



15 March 2010

Our ref: ICAEW Rep 30/10

Your ref:

Stephen Soper
Trustee Register Consultation
The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW

By Email: trusteeregisterconsultation@thepensionsregulator.gsi.gov.uk

Dear Mr Soper

Consultation on the Pensions Regulator's Trustee Register

The ICAEW welcomes the opportunity to comment on the consultation paper, *Pensions Regulator's Trustee Register*, published by the Pensions Regulator.

The ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, we provide leadership and practical support to over 134,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. We are a founding member of the Global Accounting Alliance with over 775,000 members worldwide.

Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. The Institute ensures these skills are constantly developed, recognised and valued.

We note that your consultation paper proposes to adopt the ICAEW Audit and Assurance Faculty's technical guidance AAF 01/06 Assurance reports on internal controls of service organisations made available to third parties in order to assess whether applicants have 'sound administrative and accounting procedures.' At recent meetings, representatives from the Pensions Regulator (the Regulator) and ICAEW have discussed assurance reporting including the matters raised in Q4 and Q5 of your consultation where we have expressed our real concerns regarding the overall approach and details of the criteria in Appendix D. We believe that the proposals merit further consideration and we propose to continue our engagement with you with a view to supporting the Regulator in developing a technically appropriate yet practical solution to its objectives.

We are focusing our efforts on the engagement mentioned in the preceding paragraph, but we have the following comments on the proposed requirements in relation to experience Q3 and Professional Indemnity Insurance Q6.

Regarding the proposed requirement to demonstrate sufficient relevant experience, we do not see the logic in requiring an individual to have 5 years experience, whilst a company only needs 3 years. We do not think it is logical or equitable to have this difference.

We also note that a trustee should not need to be working continuously at being a trustee in order to be eligible. Many independent trustees have accumulated their knowledge over many years either as a trustee for a scheme or as an adviser. Once they become an independent trustee, this may be as a lifestyle choice for example if they do not wish to work full-time. If the Regulator were to limit the number of Independent Trustees on its register in this way, it would have an impact on costs due to the laws of supply and demand. Therefore, care needs to be taken in defining the required 'regular or continuous' experience.

Regarding the proposal for requiring adequate levels of Professional Indemnity Insurance (PII), the initial discussions we have had with trustees imply that the market does not offer the rolling run-off insurance required by the proposals (minimum 10 year rolling period of run-off cover), and we suggest that the Regulator engages further with PII providers to ensure that suitable products are available.

Please contact me should you wish to discuss any of the points raised in this response.

Yours sincerely

Liz Cole

T +44 (0) 20 7920 8746

E liz.cole@icaew.com