ICQ
IRISH COMPLIANCE QUARTERLY
Autumn 2018

EFFECTIVE COMPLIANCE IN A POST-BREXIT WORLD

Outsourcing Requirements Under Solvency II

Introducing Liliana Arimany, IFCA Chair

BREXIT OPINION

BREAKING UP IS HARD TO DO

by BRIAN HAYES, MEP

PLUS **Baker McKenzie reflect on the recent enforcement of economic crime in the UK by the SFO**

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2018 CONFERENCE & DINNER

SAVE THE DATE

8th November in the Westin Hotel, Dublin 2.

Further information on the full speaker line-up
and topics will be announced by email.

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The Association of Compliance Officers in Ireland

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WELCOME to the Autumn 2018 Edition of ICQ

Dear Member,

"That C-Word Again"

In the last *Voice of Compliance* article, I made the comment that I was potentially getting sick of the C word, "compliance". It referenced the fact that "compliance" was getting a bad reputation and becoming an overused and potentially misunderstood word and indeed profession – we were back to being the box tickers.

In the same article I expanded the use of the C word to include the word Culture. In light of the recent initial publication of the Central Bank of Ireland's culture review into the 5 main banks, it is appropriate to reflect on Culture and the role compliance plays, and should play, in its establishment, continued development and indeed improvement within firms.

Perhaps the biggest surprise from the Central Bank of Ireland's initial publication was that the findings weren't that surprising, at least not to the broader compliance community.

I'll say it again, if the Central Bank wants an insight into the culture of the firms they supervise, they could do worse than talk to, in fact they need to talk to, the respective compliance teams in those firms. I'd also encourage the Central Bank that to get better answers they need to ask better questions but also to ask them of the "right" people. They, the compliance and indeed risk teams, have the "scars" and the "war stories", I can assure you of that.

At an ACOI event last year we had the pleasure to be addressed by Ed Sibley and at the event using a quote from the Jerry Maguire movie I asked Ed to "help us (the ACOI) to help you (the regulator)". That offer is still there Ed.

Since the financial crisis unfolded almost ten years ago we've heard lots of "sincerely regrets" and "didn't meet our own standards of conduct" and indeed plenty of "customer centricity" from many financial institutions both nationally and internationally.

Over that time we've also had cultural and ethical deficits exposed in many other institutions including political, law enforcement and the church for example; so why do we still find significant cultural deficits in many of these institutions?

Is it down to a lack of good examples in our society, is it a failure of "regulation" in its broadest sense, is it something in our own national culture – what is it? Do we really not understand simple principles like right from wrong, what transparency truly means, what a conflict of interest is?

Many firms/people when looking at how to address cultural deficit could do worse than to take their example from the Bible and "do unto others as you would have done unto yourself" – I've long advocated that, to look at that principle from a customer perspective, the compliance

"We all have a role in addressing cultural deficits in society, institutions and our firms."

officer should be the voice of the customer inside the firm. But if you need a road map, if you want to find out what "good looks like", it's not hard to find out. For example the DNB, who assisted the Central Bank in its recent culture review, developed in 2009 their seven elements of a values-led ethical corporate culture being:

Balancing of interests/ balanced actions	**Consistent actions**
Openness to discussion	**Leading by example**
Feasibility	**Transparency**
Enforcement	

Examples such as these, and many of our own ACOI examples exist and have existed for some time – it's now time to use them, implement them, integrate them.

We, the ACOI, have as one of our core aims to set and raise standards within the compliance profession. We do it, and have done it, through developing a university accredited education programme in conjunction with our partners that takes students from NFQ Level 7 all the way to NFQ Level 9 and beyond – we are doing "our bit".

In another scene from the Jerry Maguire movie I quoted earlier, the Tom Cruise agent character speaks to the disenfranchised football star client and says "if we want more from them then maybe we have to give them more".

So if we, the ACOI, want and expect more from firms, the regulator and other stakeholders around culture and ethical behaviour - we will give you more to help raise those standards.

Together with our education partner, the Institute of Banking, the ACOI will launch shortly a Professional Diploma in Leading Cultural Change and Ethical Behaviours in Financial Services.

Its aim is again to play our part in continuing to raise standards in culture and ethical behaviour and I encourage you our members, your firms and the regulator to support it.

We all have a role in addressing cultural deficits in society, institutions and our firms.

In order to get there and to achieve real sustainable change we are going to have to begin and then continue to have that dialogue. We may disagree from time to time and people may think we are at odds from time to time but we at least need to start talking. We all have a role to play, regulators, firms and the compliance profession.

We the ACOI are prepared to continue to do our bit so "help us to help you". ICQ

Clive Kelly
President ACOI

HAS THE TANKER TURNED?

Reflections on recent enforcement of economic crime by the UK Serious Fraud Office. *(1)*

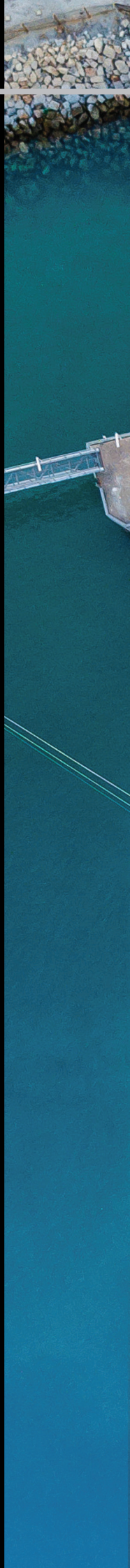
The Serious Fraud Office ("SFO") is the UK's main prosecuting authority for serious or complex fraud, bribery and corruption. It is the principal enforcer of the UK Bribery Act 2010 (the "UKBA"). The introduction of the UKBA (which came into force on 1 July 2011) was a watershed moment for UK anti-corruption efforts. It is among the strictest legislation in the world for prosecuting public and private bribery and bears similarities to other anti-bribery legislation around the world including, to a certain extent, the new Irish Criminal Justice (Corruption Offences) Act 2018 (the "Criminal Justice Act"). As such, the challenges faced by the SFO and its approach to enforcement in recent years will be of particular interest to observers in Ireland seeking insight into the challenges potentially awaiting the Irish authorities when seeking to enforce the Criminal Justice Act, and of interest to those companies and individuals who will be subject to that enforcement in Ireland.

Historic Issues

The SFO was established in 1988. By 2012, while having achieved some success in its early years, the SFO was facing a barrage of criticism on several fronts. Criticism came from a number of quarters, including the judiciary *(2)* , the Crown Prosecution Service Inspectorate *(3)* , and the Parliamentary Public Accounts Committee *(4)*. These issues were only exacerbated by a number of high profile "out of court" incidents, including the loss of highly sensitive data in 2012, during the SFO's controversial investigation into BAE Systems plc., and a fine for underpayment of VAT by the SFO. Such incidents led many to question whether the SFO had a viable future as the former director David Green CB QC took office in 2012.

Has the Tanker Turned?

Under David Green, the SFO seems to have (slowly) started to turn a corner. It now benefits from a significantly enhanced enforcement arsenal: the UKBA, the introduction of Deferred Prosecution Agreements ("DPAs"), new sentencing guidelines for corporate

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The SFO investigates and prosecutes serious or complex fraud, bribery and corruption.

offenders and the introduction of the new corporate tax offence in 2017 have given the SFO greater legal powers than ever before to deal with corporate offending. The SFO now also has access to "blockbuster" funding from the Treasury for larger cases and, only very recently, it was announced that its budget for the next financial year will be increased from £34.3 million to £52.7m. ***(5)***

There has also been a definite recalibration of the role of the SFO by David Green. His stated objective has been clear throughout his tenure: to return the SFO to its primary role as an investigator and prosecutor of "top tier" economic crime ***(6)***. The results are stark. The SFO's investigations pipeline now reads like a who's who of blue chip UK companies across a range of industries including manufacturing, food, pharmaceutical and security. These investigations are high profile, multijurisdictional, high value and complex; precisely the types of top tier cases for which the SFO was designed thirty years ago.

Perhaps the most notable feature of David Green's tenure has been the coming into force of legislation permitting the SFO to enter into DPAs and the subsequent encouragement of so called "self reporting" by companies. A DPA involves a company reaching a settlement with the SFO such that the company is charged with a criminal offence but proceedings are automatically suspended. Four DPAs have been agreed to date: with Standard Bank in November 2015, with a company only identified as "XYZ" in July 2016, with Rolls Royce in January 2017 and, in April 2017, with Tesco Stores Limited. Green's tenure has also seen the first prosecutions of individuals and companies under the UKBA. Most notably, in December 2015, the Sweett Group plc. pled guilty to failing to prevent bribery in contravention of Section 7 of the UKBA . In February 2016, Sweett Group was sentenced and ordered to pay £2.25 million.

