rule 11 A member shall disclose any criminal conviction, as defined in Bylaw 2.24, pursuant to Bylaws 4.3.6, 4.3.7, or 4.3.8.
[Modified July 1/03; September 1/16; Modified January 1/23; Modified January 1/24]

Annotation 11-1 — ~~“Criminal conviction” refers to the definition of “Criminal Conviction” stated in the Bylaws.~~
[Adopted September 1/16]

Annotation 11-2 — ~~A criminal conviction disclosed by a member pursuant to Bylaws 4.3.6, 4.3.7, or 4.3.8, shall be subject to review and assessment by a designated board, council, or committee of the Institute which may determine that the matter should be referred to the Professional Conduct Board and subject to the Institute’s disciplinary procedures.~~
[Adopted September 1/16; Modified Jan. 1/20; Modified Jan. 1/23]

Rule 12 A member shall respond promptly, truthfully and fully to any request for information by, and shall cooperate fully with, the Professional Conduct Board, an investigation team, a disciplinary tribunal, an appeal tribunal, or any member of such bodies regarding any disciplinary matter arising under Section 5 of the Bylaws.
[Modified March 25/98; Modified July 1/01; Modified July 1/03; Modified January 1/20; Modified January 1/23; Modified January 1/24]

Rule 13 A member who becomes aware of an apparent material noncompliance with the Rules or the Standards of Practice by another member shall attempt to discuss the situation with the other member and resolve the apparent noncompliance. ~~In the absence of such discussion and resolution, the member shall report such apparent noncompliance to the Professional~~

~~Conduct Board, except where such reporting would be contrary to law or, when the member is acting in an adversarial environment, for the duration of such adversarial environment.~~

~~In the absence of such discussion and resolution, the order to foster education amongst members, thereby fulfilling the profession's responsibility to the public, a member shall report such who has a question about the spirit or intent of the standards of practice, or of generally accepted actuarial practice when no standards exist, may consult in confidence with the chair (or vice-chair) of a designated council, established by the Board pursuant to Bylaw 8.1.1 or of an appropriate practice committee. When consulted in such a capacity, the chair (or vice-chair) who becomes aware of an apparent material noncompliance with the standards of practice by another member shall not report the apparent noncompliance to the Professional Conduct Board unless~~

- ~~a) the member is acting in an adversarial environment (for the duration of such adversarial environment);~~
- ~~b) the matter has already been reported;~~
- ~~c) in a case of non-compliance with standards of practice, the member is exempted from this Rule to the extent specified by the Board in the *Policy on Exemptions from Rule of Professional Conduct #13 (Note: This new administrative policy is not yet drafted but will include the list of exemptions which were in the Rules previously or are currently only in the form of Board motion. It will be prepared and approved by the Board prior to the January 1, 2024 (effective date of the revised Rules.)*~~
- ~~d) such disclosure would result in the breach of a statutory duty not to disclose;~~
- ~~e) such disclosure would result in the loss of solicitor-client privilege; or~~
- ~~f) the matter is trivial.~~

~~When a member, in their capacity as occupant of any position within the Institute designated by the Board from time to time by resolution, or any position within any other entity so designated, becomes aware of an apparent material noncompliance with the standards of practice by another member, such member shall not report such apparent noncompliance to the Professional Conduct Board. [Modified January 20/94; Modified November 20/98; Modified July 1/00; Modified July 1/01; Modified July 1/03; Modified September 1/03; Modified July 1/06; Modified April 1/11; Modified July 1/14; Modified January 1/20; Modified January 1/23; Modified January 1/24]~~

Reporting

- ~~Rule 14 [Note: repealed May 1/06⁴] [Modified July 1/03]~~
- ~~Rule 15 [Note: repealed May 1/06⁴] [Modified July 1/03]~~
- ~~Rule 16 [Note: repealed May 1/06⁴] [Modified July 1/03]~~
- ~~Rule 17 [Note: repealed May 1/06⁴] [Modified July 1/03]~~

Foreign Practice

- ~~Rule 18 [Note: repealed May 1/06⁴] [Modified July 1/00; Modified July 1/03]~~



Objectivity

~~Rule 19~~ ~~[Note: repealed May 1/06⁴]~~ ~~[Modified July 1/03]~~

⁴~~Between December 1, 2002 and May 1, 2006, Rules 14 through 19 were replaced at various times by certain recommendations of the Consolidated Standards of Practice (CSOP) as work in the different practice areas became subject to the General Standards. On May 1, 2006, Rules 14 through 19 were fully repealed as the work governed by existing transfer values practice-specific standards (the last remaining standards that were not part of CSOP) became subject to the General Standard.~~



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The Canadian Institute of Actuaries (CIA) is the qualifying and governing body of the actuarial profession in Canada. We develop and uphold rigorous standards, share our risk management expertise, and advance actuarial science to improve lives in Canada and around the world. Our more than 6,000 members apply their knowledge of math, statistics, data analytics, and business in providing services and advice of the highest quality to help Canadian people and organizations face the future with confidence.