



Code of Practice

In this Code of Practice, the **Council** means the board of The Association of Corporate Trustees (“TACT”).

A1. Integrity

A TACT member (hereinafter “**Member**”) must conduct its business with integrity. This obligation extends to the acts of individual employees and authorised representatives of that member.

A1.1 Members will ensure that their key persons and officers work with the highest integrity at all times and that actions of individuals are subject to peer review and challenge.

A1.2 Segregation, identification and safeguarding of trust assets is paramount.

A1.3 A Member must:

A1.3.1 treat customers, beneficiaries and co-fiduciaries fairly;

A1.3.2 have the resources, skills and procedures to deliver the services undertaken; and

A1.3.3 have a published complaints procedure (which must be available free of charge on request and be capable of being easily found on the Member’s website) and deal with complaints openly, fairly and promptly.

A2. Trust Conformity

A2.1 When acting as trustee, a Member must have due regard to the terms of any trust instrument and have due regard to the interests of the trust and its beneficiaries.

A2.2 The duty to conform to the trust instrument extends to other documents setting out the terms of the Member’s engagement and its duties.

A3. Organisation and Control

A Member must organise and control its affairs effectively for the proper performance of its business activities and be able to demonstrate the existence of adequate risk management systems.

A3.1 A Member must have in place a control and governance structure providing overview and challenge to its business activities, strategic direction, financial performance and policies.

[A3.2 no longer used]

A3.3 A Member must ensure that their own recruitment selection and ongoing assessment processes of key persons and officers give assurance of continued fitness to hold positions of trust without personal conflicts of interest.

A3.4 A Member must undertake a regular review of its operating risks and have systems and controls in place that mitigate those risks in respect of the Member itself and its trusts.

A3.5 As a minimum, the risk assessment in A3.4 should include:

- A review of internal controls over the management of trust assets;
- A regular “Fraud Risk Review”;
- An annual (or more frequent) review of the delegated authorities within the Member, including an assessment of their clarity;
- A review of compliance with data security and regulatory controls;
- An assessment of service continuity.

A3.6 A Member must keep under review its capacity and resources to ensure it does not overcommit when accepting new trusteeships.

A3.7 A Member must undertake appropriate due diligence at the time of taking on any new trusts or any business relationship relating to a trust, so that it fully understands the nature of the trusteeship that it is assuming, including any matters of immediate concern for which it will assume responsibility. A Member has a duty to carry out a considered assessment of the exposures inherent in the new engagement and to satisfy itself that any requisite authorisations or mandates are or will be put in place.

A3.8 Recognising that the skills of a corporate trustee derive from a variety of professional disciplines, all key persons and officers within a Member must be suitably qualified and conform to the requirements of their appropriate professional body.

A3.9 A Member must ensure that its staff have the opportunity for development and training, either collectively or individually and must keep records of individuals’ qualifications and their continuing professional development.

A3.10 A Member must ensure that all staff receive regular awareness training as to their responsibilities with regard to:

- Data protection

- Information security
- Anti-money laundering
- Equality and diversity
- Corporate integrity (including professional practices, anti-bribery and whistleblowing)

A3.11 Without prejudice to the generality of A3.10, a Member must in particular ensure that all staff are aware of their duty to report anything suspicious (whistleblowing) and have a safe route and clear procedures through which to do so.

A3.12 A Member must protect the confidentiality of trust and beneficiary information at all times, having due regard to the media and method by which data are stored and transported and the need to comply with data protection laws. Members must manage IT security to industry standards and keep up-to-date with developments in this area.

A3.13 A Member must adopt clear procedures and appropriate authorisation levels for the movement of trust assets and enforce these through appropriate system controls and monitoring. Due control over physical records and access to trust funds must be maintained.

A3.14 A Member must ensure it has suitable continuity plans to cover for the temporary absence of key individuals or to ensure an effective recovery from a “disaster” scenario.

A3.15 A Member must maintain systems and controls for:

A3.15.1 the monitoring and safekeeping of money and other assets held in a fiduciary capacity; and

A3.15.2 the safekeeping of deeds, documents and other materials provided to it.

A3.16 A Member must not knowingly become involved in, or promote, aggressive tax planning.

A3A. Independence and Conflicts of Interest

A3A.1 A Member must be independent of any parent company, both in terms of its conduct as trustee and its general policy-setting.

A3A.2 A Member must establish procedures to demonstrate that any terms of operation under any ‘self-dealing’ facility accorded to it by the trust instrument are fair, reasonable and justifiable.

A3A.3 A3A.4 to A3A.7 apply to a Member which is the trustee of a pension scheme.

A3A.4. Subject to A3A.7, Members must be independent of the scheme sponsor so that conflicts of interest are unlikely to arise. Members must also ensure that their decisions are made free of any undue influence exercised by the scheme sponsor. By way of exception to these principles, however, Members may be remunerated by the scheme sponsor either directly or indirectly from the scheme assets.

A3A.5 Subject to A3A.7, any Member that holds itself out as independent must ensure that it is not conflicted by having associated companies (or companies connected to the Member's directors) engaged in any "advisory or administrative services" to the scheme of which the Member is to a professional corporate trustee. For this purpose, the term, "advisory or administrative services", refers to actuarial, audit, administration, general consultancy, investment advice, fiduciary investment services, as well as legal or covenant advice to the trustee body.

A3A.6. If a Member is associated with, or connected to, a scheme sponsor, it must:

A3A.6.1 clearly disclose the nature of the relationship to any co-trustees; and

A3A.6.2 be able to demonstrate that its appointment as professional corporate trustee is in the best interests of the scheme members.