> ***"There is every reason to predict that these enforcement trends will cross the Irish Sea in the years to come once enforcement of the Criminal Justice Act begins in earnest."***

However, David Green's tenure has not all been plain sailing. There have been criticisms from some quarters regarding the introduction and implementation of DPAs ***(7)***, and convictions of large corporations for economic crime remain noticeable by their absence. Despite Green's confident assertions to the contrary, question marks clearly remain over whether the SFO can in fact get large scale, contested, multijurisdictional, document heavy and legally complex prosecutions of corporates over the line.

Likewise, question marks remain over the viability and/or lawfulness of the SFO's approach to investigations. Criticism of the SFO's approach to privilege has been a notable feature of Green's time in office. Green's SFO has openly sought to challenge claims to privilege that it perceives to be ill-founded and, to date, has had some success with that approach before the courts and in convincing companies subject to investigation to forego claims to privilege so as to be seen to be co-operative ***(8)***.

Concerns have also been raised about the level of guidance offered by the SFO to companies during their investigations, particularly when the company is cooperating. More specifically, a practice has developed of the SFO demanding to be consulted on matters that may impact upon their own investigation, but without providing companies with a definitive response to queries when raised.

Several formal challenges have also been made to the SFO's procedures by way of judicial review ***(9)***.

Another aspect of the SFO's work that continues to draw criticism is the length of time it takes to investigate matters. Investigations still take several years to complete and efforts by companies to challenge that time frame have failed. In particular, there are still some cases pending which were being investigated before Green took office in 2012, which seems a questionable amount of time and use of taxpayer money ***(10)***.

More fundamentally, David Green's time in office has repeatedly been dogged by questions about the future of the SFO as a stand alone independent investigator and prosecutor.

The New Director's Inbox

On 4 June 2018, the Attorney General announced that Lisa Osofsky will be the new Director of the SFO, taking over from David Green. Ms Osofsky takes up the position full time on 3 September 2018.

Ms Osofsky was formerly a Managing Director, EMEA Regional Leader and EMEA Head of Investigations of Exiger, a global compliance consultancy firm. Osofsky is a qualified English barrister, US attorney, former Deputy General Counsel and Ethics Officer of the FBI, and the former Money Laundering Reporting Officer and Executive Director of Goldman Sachs. As such, she brings a wealth of public and private sector experience from both sides of the Atlantic.

It is difficult to predict at this stage if or how the SFO will change under new leadership. All eyes will be on Ms Osofsky's first few public speeches for a sense of the direction of travel.

Concluding Remarks

David Green's tenure as Director of the SFO has not always been plain sailing. However, when considered in the round, Green leaves the SFO in a better position than he found it. The SFO now appears to have the tools, direction and focus needed to perform its role as the principal investigator and prosecutor of complex economic crime in the UK. The UKBA and the DPA regimes are a key part of this new enforcement landscape.

As regards what observers in Ireland can learn from the SFO's experience in recent years, a number of points are relevant. Although there was the inevitable delay in cases, the SFO's investigations case pipeline is packed with blue chip UK Plc companies. There has been a definite uptick in the SFO's enforcement activity as a result of the UKBA and DPAs and it will be interesting to see whether such corporate resolutions become a feature of enforcement policy under the Criminal Justice Act. Related to that uptick, is the emergence of a newly confident SFO, prepared to tackle large UK Plc companies and defend challenges to it processes. The SFO's successes are also having a positive impact on its ability to attract talent to its workforce and additional funding from the UK government. Such talent and funding will only further the ability of the office to tackle complex economic crime in the future. There is every reason to predict that these enforcement trends will cross the Irish Sea in the years to come once enforcement of the Criminal Justice Act begins in earnest.

However, despite its progress, there remains room for improvement and much still to do before it can be said that the SFO is performing as it should. Investigations are still taking much longer than they should, funding still remains tight and question marks remain over the lawfulness and fairness of the SFO's procedures. No doubt these are issues that will also be faced by the Irish prosecutors in due course when seeking to enforce the Criminal Justice Act. **ICQ**

Authors: ***Charles Thomson, Tristan Grimmer and Henry Garfield, Baker McKenzie.***

REFERENCES

(1) When referring to the SFO in a speech in 2015, the former Director, David Green CB QC said that "it is as if the oil tanker has completed its turn, and is now on the right course and making headway. The seas, of course, are always choppy if not rough for this particular tanker, and the rocks treacherous". www.sfo.gov.uk/about-us/our-views/director's-speeches/speeches-2014/david-green-cb-qc-speech-to-the-pinsent-masons-regulatory-conference.aspx. A version of this article first appeared in the June 2018 edition of Compliance Officer Bulletin.

(2) See: R v Innospec Limited [2010] EW Misc 7 and "Judge blasts SFO over Tchenguiz case", Financial Times, 4 April 2012, available here https://www.ft.com/content/a5f9b866-7e49-11e1-b20a-00144feab49a?ftcamp=published_links%2frss%2fcompanies_uk%2ffeed%2f%2fproduct%23axzz1r8wDVOqz

(3) HM Crown Prosecution Service Inspectorate, "Report to the Attorney General on the inspection of the Serious Fraud Office", dated November 2012, available here https://www.justiceinspectorates.gov.uk/crown-prosecution-service/wp-content/uploads/sites/3/2014/04/SFO_Nov12_rpt.pdf

(4) House of Commons Committee of Public Accounts, "Serious Fraud Office - redundancy and severance arrangements", dated 2013-14, available here https://publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/360/360.pdf

(5) https://www.sfo.gov.uk/2018/04/19/changes-to-sfo-funding-arrangements/

(6) https://www.sfo.gov.uk/2013/09/02/cambridge-symposium-2013/

(7) http://www.transparency.org.uk/publications/letter-to-sfo/#.WvXtAKQvyUk

(8) See for example: SFO v Eurasian Natural Resources Corporation Ltd [2017] EWHC 1017 (QB) (08 May 2017)

(9) See for example: R (on the application of AL) v SFO v XYZ Ltd, ABC LLP, MS and DJ (para. 125)

(10) The investigation into G4S and Serco's electronic monitoring contracts is now in its fifth year, while the investigation into ENRC is almost in its sixth year. Neither of these cases appear to have progressed beyond the investigation stage.

Brexit Update

by Brian Hayes, MEP

BREAKING UP IS HARD TO DO

In June 2016, after 43 years of an unhappy relationship, the British people by a narrow majority decided to leave the EU. Having made the decision, they soon found out, in the words of the Neil Sedaka hit song from the 1960s that, breaking up is hard to do, writes Brian Hayes, MEP *(pictured)*.

August is the traditional holiday month across Europe for politicians and civil servants. This year Brexit is likely to have intruded on their holiday plans. Decision time is fast approaching; the crunch October summit is only weeks away. In the now famous words of Michel Barnier - the clock is ticking.

At the October summit the UK and the EU will attempt to finalise a legal withdrawal agreement, including a legally binding backstop for Ireland. The EU and the UK must also reach a political agreement on the political parameters of a future EU/UK relationship. Any agreement reached in October, or even a later emergency summit, will then need to be ratified by the British and European parliaments. If an agreement is reached, a transition arrangement which will run until the end of 2020 will come into effect and the UK will continue to follow EU rules and regulations during the transition period. During the transition period a detailed trade and customs treaty between the UK and the EU will be negotiated. This future trade deal will in turn require ratification by the British Parliament, the European Parliament, national parliaments of the EU 27 and also by some regional parliaments.

If an agreement cannot be reached in the autumn then there is a real danger that the UK will crash out of the EU with no deal and no transition arrangement. Despite the protestations of senior British politicians a no deal outcome would be the worst outcome of all. Unlike his predecessor the current Foreign Secretary, Jeremy Hunt, knows that. Take the British car industry for instance. It has been estimated that on average 40% of every car produced in the UK is composed of parts manufactured in the EU 27. All modern manufacturing depends on just in time and in the right sequence industrial processes. Disruption to complex supply chains would have seriously negative consequences across the whole of UK economy. In the event of a failure to reach a deal it may be possible to extend or suspend the deadline of March 29th imposed by the British Government as the final withdrawal date, but that in turn would need the support of all the remaining 27 member states.

There is much at stake for all concerned this autumn. According to British data, in 2016 exports of goods and services to the EU were valued at £240 billion or 43% of total British exports. Exports from EU countries to the UK were valued at £320 billion or 8% of all exports by EU countries. Despite the EU having a large trade surplus with UK, as a share of total exports the EU is much more important to the UK than vice versa. Within these overall EU/UK figures it is important to note that more than one billion euro in goods and services is traded between Ireland and the UK each week. The Agri/Food/Drink sector and Irish SMEs are critically dependent on exports to the UK. It is in Ireland's clear interest that the closest possible trading arrangements between the UK and the EU continue after Brexit. Seven of Britain's top ten trading partners are in the EU; it is also in Britain's interest to stay close to the EU.

