

2020

TEN PRIORITIES FOR COMPLIANCE OFFICERS



Continuing regulatory change

Regulatory change has not slowed, it has moved into an assessment phase to consider whether the big set piece legislative changes imposed over the last few years have worked in delivering their intended outcomes.



Transaction reporting

All firms know they must submit complete, accurate and timely transaction reports but still some fall short. Regulators have yet to impose sanctions for failings under MiFID II/R, but firms should be aware that any future fines and remedial actions are likely to be even more severe.



Outsourcing

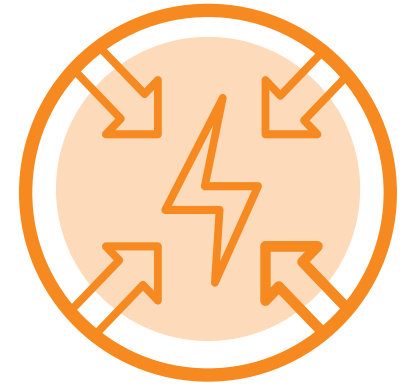
When firms outsource activities, they do not outsource their responsibilities. It is important to have strong controls in place around the governance and oversight of all outsourcing arrangements to ensure that they enable the firm to comply with all legal and regulatory requirements.



Personal accountability – increasing year on year

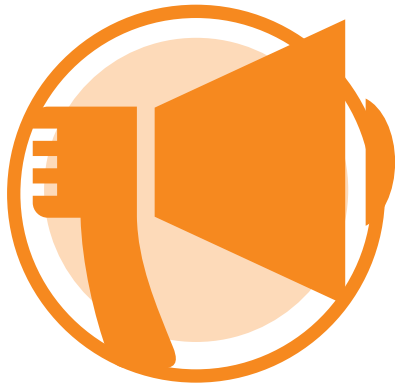
60% of firms* expect the personal liability of compliance professionals to increase in the next year. Compliance professionals around the world are not only dealing with their own personal liability but are also advising their firms how to handle the expected increase in the accountability of senior individuals.

*Source: Cost of Compliance 2019: Ten Years of Regulatory Change



Conflicts of interest

Firms that excel at conflicts management will find all stakeholders, clients and regulators more supportive of all aspects of the business. Consistently better customer outcomes is another driver for firms to check that they have taken, and can evidence, an appropriate approach to conflicts of interest.



Lobbying – the problem is, it works

In August 2019, the IMF published findings that financial services firms seeking to influence their own regulatory futures may have gone too far in the U.S. with negative consequences to the wider economy. Perhaps solely a U.S. issue, it won't change scrutiny in all future global lobbying activities.



Personal account dealing

Firms are expected to understand the PAD risks posed by their business models, design clear policies and processes around those risks and develop a culture where adherence to their rules is the norm.



Data protection – GDPR as the global template

The first year of the GDPR has seen people realise the potential of their personal data and their data rights. Firms should expect the GDPR to become a template for future legislation and anticipate individuals seeking to exercise their data rights.



Abraaj case lessons

The fall of the once largest private equity group in the Middle East is an object lesson in what not to do when facing a downturn in business. Deliberately misleading investors and regulators will always significantly increase any penalties administered to firms and senior managers.



Technology risk coming to the fore

Compliance officers need to ensure that cyber risks are included in the range of risks considered by firms and that the board is prepared to discuss the actions taken to ensure that all reasonable steps have been taken to embed cyber resilience throughout the firm.

The intelligence, technology and human expertise you need to find trusted answers.