A3A.7. If a Member is associated with any of the companies providing advisory services (as defined in A3A.5) to the scheme, it must:

A3A.7.1 clearly disclose the nature of the relationship to any co-trustees and the scheme sponsor-employer; and

A3A.7.2 be able to demonstrate that the appointment of those advisors is in the best interests of the scheme members.

A3A.8 In the case of a Member undertaking fiduciary services for private individuals if a Member is associated with any of the companies providing it with advisory services in its fiduciary capacity, it must:

A3A.8.1 clearly disclose the nature of the relationship to any co-fiduciaries and principals/beneficiaries; and

A3A.8.2 inform any co-fiduciary and principal/beneficiaries of any financial or other interest obtained from entering into any transaction with another associated business or advisor.

A4. Clarity of Business Arrangements & Appointment and Monitoring of Service Providers

A Member must be clear, careful and transparent in its business arrangements with the trust and its dealings with any beneficiaries.

- A4.1 A Member must disclose fully and in a clear manner its terms of business, the basis of their fees or remuneration and the method by which either may, from time to time, change.
- A4.2 Where fees are time-related, a Member must have accurate time-recording systems and suitably robust procedures for verifying the accuracy of time-keeping.
- A4.3 Subject (in the case of pension trusts) to clauses A3A.4 to A3A.7, and subject (in the case of the provision of fiduciary services to private individuals) to clause A3A.8, a Member must be able to demonstrate the integrity and independence of its processes for appointing service providers to the trust.
- A4.4 When a Member delegates the management of investments for which it has assumed responsibility, it must:
 - A4.4.1 undertake reasonable due diligence to ensure that the investment manager is suitably qualified to carry out investment business on its behalf; and
 - A4.4.2 monitor the investment manager's appointment and discharge of his or her functions to ensure compliance with the client's objectives and mandate.
- A4.5 A Member may only outsource services once it has undertaken reasonable due diligence on the proposed service provider and has taken reasonable steps to ensure that the interests of clients and principals/beneficiaries are protected.
- A4.6 A Member must monitor the providers of any outsourced services to ensure compliance with its terms of appointment.

A5. Resources and Insurance

A Member must maintain, and be able to demonstrate the existence of, both adequate financial resources and adequate insurance in compliance with any regulatory requirements.

- A5.1 A Member must carry professional indemnity insurance appropriate to the scale and context of its appointments.
- A5.2 By way of exception to A5.1, a Member and its parent may "self-insure" where that arrangement is demonstrably acceptable to the main regulator of either the Member or its parent.

A6. Clarity of Statements

A Member must ensure that all statements in relation to its business are clear and accurate.

- A6.1 Members must not make statements that are misleading, false or deceptive or otherwise contrary to the law.
- A6.2 Without prejudice to A6.1, Members must make no misleading claim to independence.

A7. Conformity to External Regulation and Control

- A7.1 A Member and its operations must conform to all applicable external legislation, regulation and control.
- A7.2 A Member must act within its powers and act in compliance with all relevant statutory, regulatory and other legal requirements.
- A7.3 A Member must observe any requirements adopted by the Council.

A8. Responsiveness to TACT

A Member must deal with TACT in an open and co-operative manner, respond fully and promptly to all enquiries and participate in any process respecting that Member's conformity with this Code.

A9. Demonstration of Compliance

Where this Code of Practice requires a Member to take or refrain from taking any action, or to have in place any system or process, the Member must be able, so far as reasonable or practicable, to demonstrate that it has taken or refrained from taking such an action, or has in place such a system or process.

B Process and Sanction

- B1 A member must advise the Chief Executive of TACT in writing if they believe that they may have breached this Code of Practice, offer a detailed explanation, submit information in mitigation and confirm the steps that have been taken to avoid a recurrence of the breach.
- B2 The nature of any apprehended breach of this Code of Practice being unpredictable, in the interests of flexibility, the Council reserves the right to prescribe the appropriate process and procedure from time to time when considering any referral under B1 or when considering any complaint made by any third party that this Code of Practice has been breached by a Member.
- B3 Subject to B2, the Council may nominate an Investigating Committee, which shall comprise its Chief Executive or any other single individual, to investigate the breach and report its findings and conclusions back to the Council.
- B4 Without prejudice to the generality of B2 and B3, the Council shall be entitled to delegate the consideration of a complaint to Counsel of at least 10 years' standing whose written opinion as to whether, and if so, how the Member has breached this Code of Practice shall be considered by the Investigating Committee. If of the opinion that there has been a breach, Counsel shall also recommend what sanction (if any) of those mentioned at B7 below is appropriate and that recommendation shall be considered by the Council.

- B5 In conformity with A8, a Member is required to cooperate fully and promptly in the process.
- B6 A member cannot resign from TACT membership whilst an investigation into a potential breach of this Code of Practice is in progress. Members will be advised in writing when an investigation has commenced and when it has been concluded.
- B7 Following due consideration at a convened meeting, or (as the case may be) following the receipt of the Opinion of Counsel, the Council may impose any of the following sanctions, if it concludes that this Code of Practice has been breached:
- B7.1 Issuing a formal reprimand to the Member (which reprimand shall be published on TACT's website and remain on the website for a period of two years);
- B7.2 Suspending the Member from membership for such period as the Council thinks fit or Counsel recommends (which suspension shall be published on TACT's website and remain on the website for a period of two years);
- B7.3 Removing the Member from membership (which removal shall be published on TACT's website and remain on the website for a period of two years).
- B8 Save in a case which has been referred to Counsel as set out above, a Member has a right to appeal the Council's decision or any sanction imposed to an external review panel consisting of three independent members, which shall be constituted by the Council in consultation with, and at the expense of, the Member in question. There shall be no second or subsequent right of appeal from the determination of the external review panel.

Approved by the Council of TACT - The Association of Corporate Trustees
Date of Approval: 18 April 2024