It took the British Government more than two years to reach an agreed position on Brexit at the Chequers meeting in July followed by the White Paper setting out the UK's negotiating position. In essence the British Government is proposing a close alignment with the EU on goods but divergence on services. After the resignation of David Davis and Boris Johnson and other minor government figures and concessions to hard Brexiteers in parliamentary votes there are now doubts regarding the survival of Theresa May and her government. If negotiations with the EU are to

"Finalising a deal by the end of October or even by the end of the year will be extraordinarily difficult. Will any possible compromise be capable of winning the support of the British parliament?"

be successful further concessions will be required. The EU is prepared to be flexible while maintaining its commitment to the integrity of the single market and to Ireland.

Finalising a deal by the end of October or even by the end of the year will be extraordinarily difficult. Will any possible compromise be capable of winning the support of the British parliament? The British government is dependent on the support of the DUP for its survival. Brexiteers are filling the air with charges of betrayal. There is even talk of a major realignment of British politics. To date the EU has stood shoulder to shoulder with Ireland, highlighting the advantages of being part of a strong negotiating block. Preserving the benefits of the Good Friday Agreement and maintaining open borders North/South and East/West will be a negotiating challenge for the Ireland, the EU and the UK.

At the beginning of the last century Home Rule for Ireland exposed deep divisions in British politics. Brexit is now doing the same, opening up political fault lines in Britain and in Ireland. It is somewhat ironic that the Irish Question is now centre stage in the Brexit negotiations. Indeed in some respects the hard line Brexiteers are a type of English Sinn Féin.

At the moment the prospect of a breakdown in negotiations is very real and could be further complicated by an autumn leadership challenge to the British Prime Minister. However the EU has a strong record of finding workable solutions to the very complex.

It won't be easy but I am hopeful that on this occasion also a solution will be found. **ICQ**

INTERVIEW

Irish Early Career AWARDS

R-L: Ciara Hanrahan, Irish Early Career Award 2017 category winner and guest.

ACOI are delighted to be Category Sponsors of the Irish Early Career Awards 2018. We are proud to sponsor with our education partner, The Institute of Banking (IoB), the following three categories: Compliance & Risk Professional of the Year, Fund Services Professional of the Year and Banking & Capital Markets Professional of the Year.

Last year, ACOI member Ciara Hanrahan was an Irish Early Career Awards 2017 Category Winner. Ciara has kindly shared with us her own experience of the awards from last year and the benefits she gained.

Q1 Can you tell us about your experience with the Irish Early Career Awards (ECA) last year?

My experience of the ECA was extremely positive and very enjoyable. I was nominated for the award by a recruiter with whom I have dealt with over the years. The process itself was very straight forward and I very much enjoyed the experience of the interview. The ECA event was a highlight, it was a great experience to be part of the overall night and be able to share that with my team members. It definitely gave me a great insight and an appreciation of the high calibre of young talent we have in Ireland across numerous industries and it was fantastic to be part of celebrating that. As a massive GAA fan meeting Des Cahill who hosted the events was also a great memory!!

Q2 How did you find the experience positive/ beneficial for you personally?

Overall the awards are a wonderful way of recognising the achievements of young professionals in Ireland. For me it was a really meaningful recognition of my hard work throughout my career. I also felt it was a recognition of the great leaders I have worked with over the years, hard work is always needed but when you are lucky to work with some great leaders it doesn't feel so hard, so my award is also partly their award.

I found the interview process very beneficial personally as the judging panel were extremely insightful and provided great guidance to me as to how I want to progress my career and the type of leader I see myself being. It was only in the months following the awards I really understood the magnitude of winning the award and the personal & professional recognition it has brought me.

Q3 Was being an ACOI member and taking the PDC course a help?

As a compliance professional in general, the PDC course and being a member of the ACOI has also held an additional weight to my career that has complimented my working experience. The PDC course has given me a solid foundation of all aspects of compliance and being a member of the ACOI has provided me with the tools and network to stay up to date with the ever changing compliance environment. The PDC course is the standard "quality mark" for all compliance professionals and is key for career progression within the industry.

I think it is fantastic that the ACOI are involved in sponsoring the event this year. The ACOI is such an important element for a compliance professional, so that coupled with a specific Risk and Compliance category this year it shows how fundamental compliance is to the industry along with the strength & opportunity it brings as a career choice.

Q4 What advice would you give this year's nominators/ nominees?

The main advice I would give to nominators/nominees is that this is such a great opportunity to be recognised for the contribution of young professionals not only in their organisation but also across the industry in promoting and developing the importance of the compliance culture. Being considered for the awards is an achievement that will help you grow and excel in your career. My advice to nominees is along with demonstrating what you have achieved in your career also provide the judges with insight to who you are personally and how you give back to the compliance community.

For nominators it is a great way to show appreciation for talented young professionals that will stand to them for the rest of their career. ICQ

NOMINATE NOW

Nominations for the Irish Early Career Awards close on Sunday, 30th September and full rules and guidelines can be downloaded from the website. http://earlycareerawards.ie/

AML/CFT RISK ASSESSMENTS:

WHERE TO GO *from Here?*

Anti-Money Laundering ('AML') and Countering the Financing of Terrorism ('CFT') Risk Assessments are a critical tool and key element of governance and risk management for regulated entities to understand and actively manage the associated inherent risks arising from the provision of services to clients and stakeholders. Later in the article we touch on the importance of AML/CFT Risk Assessments (hereinafter 'Risk Assessments') as a foundation for any AML/CFT Programme or Framework. We believe that this echoes not just best practice but also, for the reader, captures a significant concern for the Central Bank of Ireland.

The Central Bank of Ireland has, through their public statements relating to AML/CFT-related Settlements, flagged their expectation and concerns in relation to Section 54 (Internal Policies and Procedures and Training) of The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended by the Criminal Justice Act 2013 (referred to collectively in this article as 'the Acts'). We examine the role of Risk Assessments in enabling entities meet the requirements of Section 54 as this Section has been cited or captured within every Settlement Agreement since Western Union Payment Services Ireland Limited in May 2015.

How did we get here and where are we now?

While not an explicit requirement under current legislation (The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended by the Criminal Justice Act 2013 – ('the Acts'); Risk Assessments are cited by national regulators and global bodies as central to the successful management of risk relating to Money Laundering ('ML') and/or Terrorist Financing ('TF').

The Financial Action Task Force ('FATF') issued guidance in 2014 ("Guidance for a Risk Based Approach for the Banking Sector") wherein they stated that Risk Assessment forms the basis for a Risk-Based Approach. The Risk-Based Approach allows the responsible parties to "identify, assess and understand the ML/TF risks to which they are exposed and take AML/CFT measures commensurate to those risks in order to mitigate them effectively." This is in line with Recommendation 1 ("Assessing risks and applying a risk-based approach"). FATF did capture in their September 2017 Mutual Evaluation Report that this was not a legislative requirement in Ireland as yet (Criterion 1.10) but concluded that Ireland was Largely Compliant in spite of the "lack of an express requirement for FIs [Financial Institutions] and DNFBPs [Designated Non-Financial Businesses and Professions] to identify, assess and understand ML/TF risks and keep those risk assessments up-to-date."

When considering the Irish requirements, direction within the 2012 Guidance Notes should be noted and have had regard to the guidance provided by the Central Bank of Ireland via the various Letters and Bulletins as well as Industry-specific Reports and other public pronouncements. Without wishing to exclude Trust Company and Service Providers or other parties not subject to regulation by the Central Bank of Ireland, it would be sensible to consider the general findings of this article which might be of use to entities subject to Department of Justice and Equality supervision given the Department also speaks to FATF and the application of a Risk-Based Approach.

"The Risk-Based Approach allows the responsible parties to 'identify, assess and understand the ML/TF risks to which they are exposed and take AML/CFT measures commensurate to those risks in order to mitigate them effectively.'"

Using the Irish Banking Sector as an example, the Central Bank of Ireland found in its 2015 Report that, on reviewing Risk Evaluation Questionnaires and during on-site inspections in 2013 and 2014, there was a recurring issue of "incomplete risk assessments that do not effectively consider the inherent Money Laundering/Terrorist Financing risks relevant to the bank" ("Report on Anti-Money Laundering/Countering the Financing of Terrorism and Financial Sanctions Compliance in the Irish Banking Sector"). This might seem at odds with the then lack of legislative impetus, as identified by FATF in 2017, the 2012 Guidance Notes ("Guidelines On the prevention

of the use of the financial system for the purpose of money laundering and terrorist financing") do speak to the underlying need for a Risk Assessment to meet requirements regarding Policies and Procedures under Section 54 of the Acts. Readers should specifically review the Settlement Agreements for Ulster Bank Ireland DAC in October 2016 and Bank of Ireland in May 2017 where the Central Bank of Ireland speak to issues detected both in the assessment by the entities of the ML/TF risks specific to their business and the shortcomings in mitigating systems and controls.

Where are we heading?

