2019

TEN PRIORITIES FOR COMPLIANCE OFFICERS

(Re)consider anti-bribery & corruption approach

Firms should stay up to date with evolving bribery and corruption best practice and benchmark their approach on a regular basis. Ensure senior managers are fully engaged and a comprehensive standalone bribery and corruption policy is in place.

Document everything

Firms should document discussions and assumptions made together with supporting evidence even when rules don't apply – it may well be crucial in the event of a future regulatory investigation.

Tackle persistent deficiencies

Compliance officers and firms should review the lessons from APRA's report into the persistent compliance and AML failings at the Commonwealth Bank of Australia. Remember any identified breaches in your own firm need to be remediated and fixed as soon as possible.

Benchmark individual authorizations

Firms must conduct substantial due diligence on all individual applications for authorization. As an example, any UK firm which finds itself regularly withdrawing more than 5% of applications could attract further questions or investigations by regulators.

Assess fintech solutions

Ensure compliance is at the forefront in assessing any fintech, regtech or insurtech solutions being considered by their firm and that any solution is deployed onto robust IT infrastructure.

Anticipate a dawn raid

Dawn raids are back in the headlines. Hopefully a rare event, firm's risk and compliance officers need to be prepared. A clearly documented and communicated policy should allow a potentially difficult situation be managed as smoothly as possible.

Learn previous transaction reporting lessons

Firms' ability to submit accurate and complete transaction reports is essential to be able to meet the complex requirements of MiFID II/R. Firms should request a regular copy of data received by a regulator to ensure it can be reconciled back to the data submitted.
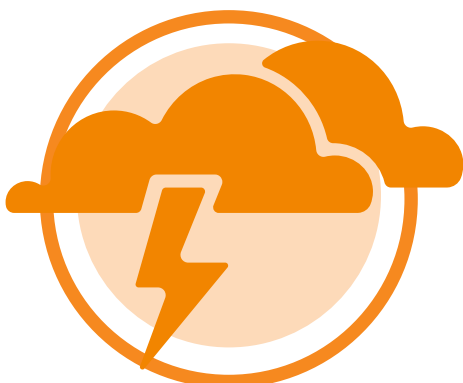
Outsourcing

Global regulators are taking differing regulatory approaches to 'cloud computing services'. International firms must be careful when dealing with the same cloud service provider in different jurisdictions. Firms must also ensure skills are not outsourced but remain in-house.

Messaging protocols

Firms must educate employees so they understand good and bad practice when using chat rooms. A firm that uses chat rooms well has a ready source of evidence demonstrating an effective risk-aware culture in action.

Proactively manage personal liability

54% of firms* are expecting the personal liability of compliance officers to increase in the next 12 months. This is likely due to the implementation of global individual accountability regimes and the ongoing focus on regulatory risk. *(Source: Cost of Compliance 2018).

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