



MOORE STEPHENS

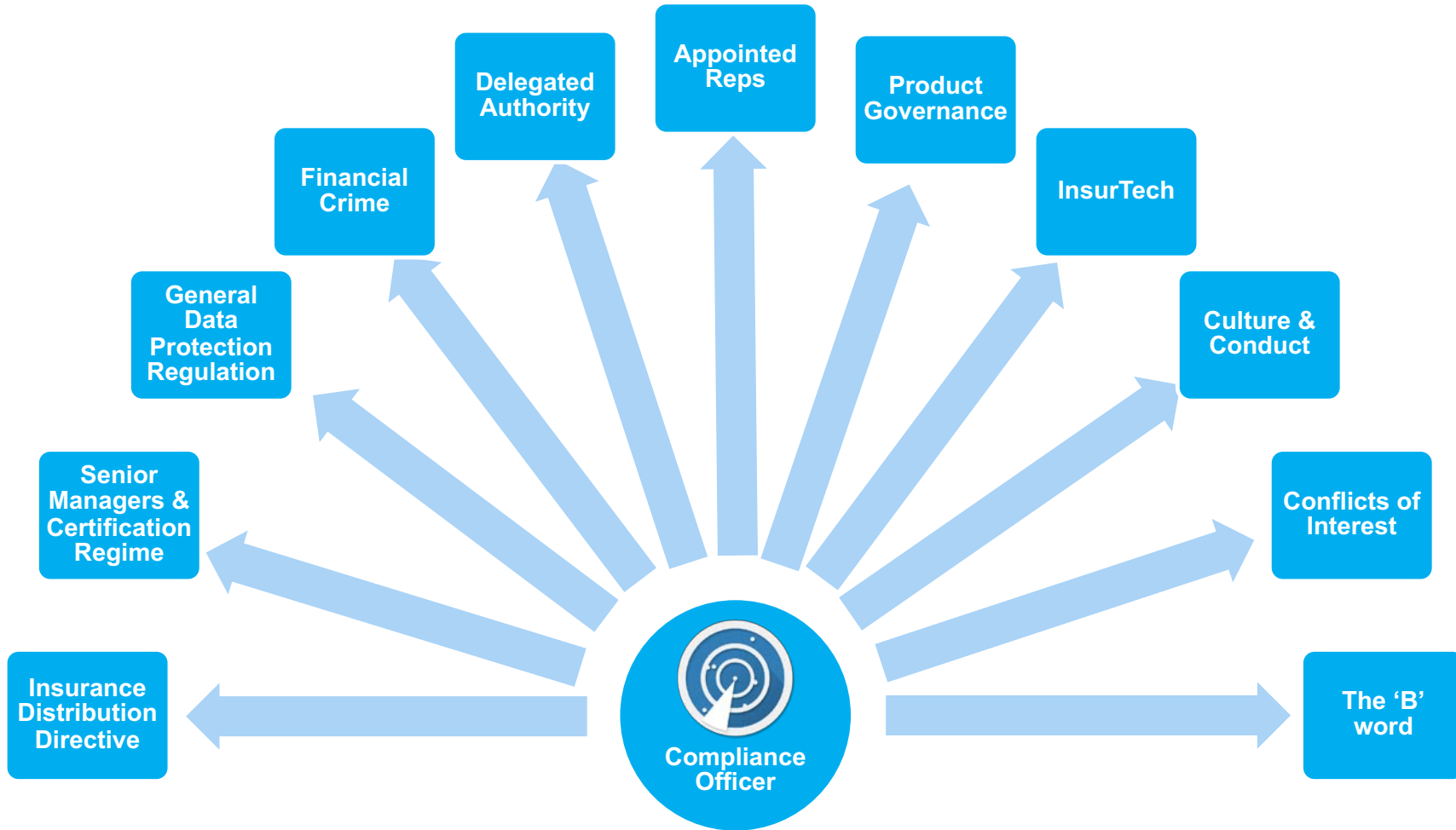
WCI iNED Forum Regulatory update

9 April 2018

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PRECISE. PROVEN. PERFORMANCE.

What's on Compliance's radar?



Financial crime



An unrelenting focus on financial crime continues

The FCA's focus on financial crime continues particularly in relation to AML as reiterated by its Business Plan (2016 -17), which references AML as the FCA's second highest of seven priorities for the year.

Why a priority?

- Criminal Finances Act 2017 – changes include creation of unexplained wealth orders etc.
- Fourth Money Laundering Directive – changes to the definition of PEPs; a renewed and extended emphasis and detail on risk assessment; and, removal of the automatic application of simplified due diligence for certain types of customer.
- New requirement for an 'Annual Financial Crime Report' to be submitted by large general insurance intermediary firms.

Thoughts for NEDs to mull

- How is my firm doing?
- Can I make a judgement?
- Am I getting the right MI?

Senior Managers & Certification Regime



Enhancing ownership and accountability

Emphasis on clarity of individual accountabilities, delegated authorities and legal entity-specific governance arrangements.

Why a priority?

Proposals to extend SMCR to insurers & intermediaries. Including:

- Duty of responsibility and reasonable steps to Senior Managers;
- Annually certification of fitness and propriety of 'significant harm' employees;
- Conduct Rules / Standards to almost all staff; and
- Notify the regulators of internal disciplinary action of SMCR individuals.

Thoughts for NEDs to mull:

- How does the duty of responsibility affect me?
- What are my reasonable steps?
- Am I being trained?
- Have we considered the changes to the UK Corporate Governance Code?
- What are we doing on diversity as a Board?

The 'B' Word or Brexit



Brexit uncertainty continues

Why a priority?

- Passporting – freedom of services / freedom of establishment
- Contract certainty post March 2019 (or end of transition period)
- Regulatory approvals / applications – inwards & outwards
- Timescales for regulatory approvals

Thoughts for NEDs to mull

- Have all the risks for our firm been identified?
- Do we have a strategic / tactical plan for Brexit?
- What needs to be implemented?
- How is the implementation plan progressing?
- What are we doing on contract certainty?
- Are we communicating to our customers?

Culture



Culture in financial services firms remains a priority for the FCA and PRA

Why a priority?

Culture drives individual behaviours which in turn affect day-to-day practices in firms and their interaction with customers and other market participants.

Culture is therefore both a key driver, and potential mitigant, of conduct risk.

Thoughts for NEDs to mull

- How are we assessing culture?
- Is our culture appropriate?
- What does the risk reporting tell us about risk culture?
- What is the Compliance / Internal Audit reporting telling us?
- Should we be doing more particularly on diversity?

Unknown knowns?



“There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know.”

Donald Rumsfeld

BUT

A last thought for NEDs to mull

What are our unknown knowns?

Contact details



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