While Ireland is currently pending transposition of the Directive the authors note that the Bill as drafted (Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Bill 2018) requires Designated Persons to not just carry out Risk Assessments (Section 30A. (1) - "Business risk assessment by designated persons") but to also ensure that they are relevant to the everyday activities such as the performance of Customer Due Diligence (Section 30B. (1) - "Application of risk assessment in applying customer due diligence"). This is in line with the 2017 European Banking Authority Guidelines where they considered the enhanced requirements for AML/CFT Risk Assessments in accordance with the EU 4th Money Laundering Directive ("Joint Guidelines under Articles 17 and 18(4) of Directive (EU) 2015/849 on simplified and enhanced customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions"). It would be the expectation that where an entity is not currently performing a formal periodic Risk Assessment that this be factored into workplans for 2019 when it is expected the new Bill shall be enacted.

Regardless of the future domestic legislative requirement (which appears certain), historically, and of relevance going forward, the Central Bank of Ireland, in their reports during 2015 and in 2016 focussing on particular sectors of the regulated financial services industry (2015 - Banking, Credit Unions and Funds; 2016 – Life Insurance; 2018 – AML Bulleting in relation to Investment Firms) found, per the 'Dear CEO' of 2012, that Risk Assessments generally lacked the support and approval by the Board of Directors. The Central Bank of Ireland found that although the Board of Directors retain ultimate responsibility for AML/CFT risk and compliance, the Directors were not adequately informed of, nor conversant with, the AML/CFT risk faced by their entities. Of consideration therefore is that for a Risk Assessment to be effective the Board must approve it. This ensures that the consideration of AML/CFT Risk informs their decision-making.

A Risk Assessment should not, however, be considered as just a key risk management document for use or reference only by the Board as they discharge their supervisory and strategic responsibilities. It should be the outcome of a collaboration between the three Lines of Defence. Throughout the assessment and following its introduction, there should be clear delineation and definition of roles and responsibilities between the Lines of Defence to ensure management of risk is taking place and being monitored at the appropriate level. All stakeholders should come together to provide a full, relevant and workable framework that enables an entity to a) identify Money Laundering or Terrorist Financing risks; b) assess the threat those risks pose to their organisation and business; c) consider potential vulnerabilities to those risks; d) analyse the threat level of those identified risks and e) ultimately work together to design, implement and manage the controls required to manage or mitigate those risks. Internal Audit needs, in turn, to have the requisite knowledge and skills or access to subject matter experts to discharge their responsibilities.

In this spirit, an effective Risk Assessment is one that captures and considers risks with a level of detail and analysis appropriate to the entity, its business model, and the risks it faces as an organisation. It should deploy, appropriate Management Information and be fully updated on at least an annual basis. It should contain relevant Key Risk Indicators (or 'KRIs') to allow for the ongoing monitoring and reporting on how the entity is managing its Money Laundering and/or Terrorist Financing Risk.

A Risk Assessment should have KRIs that allow a consistent, quantitative approach be taken in relation to the measurement of effectiveness of controls in place (Relationships exited for ML/TF reasons; Suspicious Transaction Reports filed; etc.). This quantitative approach should follow, wherever possible, a similar methodology or weighting as other Risk Assessments within the entity simplifying review

and understanding by stakeholders as to ML/TF Risk within the broader Risk Framework. Wherever possible, the definitions and levels for Inherent and Residual Risks should reflect those of other areas within the entity to allow for consistency and ease of issue identification by stakeholders.

The Risk Assessment should also have space to allow for a qualitative approach considering the environment within which the Risk Assessment is being drafted e.g. the National Risk Assessment; the Risk Appetite Statement as set by the Board of the entity; the potential impact of Brexit; etc. Ultimately, an effective Risk Assessment provides a solid foundation for an entity's AML/CFT Programme or Framework. This includes (per the 2012 Guidelines) the Policies and Procedures required for compliance with Section 54 of the Acts.

How do we get there?

In conclusion, and seeking to stress the importance of AML/CFT Risk Assessments as a tool to ensure regulatory expectations are being met and ML/TF risks being handled appropriately (and the requirements of the to-be enacted Criminal Justice Bill), the authors again flag that various forms of non-compliance with Section 54 have been cited by the Central Bank of Ireland within their public statements relating to Enforcement Actions. Given the existing benefits and protection that an AML/CFT Risk Assessment can bring, as well as the enactment of the EU 4th AML Directive which will introduce the legislative requirement (see above), the authors strongly suggest that, where an entity is not currently carrying out a Risk Assessment, or where it is unsure as to the robustness of its current approach in relation to meeting requirements of Section 54, that this should be factored in to the AML/CFT-related body of work in the coming months. ICQ

Author – AML Working Group.

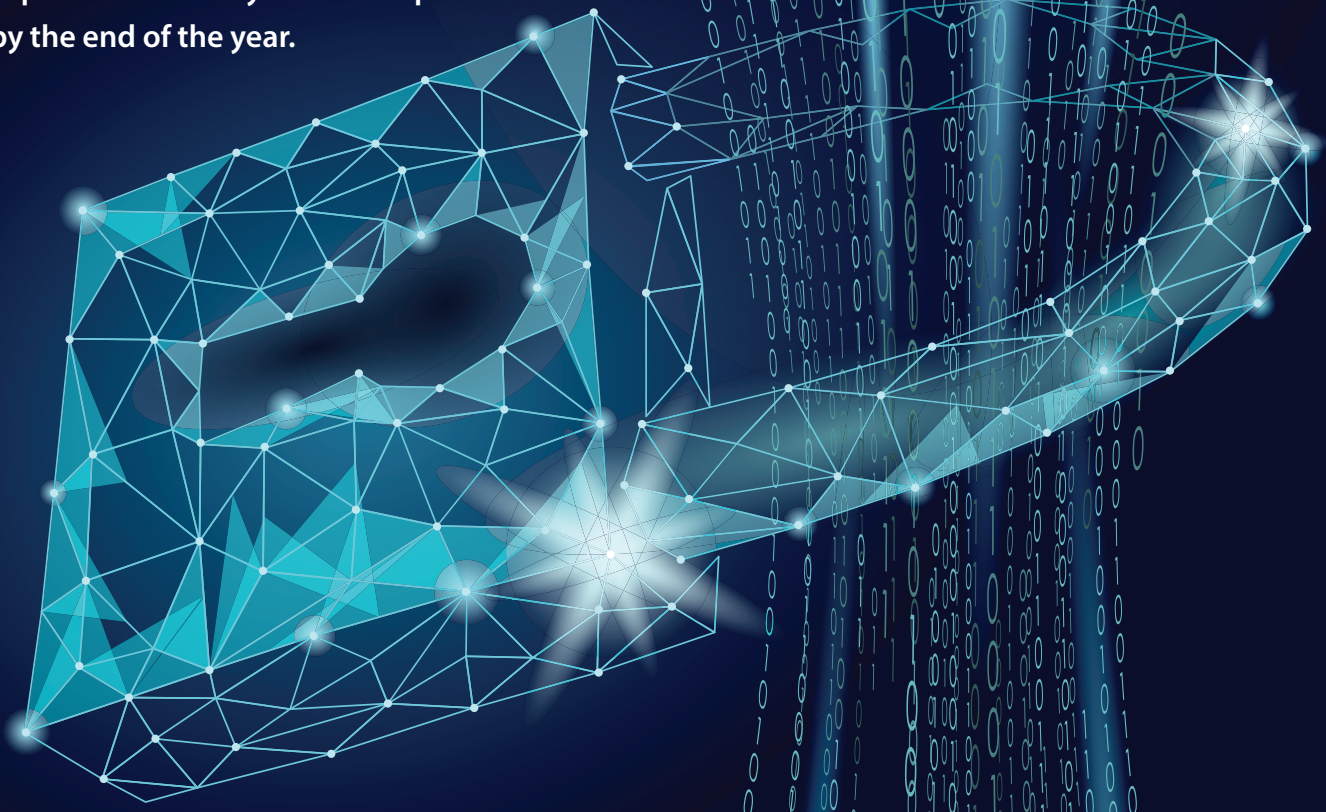
DO	DON'T
Engage with stakeholders in the design, completion and ongoing reporting against the Risk Assessment.	**Complete the Risk Assessment in isolation or as standing apart from the daily activities of your entity.**
Require the Board to review and approve the Risk Assessment on at least an annual basis.	**Allow more than 12 months prior to your risk assessment, with the information contained within, to be refreshed.**
Use scoring methodology and weighting that aligns to a) your entity's Risk Appetite Statement or similar framework; b) the requirements of the CBI Risk Evaluation Questionnaire and c) is both qualitative and quantitative.	**Over-engineer the risk weighting or fail to record the logic applied.**
Determine in the design of your Risk Assessment how and where dashboards or Management Information can be made available for stakeholders - assist the reader in identifying where the risk lies; the controls that are in place and the effectiveness of those controls.	**Over-complicate or mask the risk through excessive verbiage or unclear presentations of statistical information.**
Keep Risk Assessments current with periodic review of defined KRIs to determine whether a more comprehensive refresh or a themed interim assessment might be required.	**Operate on a solely qualitative model without defined limits or thresholds for action and/or escalation where breached.**

ICQ
Data Protection & Technology

ARE YOU PREPARED FOR THE

*e*PRIVACY REGULATION?

