

BY-LAWS

DUE PROCESS FOR THE DEVELOPMENT OF PROFESSIONAL STANDARDS AND GUIDANCE NOTES

Article 16 of the Actuarial Society of Hong Kong Articles of Association states that the Council should have the power to or cause to formulate Professional Standards and Guidance Notes (collectively referred to as “standard” or “standards” hereafter), review the same from time to time and propose amendments thereto on any professional standard or practice. The development of these standards (and the amendment of existing standards) should always follow the Due Process as described below.

- (a) Identification Stage
 - (i) A proposal to formulate or review Professional Standards and Guidance Notes should be made in writing to the Council, which will decide as to whether or not the standard should be developed.

- (b) First Exposure Stage
 - (i) The Council appoints a Standing Committee who arranges for the preparation of an Exposure Draft, which sets out the text of the proposed standard as it will, where applicable, appear in the Members Handbook. The draft is then sent to the Professional Matters Committee for comments on its consistency with other standards.

 - (ii) After clearance by the Professional Matters Committee and the appropriate Council Committee, the draft is circulated to the members and any other person or organisation having an interest in it. Depending on the nature of the proposed standard, the Standing Committee may organise a workshop or sessional meeting at which members would be encouraged to provide comments on the draft. The deadline for written comments should be at least one month from the date of circulation of the draft.

 - (iii) The Standing Committee should acknowledge the receipt of written comments, and prepare a summary of the resulting comments and discussion.

 - (iv) In circumstances where an expedited process is necessary, the draft standard or notice must, at a minimum, be circulated to the Appointed Actuary of each authorized insurer in Hong Kong. Comments may either be in writing, in which case the one-month deadline as stated in section (b)(ii) may be shortened to an appropriate period of not less than one week, or in person by way of a special sessional meeting called by the Standing Committee. Whether a particular circumstance requires an expedited process is to be approved, by way of a two-thirds supermajority vote, by the Council at the Identification Stage as described in section (a).

- (v) If, following consultation with members, minor or no amendments are necessary, the Professional Matters Committee can approve that the process be moved to the Decision Stage [Subsection (d)]. If however, major changes are required, the draft should move to the Second Exposure Stage [Subsection (c)].
- (c) Second Exposure Stage
- (i) The Standing Committee arranges for the preparation of a second Exposure Draft, to which is attached the history of the proposed standard and a description of the alternatives and why they were rejected. The draft is sent to the Professional Matters Committee for comments on its consistency with other standards. After clearance by both the Professional Matters Committee and the appropriate Council Committee, it is circulated to the members and other interested persons or organisations.
- (ii) Comments from members are sought in writing or via a workshop or sessional meeting, with the deadline for written comments being at least one month from the date of the draft's circulation.
- (iii) The Standing Committee should acknowledge the receipt of written comments, and prepare a summary of the resulting comments and discussion.
- (iv) In circumstances where an expedited process is necessary, the second draft must, at a minimum, be circulated to the Appointed Actuary of each authorized insurer in Hong Kong. The Standing Committee may decide not to call for comments in this stage. However, it must state the reasons for not calling for comments in the recommendation to the Council Committee.
- (v) If, following consultation with members, minor or no amendments are necessary, the process can move to the Decision Stage. However, if major changes are still required, this Stage should be repeated.
- (d) Decision Stage
- (i) When the Standing Committee is satisfied with the consultation process, it should submit a recommendation to the appropriate Council Committee that the standard be adopted. The recommendation should make it clear that:
- the standard is in the public interest,
 - there is broad consensus among actuaries for its adoption,
 - the standard meets the requirements of Due Process, and
 - the standard has been discussed with and approved by the Professional Matters Committee
- (ii) The report containing the Standing Committee's recommendation should contain a brief history of the proposed standard, a reasonable analysis of the comments received, and the effective date of commencement.

- (iii) The Council will decide, by way of a three-fourths supermajority vote, whether or not it is accepting the recommendation.
 - (iv) If the Council Committee does not accept the recommendation, the draft, together with the reasons for its rejection, is sent back to the Standing Committee and the Professional Matters Committee for further evaluation.
 - (v) If the recommendation is accepted, the Council Committee submits the draft to the Council for its approval. At this stage, where applicable the Council may resolve that the standard, if a Guidance Note, should be a Professional Standard, or if a Professional Standard, that it should be a Guidance Note.
- (e) Sunset Provision
- (i) Where a standard being approved by the Council is approved under an expedited process according to section (b)(iv) or (c)(iv) above, there will be an automatic sunset provision of 12 months from the issue date of the standard.