**Compliance officers – are you fulfilling your role effectively?**

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| **What you need to *know*** |
|  | **Do you know and understand …** | **Yes/No** | **Gap fill plan of action** |
| A: THE FINANCIAL SERVICES INDUSTRY |
| 1 | The purpose and structure of the financial services industry |  |  |
| 2 | The main financial asset classes and their characteristics, covering past performance, risk and return |  |  |
| 3 | The main financial services product types and their functions |  |  |
| B: THE REGULATORY ENVIRONMENT |
| 1 | What is meant by regulation for your Firm |  |  |
| 2 | The principles and rules relevant to financial services regulation |  |  |
| 3 | The guidance issued by regulators to implement legislation and rules |  |  |
| 4 | The objectives of the regulatory environment |  |  |
| 5 | How regulation protects the consumers of financial services |  |  |
| 6 | What financial crime is and how regulation can reduce it |  |  |
| 7 | The meaning of Corporate Governance and the importance of having good corporate governance structures in place |  |  |
| 8 | The relationship between Compliance and Corporate Governance |  |  |
| 9 | The role of the regulator(s) in financial services |  |  |
| 10 | Why and how persons or organisations are authorised to undertake regulated activity |  |  |
| 11 | How compliance is enforced by the regulator and what sanctions and disciplinary action it can take |  |  |
| 12 | The areas of financial services which are regulated |  |  |
| 13 | Which individuals need to be registered or approved by regulators (e.g. the use of senior manager and controlled functions and the main roles within each of the functional areas) |  |  |
| 14 | The regulatory approaches to training and competence of personnel in regulated organisations |  |  |
| 15 | The structure, layout and contents of any regulations and guidance published by the regulator(s) |  |  |
| **What you need to *do*** |
|  | **Do you do the following …** | **Yes/No** | **Gap fill plan of action** |
| C: COMPLIANCE OFFICER ROLE and ACTIVITIES |
| *General* |
| 1 | Establish and maintain systems and controls to effectively manage the risks of a material regulatory breach |  |  |
| 2 | Prioritise compliance activities |  |  |
| 3 | Understand the internal and external systems that must be complied with |  |  |
| 4 | Document the compliance function and the compliance officer’s role and responsibilities |  |  |
| 5 | Apply and interpret relevant laws, regulation and policies |  |  |
| 6 | Provide regular and accurate reports to management and/ or the board on regulatory or compliance matters |  |  |
| 7 | Develop a compliance culture within your organisation |  |  |
| 8 | Establish and maintain the key regulatory policies and procedures |  |  |
| 9 | Understand the importance of the compliance function - being able to act as an independent adviser to the organisation |  |  |
| 10 | Protect client confidentiality within the constraints of compliance requirements |  |  |
| 11 | Define the responsibilities and accountabilities of management and staff for compliance with regulations |  |  |
| 12 | Educate all staff and management about compliance |  |  |
| 13 | Monitor and evaluate compliance with policies and procedures |  |  |
| 14 | Deal with noncompliance with policies and procedures |  |  |
| 15 | Develop and monitor procedures to manage compliance risks |  |  |
| 16 | Identify the regulations with which the Firm must comply, and comply with them |  |  |
| 17 | Discuss and review the Firm’s regulatory obligations and possible reasons for failing to adhere to them |  |  |
| 18 | Identify weak or ineffective compliance controls, or those that can be easily circumvented |  |  |
| 19 | Determine key performance indicators to evaluate performance in managing compliance risks |  |  |
| 20 | Create risk route plans for work process flows to identify control weaknesses |  |  |
| 21 | Maintain and analyse records of breaches of internal controls or regulatory breaches to identify causation patterns |  |  |
| 22 | Identify the operating systems and procedures which need to integrate regulatory requirements |  |  |
| 23 | Consistently and regularly monitor the effective integration of regulatory requirements into operating systems and procedures |  |  |
| *Design compliance controls and monitoring system* |
| 24 | Develop the procedural controls to proactively control compliance risks |  |  |
| 25 | Develop and agree controls to detect or react to breaches of regulations |  |  |
| 26 | Develop a monitoring system which generates the essential information needed to confirm the effectiveness of the compliance related operational systems |  |  |
| 27 | Determine the frequency with which a control should be monitored according to its relative importance and risk |  |  |
| 28 | Design a monitoring system which is based on a robust analysis of risks and which is, as far as possible real-time, regular and random |  |  |
| 29 | Assess the efficiency of compliance controls and monitoring systems on a regular basis to identify potential shortcomings and improvements |  |  |
| *Inspect the work of staff to confirm compliance with regulations* |
| 30 | Monitor the way staff comply with regulations at regular and appropriate intervals |  |  |
| 31 | Support staff in their efforts to work in compliance with regulations |  |  |
| 32 | Encourage a climate of openness about meeting or not meeting the requirements for compliance |  |  |
| 33 | Identify and correct any failures to meet the requirements |  |  |
| 34 | Identify reasons for requirements not being met and any trends or patterns emerging |  |  |
| 35 | Take prompt action to address trends in material compliance failures |  |  |
| *Write and present compliance reports* |
| 36 | Determine the purpose of reports and their intended recipients |  |  |
| 37 | Identify and collate the information required for reports |  |  |
| 38 | Prepare reports and submit to those requiring them in a timely manner |  |  |
| 39 | Present objective information regarding the issues clearly and accurately, and in a manner that can be easily understood by non-compliance personnel |  |  |
| 40 | Retain all supporting material for use in justifying reports and make this available to those who request it and have a right to it |  |  |
| 41 | Present reports in a style consistent with organisational requirements |  |  |