It has been a busy year for data protection officers and compliance professionals ensuring their companies are GDPR compliant. A recent international survey reported 20% of respondents had completed their compliance journey, while 74% expected to be fully GDPR compliant by the end of the year.



While considerable work remains with regard to GDPR, firms must be mindful of another key piece of EU legislation. The ePrivacy Regulation (ePR) is likely to be introduced at some point in 2019 and will significantly affect a range of business activities.

The Regulation is part of the EU's strategy for a digital single market, and will replace the existing 2002 Directive. ePR will apply to all electronic communication providers. This includes Over The Top (OTT) providers such as Netflix, Skype and WhatsApp but also any ancillary interpersonal communication services.

At its core, the Regulation seeks to ensure providers of communication services handle data so that data subjects' privacy and rights are protected, adhering to the principle of confidentiality. In this article, I outline some of the key aspects of the legislation as currently drafted.

Streamlining Cookie Rules

The new Regulation will streamline rules on cookies. It will overhaul the current system of consent pop-ups on websites, which many commentators view as both annoying and ineffective. Adopting GDPR's principle of privacy by design, browser settings may be taken as consent. It will thus require web browsers to provide users with a range of cookie options and tracking controls.

Content and Metadata

The Regulation's remit extends much further than cookies. It will seek to guarantee the privacy of both the content of a communication (voice, text, video, and image) and the metadata associated with it, such as location, time and device-related information.

Direct Marketing

Unsolicited electronic direct marketing by any means will be prohibited where consent has not been given. An opt-in will be required for all types of electronic marketing, except where email details have been obtained in the context of a sale or service. Businesses should note that while postal direct marketing falls outside of the Regulation, it is covered within the scope of GDPR.

Most sales teams still undertake some level of phone marketing. Businesses using this method will need to ensure they display their phone number or use a special prefix number that indicates it is a marketing call.

Legal Persons are also Covered

In addition to individuals, businesses as legal entities are covered by the definition of 'end user'. This is a significant change.

One of the Regulation's objectives is 'to ensure an equivalent level of protection of natural and legal persons'. This will pose difficulties for many firms as the principles outlined under GDPR were designed primarily with an individual's personal data in mind.

"Most sales teams still undertake some level of phone marketing. Businesses using this method will need to ensure they display their phone number or use a special prefix number that indicates it is a marketing call ."

E-PRIVACY LINGO #1

Over-The-Top (OTT) refers to companies who deliver one or more services to consumers over the internet. It covers a variety of communications including voice and messaging, content (e.g. TV and music) and cloud-based offerings. Well-known examples include Netflix, WhatsApp and YouTube.

Substantial Fines

Fines will be set at the same levels as under GDPR, with a maximum fine of 4% of global turnover or €20 million, whichever is the greater. The Data Protection Commission will oversee monitoring and enforcement in Ireland.

Advertising Industry Concerns

For compliance professionals working in the communications industry, sectoral bodies have outlined significant concerns that ePrivacy

could affect the business model of sites reliant on advertising to support free provision of news and information. In particular, this could include the potential non-compliance of tracking walls, which prevent consumers from accessing sites without first giving their consent.

What actions can compliance professionals take at this point?

If your business is already GDPR compliant, it is well placed for the arrival of the ePrivacy Regulation next year. However, ePR does pose a number of additional requirements.

A good place to start is assessing your cookie policies. Seek legal and technical advice on the likely requirements under the new Regulation. In particular, the actions required on your firm's website as opposed to technical and interface changes to the browser. Talk to your web agency and IT team about early adoption of best practice on the range of options you will need to offer visitors to your site.

E-PRIVACY LINGO #2

A cookie is a small amount of data sent from a website and stored on the user's computer by their web browser. Cookies are a way for websites to remember relevant information such as the items in an online shopping cart or to record the user's browsing activity

"Consider the level of training needed within your team and in the broader organisation. Could this be built into existing GDPR programmes within your firm?"

Ask yourself, are you clear on the timelines required for any development work and implementation should the new Regulation go live earlier than currently envisaged?

- Work with your marketing teams to understand the scope of your business's direct marketing activity, particularly e-direct marketing.
- Get clarity on how users' metadata is obtained, processed and stored within the organisation. Is it core to service delivery? Will consent need to be sought in future?
- Undertake an audit of what communications data belonging to legal persons is processed. Would this meet compliance requirements under the new Regulation?
- Consider the level of training needed within your team and in the broader organisation. Could this be built into existing GDPR programmes within your firm?

Much clarity is still required; however, those businesses that begin their compliance journey at an early stage will be well placed for the challenges and opportunities that ePR will present. ICQ

A note from the DPT WG: *The next iteration of the Regulation had previously been expected in October/November this year, but is now not expected until year end at the earliest and that draft will be subject to further changes before being finalised.*

Steven Roberts is Head of Marketing at Griffith College and a Certified Data Protection Officer. He is a member of the ACOI's Data Protection & Technology Working Group.

ACOI
The Association of Compliance Officers in Ireland

THE ACOI NEEDS YOU!

The ACOI is a membership-led organisation and we need *your* help!

Our Working Groups are comprised of members volunteering their time and expertise to help the ACOI be the go-to place for compliance officers in Ireland.

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To ensure that each Working Group has the broadest skill set possible and is working to provide the most up to date information for ACOI members, we are inviting expressions of interest from all members to join a working group!

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ACOI CURRENTLY HOST THE FOLLOWING WORKING GROUPS:

- AML
- Consumer Protection
- Credit Unions
- Funds
- DP & Technology
- Pensions
- Prudential Regulation & Governance
- Fintech

Any ACOI member who wishes to express an interest in joining one of our Working Groups can do so by emailing the ACOI at info@acoi.ie with the subject line Working Group membership.

THE ASSISTED DECISION MAKING CAPACITY ACT 2015

Authors: Consumer Protection Working Group

The Assisted Decision-Making Capacity Act 2015 ("the Act") was signed into law on the 30th December 2015 however, it has largely not yet commenced. The Act is about supporting decision making and maximising a person's capacity to make decisions.

Recently, Aine Flynn, Director of the Decision Support Service gave a presentation to ACOI members. While initially members may think this Act won't be relevant for the financial services industry, through the Director's presentation it was clear that the Act will have a big impact on Financial Service Providers ("FSP"). Some of the impacts include:

A fundamental shift away from the presumption of incapacity, to the presumption of capacity. The Status (you have a disability, therefore you cannot have capacity) and Outcome (what you want to do is so unwise that you must lack capacity) approaches that we are used to are replaced by a Functional approach (do you have capacity to make a decision now, in the context of the available choices).

Moving from assessment of Vulnerability to assessment of Capacity. While the Consumer Protection Code 2012 defines a vulnerable person, the Act makes no reference to Vulnerability, recognising that vulnerability and capacity are two separate things, and not always related. It refers instead to 'relevant persons', defining them as:

a) a person whose capacity is in question or may shortly be in question in respect of one or more than one matter,
b) a person who lacks capacity in respect of one or more than one matter, or
c) a person who falls within paragraphs a) and b) at the same time but in respect of different matters as the case requires.

As a person is presumed to have capacity, the Act will require a significant adjustment for those needing to assess capacity. The functional test for capacity is now time and issue specific. It requires a person's capacity to be assessed on:

- the ability to understand at the time the decision has to be made
- the nature and consequences of the decision to be made
- the context of available choices at that time.

The Act will abolish Wardship of Court and provides for a number of different types of Decision Maker roles that a relevant person can appoint to assist and support him/her. The types of decision makers are:

- Decision-Making Assistant, this is lowest and least formal of the three levels. They are appointed by a person when he/she considers capacity is or may shortly be called into question. However, the decision is still made by the appointer.
- A Co-Decision Maker is appointed by a person when

the Appointer considers capacity is or may shortly be called into question. He/she may make specified decisions jointly with the appointer.

- A Decision-Making Representative is appointed by the Circuit Court where it is satisfied that a Co-Decision Maker will not suffice. This is a form of substituted decision making.

Practical considerations for FSPs include the need to consider if there will be identification and verification or data protection implications where an account holder has appointed someone to a decision making role or if system amendments need to be amended to capture details of the Decision Maker involved.

The Act is expected to be fully commenced by the end of 2019, with a Code of Practice for financial professionals due to be published in Q2 2019. An industry Code of Practice is expected to provide much greater clarity around what is required and expected. Opportunities exist now to influence the shape of the final regulations and the Code of Practice which will be available to assist with implementation. It is expected there will be a public consultation period for the Code of Practice.

"The Act is expected to be fully commenced by the end of 2019, with a Code of Practice for financial professionals due to be published in Q2 2019."

For now, firms should review Aine Flynn's presentation on the ACOI website and engage with the Banking & Payments Federation Ireland if you have not already done so.

To access the presentation, CLICK HERE. Should you have any queries you can email them to **info@acoi.ie** and they will be passed to the Director of the Decision Support Service, for her review. ICQ

OUTSOURCING REQUIREMENTS UNDER SOLVENCY II:

TIPS ON EFFECTIVE COMPLIANCE IN A POST BREXIT WORLD

On Thursday 26th June 2018, the ACOI Prudential Regulation & Governance Working Group (PR&G) held a lunchtime seminar dealing with Outsourcing Requirements under Solvency II (SII). Whilst SII requirements only relate to (re)insurance undertakings, the following view and update has relevance for all financial service firms but only to an extent, i.e. as the rules apply.

A View from the Central Bank of Ireland

From the Central Bank of Ireland (CBI), Lisa O'Mahoney, Head of Function - On-site Inspections, Insurance Supervision Directorate, highlighted the definition of outsourcing as:
'an arrangement of any form between an insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself'. (S.I. 485).

In practice common activities outsourced, include Underwriting, Claims, Administration, IT, Actuarial and Internal Audit services. A key point to bear in mind in relation to such outsourced activities is that the (Re)Insurance Undertaking remains 'fully responsible'. It is important to 'define critical and non-critical outsourced activities that are outsourced and provide a list of such to the Board on an annual basis to ensure they have complete oversight'.

What are the Potential Risks of Outsourcing?

The key risks per outsourced activity are detailed below in diagram 1 and diagram 2:

Potential Risks of Outsourcing? – *Core Insurance Activities*

Outsourced Activity	Risks may include*
Underwriting	• Lack of underwriting guidelines and criteria agreed with the outsource provider. Or a lack of adherence to these guidelines, potentially leading to underwriting business outside of the risk appetite of the (re)insurance undertaking. • Lack of expertise in the (re)insurance undertaking to understand the products being sold, in the territories within which they are being sold. If relying heavily on the expertise of the outsourced party, undesired risks may be accumulated on the balance sheet of the insurance undertaking.
Claims management	• Claims management practices in the outsource provider may not be aligned with the expectations of the (re)insurance undertaking. • Insufficient or unreliable data may be provided to the (re)insurance undertaking, impacting the ability of the regulated entity to reserve appropriately. • There may be a lack of knowledge of the 'local' claims environment in the (re)insurance entity, where operating in foreign jurisdictions.
Asset Management	• The outsourcing party may not invest in line with the risk appetite or investment mandate of the (re)insurance undertaking. • There may be fund accounting errors and/or mis-pricing leading to customer detriment or financial losses for the (re)insurance entity. • There may be issues reporting asset information under Solvency II Pillar III requirements.

Diagram 1.

**Please note these are not all the risks associated with these outsourced activities*

Potential Risks of Outsourcing? – *Operations, Information Technology and Key Control Functions*

Outsourced Activity	Risks may include*
Operations	• Customer Service – customer service errors, mis-selling, poor complaints handling etc. may lead to brand erosion. • Administration of policies – examples include: delays in service is issuing policies may result in lost business, lack of timely or inappropriate handling of policy surrenders may result in financial loss for the insurance undertaking, provision of key consumer information, such as pension statements in an incorrect format not compliant with legislation may lead to regulatory breaches and fines.
Information Technology	• Security provided– is there an adequate level of security to protect the data and market sensitive information of the (re)insurance undertaking. • Reliability – service quality and the continuity of service may be vital as outsourced IT services often underpin business critical systems.
Key Control Functions	• Sufficient time, expertise and understanding to dedicate to your company • Transfer of knowledge from the (re)insurance undertaking for some critical areas , resulting in a dilution of expertise in the company, due to dependence on the knowledge and expertise of the service provider. • Flexibility, as the business changes is the key control holder aware and keeping up? • Potential for conflict of interest.

Diagram 2.

**Please note these are not all the risks associated with these outsourced activities*

"In practice, common activities outsourced, include Underwriting, Claims, Administration, IT, Actuarial and Internal Audit services."

The key risk noted was service provider failure. The CBI will expect to see not 'just minimum compliance but how the risks are managed' and this can be done through the steps outlined below throughout the Outsourcing Lifecycle.

The Outsourcing Lifecycle

1. Due Diligence

A robust due diligence checklist covers, at a minimum, the following key aspects:

- The outsource provider's control environment and governance structure;
- The outsource provider's IT, security and business continuity practices;
- The outsource provider's track record in relation to service delivery and regulatory compliance (where relevant);
- The outsource provider's Human Resources (HR) practices, hiring, training etc.;
- The financial strength of the outsource provider, this should be monitored on an ongoing basis; and
- The Risk Function should provide a risk assessment of the process being outsourced, any new risks introduced and how these will be mitigated.

It is imperative that these are not just reviewed in a point of time but 'monitored on an ongoing basis'. Recording the due diligence checklist and supporting evidence including the risk assessment is key evidence for the Regulator.

2. Transition

Upon completion of the due diligence, the transition of activities to the Outsource provider should include the following:

- **People –** Roles and responsibilities for the Firm and the Outsource provider should be documented and agreed;
- **Policies –** Outsource provider must align their policies to SII requirements;
- **Business Readiness;** and
- **Communication** with the Regulator.

3. Ongoing Oversight

The core of SII is that the Firm remains responsible and accountable for what the outsourced service provider does on its behalf. This is why good governance structures are vital to ensure that the Board has sufficient oversight of the breadth of the outsourced activities. Outsourcing should be a standing agenda item for the Board Risk Committee.

A typical outsourcing governance structure is illustrated below in diagram 3:

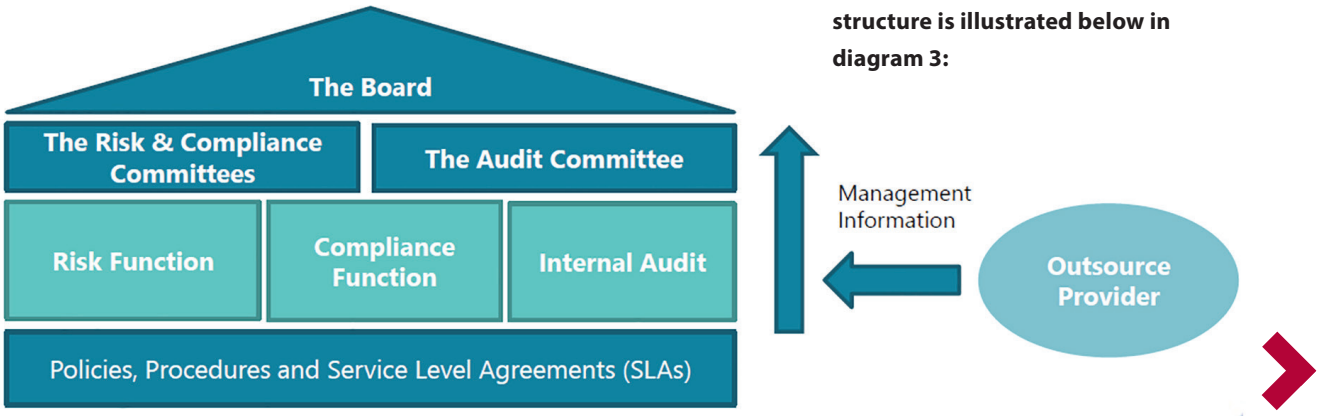

Diagram 3.

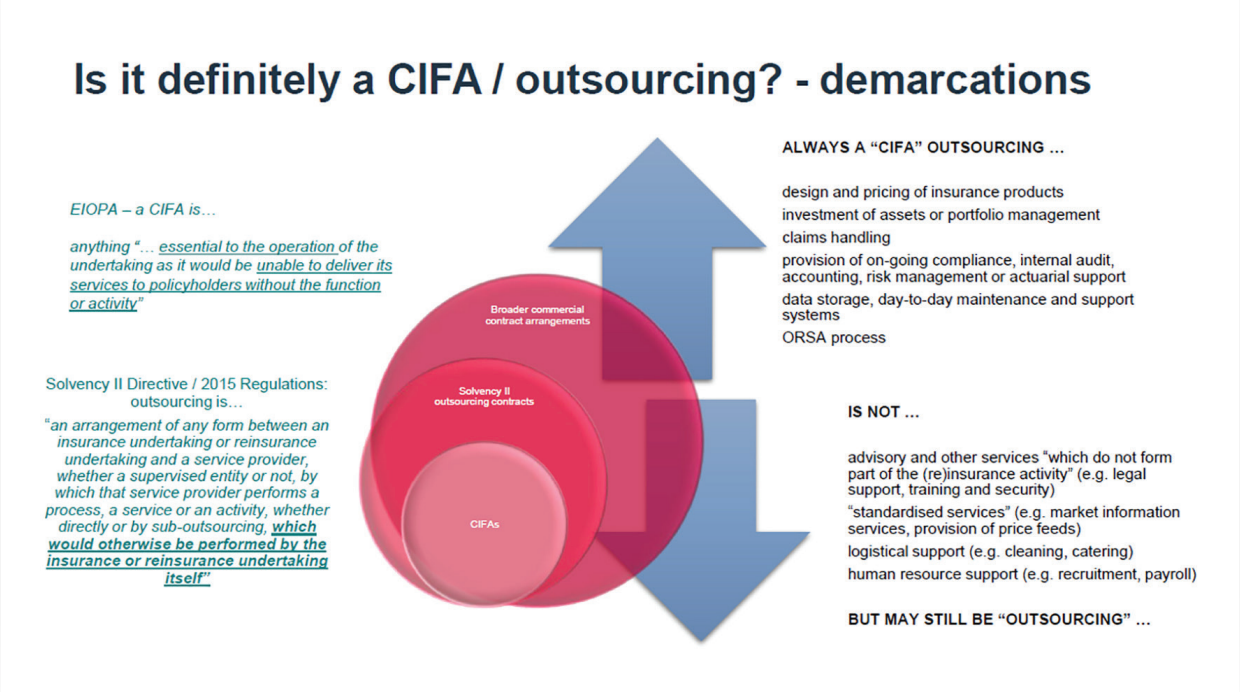

Diagram 4.

4. Business Continuity and Exit Strategies

Disaster Recovery (DR) and Business Continuity Planning (BCP) policies should be in place. These should clearly reflect roles, responsibilities, key processes and controls in the outsourced provider and the (re) insurance undertaking. Realistic Recovery Time Objectives (RTOs) should be included in the Service Level Agreement (SLA) with the outsource provider, in particular where the service is critical. It is recommended that the insurance undertaking complete a Business Impact Assessment (BIA) annually and rate the criticality of the services being provided. The DR and BCP processes should be tested periodically. This should be more frequent where the service is of a critical nature. The results of this should be reviewed and actions taken where appropriate. It is beneficial for the insurance undertaking representatives to attend DR and BCP testing at the outsource provider.

An exit management strategy must be included in the SLA with the outsource provider. Such a strategy should include circumstances where the outsourced services may be unexpectedly withdrawn by the provider OR where they may be voluntarily terminated by the (re)insurance undertaking.

Scenario planning has been included in the Own Risk and Solvency Assessment (ORSA) in order to capture what the (re)insurance undertaking would do under severe and sudden events, such as the possible failure of the outsource provider. Such scenarios should be explored and documented in detail.

Meeting Outsourcing Regulatory Expectations

Eoin Caulfield and John O'Connor, William Fry, shared their tips and experiences in meeting regulatory expectations in drafting outsourcing contracts. They advised that it all begins with a 'good outsourcing policy', which should contain:

- **Clear scope –** be concise but comprehensive;
- **Practical –** e.g. demarcation between Critical or Important Function or Activity (CIFA) i.e. outsourcing activities to which SII outsourcing requirements apply and Non-Critical or Important Function or Activity (Non-CIFA);
- Accountable persons identified;
- **Flexible –** can be adapted as needs evolve;
- **Easy to read;**
- **Interacts with other policies –** e.g. risk register; and
- **Up-to-date** (incl. "owner" and version control).

Furthermore, they suggested appendices to the policy such as due diligence questionnaire, templates agreements – intergroup and external outsourcing (incl. Article 274 text) and Terms of Reference.

The topic of CIFAs outsourcing was explored, as summarised in diagram 4 below.

"Finally, regarding Brexit, it was noted that Firms should prepare for the worst – a risk assessment must be done and it must detail the impact of Brexit on the Firm's outsourcing arrangements."

Compliance with applicable law, regulation, guidelines and policies

Article 274 of the SII Delegated Regulation (in relation to a CIFA) outlines in detail the obligations of the firm. These obligations can be discharged and evidenced through robust Service Level Agreements (SLAs / Key Performance Indicators (KPIs). It is key that an SLA describes the standard of performance. Clarity and objectivity is vital and service levels should inter-relate with the service description. SLAs should avoid making service levels credits an exclusive remedy.

Tips for service levels include agreeing the levels of contractual obligation that best suits the Firm. Response times versus resolution (fix) times should be differentiated and time lines adhered to. Consequences of missed timelines should also be highlighted. The Firm should have audit rights to back up/ check reporting - 'Use it or lose it', beware of intentional or inadvertent waiver of obligations.

When it comes to exit management, the written agreement must provide for a sufficiently long notice period for the firm "to find an alternative solution". The firm must be able to terminate the contract "where necessary without detriment to the continuity and quality of the services to policyholders".

Brexit - "Lateral Thinking"

Finally, regarding Brexit, it was noted that Firms should prepare for the worst – a risk assessment must be done and it must detail the impact of Brexit on the Firm's outsourcing arrangements. Some elements to be mindful off were noted as:

1) No 'one size fits all' with regard to post-Brexit operating models.

2) Brexit contingency planning with outsourcing examples:

- New Irish/UK (re)insurer subsidiary/ branch – outsourcing back to Irish/UK platform; and
- "All-Ireland" business models – assessing services provided to/from Northern Ireland.

3) EIOPA opinion on supervisory convergence in light of Brexit:

- cannot be an "empty shell" – Administrative, Management or Supervisory Board (AMSB), as Ireland is a common law jurisdiction and as it is the Compliance Association of Ireland, this is simply the board, CIFAs and other key infrastructure in head office;
- Proportionality/appropriateness – e.g. assess suitability to complex risk-profiles or a large scale business.

4) Dual platforms – managing conflicts of interest points and/or time commitments.

Niamh O'Mahoney, Senior Advisory Consultant, Regulatory and Risk, PwC & Member of the PR&G Working Group. ICQ

OVERVIEW

The Niall Gallagher Professional Diploma in Compliance Scholarship was launched to promote the importance of further education and recognition of professional certification in the advancement of an individual in their career in compliance. It is named the Niall Gallagher Professional Diploma in Compliance Scholarship in recognition of Niall's contribution to the field of Ethics and Compliance and in particular for his pivotal involvement in the formation and development of the ACOI.

The third annual Niall Gallagher Professional Diploma in Compliance Scholarship is now open for entries. Throughout 2018, the ICQ featured winning essays from the Niall Gallagher Professional Diploma in Compliance Scholarship. We conclude this series with third place winner Polina Duginova's essay.

WHAT MAKES A GOOD COMPLIANCE CULTURE & HOW DO YOU RECOGNISE IT?

by Polina Duginova.

Introduction

If we lived in a world where people robotically executed their tasks, then compliance culture wouldn't matter. This is, however, not the case. The recent financial crisis with its consequent scandals of organisations failures has certainty taught us the lesson that having a good comprehensive compliance culture is crucial for an organisation's survival, wellbeing and success. A poor culture can be a major driver of risk, while a good compliance culture may be its effective mitigant.

Building a good compliance culture is now as important as never before. A 2016 survey by Thomson Reuters has revealed that 58% of the businesses believed 'promoting a corporate culture of integrity to be the ultimate goal of their compliance and ethic programs' (Coleman, 2016).

But what is a good compliance culture and how may an organisation implement it or perhaps know that it already has one? This paper aims to address these questions while focusing on financial industry. In more detail, the paper intends to define compliance culture and illustrate its importance for organisational health, it also discusses essential elements of good compliance culture and provides some practical suggestions on how a compliance culture may be assessed and improved.

WHAT IS COMPLIANCE CULTURE?

Schein (1985) defined corporate culture as 'the set of values and decisions that represent the manner in which individuals can perform their activities within the organization' and behaviours that may be considered appropriate (Carretta, et al, 2015, p. 10). When it comes to a good compliance culture, we talk about a positive culture of integrity that 'embeds compliance into everyday workflow, as well as sets the foundation and expectations for individual ethical behaviour across the whole organization' (Thomson Reuters, 2016). Deloitte (2015, p. 2) pointed out that strong cultures consist of two main elements 'a high level of agreement about what is valued, and a high level of intensity with regard to those values'.

WHY IS IT IMPORTANT TO HAVE A GOOD COMPLIANCE CULTURE?

Today financial institutions are faced with sticker-than-ever compliance laws and regulations, where regulatory bodies and law enforcement agencies have huge fines handy available to be issued for compliance failures. According to CNBC (2015), US banks were fined over $204 billion since the financial crisis. In other words, having a poor compliance culture is simply too expensive to afford these days.

In addition, an organisation that does not have a good compliance culture in place risks a big stake of damaging its reputation. For instance, recent HSBC's compliance errors and lack of proper oversight severely hit the bank's reputation when systematic aiding of tax avoidance was discovered. (Wintour, 2015)

But perhaps most importantly, a good culture of compliance is a key ingredient that is capable of bringing people, processes and technologies to work effectively together. According to Deloitte (2015, p. 2), 'if the culture of the

organization does not support principled performance, then all of the people, processes, and technologies that are put in place to mitigate ethics and compliance risks cannot be effective'. A good culture can serve as a long-term strategic advantage by fostering and enhancing compliance efforts. A poor culture, on the other hand, can impede compliance efforts by ignoring hidden risks and harmful impacts on the organisation, its counterparties and the society as a whole. (Grand, 2005).

BUILDING BLOCKS OF A GOOD COMPLIANCE CULTURE

According to Grand (2005, p. 3), a good compliance culture 'includes strategic vision and relates to larger strategic goals'. It must therefore be comprehensive and built across the three main cornerstones of an organisation: people, program and platform.

PEOPLE

People may be the key success or key obstacle on the way to a good compliance culture in an organisation. Thus, a climate, in which problems aren't hidden but can be openly communicated to superiors, is a crucial element of a good culture. (Steward, 2015)
In a sound culture of compliance, people are committed and have clear responsibilities. They know what specific compliance element they are accountable for. According to Grand (2005, p.3), 'without a commitment to compliance, even the best policies and procedures will be useless'.

This would, however, most likely be impossible without the tone at the top, senior management example and proactive leadership. ACAMS (2017) explain, 'the best persons to encourage employees to embrace a culture of compliance are the chief executive officers, directors, CCRs and CCOs. They are required to lead by example and by communicating the organization's core values with passion and assertiveness.'

Furthermore, in organisations with good compliance cultures, people are treated as the most valuable assets. Their work is recognised and rewarded, their achievements are shared across the organisation and their training and education needs are well addressed. Negative ideologies are combatted and examples of good behaviour are publicised. The organisation's core values transform in the minds of all managers and employees, who passionately believe that what they are doing is best for their organization and for the society in general. (ACAMS, 2017).

PROGRAM

In a good culture, the compliance program must be robust, blending effective training for individuals, incentive systems and communication channels across different compliance functions, particularly including enterprise risk management (ERM). Deloitte (2013) explain that 'coordinating compliance risk management with ERM provides the operational basis for establishing, strengthening and validating the link between compliance and enterprise value'.
Moreover, a good culture compliance is characterised by effective procedures for the treatment of transgressors. The program is vigilant and addresses the risks that arise in each strategic area. It establishes control points for the risk elements and ensures controls are well documented for internal and external purposes. (Grand 2005)
Effective communication is another integral element of a sound compliance culture. 'Clearly defined strategic vision and objectives are central to effective management, and must be consistently communicated across all areas and level of the organization' (Grand, 2005, p. 3). In addition, communication systems, protocols and processes need to work in an extremely efficient, synchronized manner free of procedural and communication breaches. (ACAMS, 2017) Grand (2005, p. 5), further highlights that in a good compliance culture effective confirmation and correction processes are part of everyday life. The author defined confirmation as 'the way an organization ensures its progress is based on solid evidence', and explains that 'complex systems require monitors that can see through the complexity to identify the signs of processes or individuals operating outside the established boundaries'. The correction, on the other hand, involves 'effective handling of incidents, but must also include identifying and addressing the root cause of each problem – not merely the symptoms'.

PLATFORM

Platform in the context of this paper is information systems and tools, as well as their use and management. A compliance culture would not be good enough without sound IT systems and tools that should match effective compliance reporting and investigation needs. According to Deloitte (2013), 'the right technology and data architecture, both within and outside the compliance function, can go a long way toward improving compliance efficiency and effectiveness. Automating controls, for instance, can help lower costs and increase reliability, especially if the controls are first rationalized to reduce duplication'.

Having explained the three Ps of compliance culture (people, program, platform), it is also important to stress that a lasting sound compliance culture is not possible without ongoing changes. According to ACAMS (2017), 'a static program is a program at risk'. This is because the world does not stay the same. On the contrary, it is made up of ever changing laws

and regulations, fraudulent schemes, filing requirements and changes in technology, as well as internal changes, such as mergers and acquisitions, new products and services, new customers, changes in key staff, etc. Hence, a good compliance culture is a flexible culture that is capable of continuously incorporating changing priorities.

HOW TO RECOGNISE A GOOD COMPLIANCE CULTURE?

Measuring a compliance culture and identifying areas of improvements is a challenging task. The reality is, there is simply no standard metric or prescription capable of doing that. 'One way of knowing when culture has failed is when things go wrong and get worse or just go wrong again', states Steward (2015). To help identifying whether the culture is on the right track, Grand (2005, p. 6), suggest assessing it based on three Cs: communication, confirmation and correction.

Communication:
Are the messages to personnel consistent? Do individuals know what is expected of them? Are vertical as well as horizontal communications being utilised? Are they effective?

Confirmation:
Are processes and activities being measured and results reported? Does each position have a defined set of competencies? Is performance measured and rewarded? Are monitoring and feedback in place and effective?

Correction:
Are trends and anomalous patterns being detected and information about them directed into the measurement, reporting and response cycle? Are things being fixed in a timely and effective manner because the responsible parties are identified and held accountable?

A FEW SUGGESTIONS ON HOW TO IMPROVE COMPLIANCE CULTURE:

- Recognise that culture is a product of a wide range of contributory factors and then decompose it into its main drivers so that the role of each can be considered and developed. (Andrews, 2016).
- Make everyone vertically and horizontally accountable for compliance.
- Encourage openness, honesty and trust across the organisation.
- Embed compliance into approaches, systems and outputs. (Coleman, 2016).
- Make continuous improvement a part of the compliance culture.
- Do not zero-in on errors, but rather create an environment where employees know that the organisation is most interested in their overall success.
- Recognise employees for their good work and behaviour.
- Have training that is suitable for the level of employees' knowledge and skill.
- Utilise innovative tools that promote efficient work and maximum retention. (McGovern, 2016).
- Tell stories that serve as a consistent reminder of why employees serve the company they do. (Lowenthal, 2014).

Conclusion

This paper has discussed a compliance culture. It attempted to demonstrate what good compliance culture means and what benefits it brings to a financial institution. The paper has also illustrated the main components of a good compliance culture and provided a few suggestions on how a culture of compliance may be enhanced and improved. Overall, a sound compliance culture should run through a financial institution like the proverbial wording in a stick of rock. It should be in every person, every element of program and platform. Only then can organisation an position itself to effectively recognize, identify, report and avoid potential risk exposures. ICQ

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CUSTOMER EXPERIENCE in the Experience Economy

Charlie Boyle *(pictured)*, **Customer Service Ireland CEO, provides an insight into the role of the customer experience as a business differentiator.**

Firstly, many thanks to the ACOI for inviting me to contribute to your quarterly magazine. My work in the area of customer service and the customer experience has taken me to many areas which are far removed from the traditional retail and hospitality sectors that we incorrectly think that customer service is only relevant in. Customer service and the overall customer experience will become the single biggest differentiator for all businesses in the coming years. We are now firmly embedded in the 'experience economy' where the consumer and client are making more decisions based on the experience overall as opposed to the product or service being purchased. Millennials and Generation Z, will make up 68% of our customer base by 2022 and they are hugely driven by their 'experience' in engaging with an organisation, business or person. According to Forbes (2015), the generation after Millennials, Generation Z, which they defined as people born from the mid-1990s to the early 2000s, made up 25% of the population, making them a larger cohort than the Baby Boomers or Millennials.

Economists have typically lumped experiences in with services, but experiences are a distinct economic offering, as different from services as services are from goods. Today we can identify and describe this fourth economic offering because consumers unquestionably desire experiences, and more and more businesses are responding by explicitly designing and promoting them. Where does your sector of Compliance fit in? You understand that you are the voice of compliance and that you set and raise standards as well as educate and promote compliance. Is there an equal or at the very least a vibrant and positive focus on customer experience. Is the concept of 'internal customer service' fully embraced by all? Is customer experience part of your comprehensive educational offer to your Association members? Do you perhaps see your industry as exempt from high order thinking of customer service and say 'but we are compliance'?

When Amazon set out to sell books online they also set out to create an experience. Everything about their process is done to enhance the customer experience. The quality of the book and the cost of shipping etc. were naturally taken into consideration but today Amazon stand as the leader in the 'experience' factor. Coffee giants such as Costa Coffee and Starbucks started out thinking that their products (coffee) would carry them through but their focus now is on the 'experience' of visiting their stores.

The financial sector has been slower joining the belief yet recent years have seen many changes to their approach in creating better customer experiences. There have of course been the well publicised failures where the customer experience has been damaged yet the consumer can and does forgive where they see authentic and genuine efforts –of improvement. There are several really good examples out there of financial organisations doing an exceptional job in attracting new customers with outstanding service delivery and we have been delighted to have been involved directly in those successes simply by bringing a new generation of thinking into an older generation of practices. In the first ever **Customer Experience Ireland (CEXI) survey** conducted by Amarach research and KPMG-Nunwood in both 2016 and

> *"We are now firmly embedded in the 'experience economy' where the consumer and client are making more decisions based on the experience overall as opposed to the product or service being purchased."*

2017, The Irish Credit Unions polled highest in customer experience and satisfaction against all of the High street retailers and well-known hospitality brands. Let us not forget that sales increase and sustainable profits is an inevitable outcome of outstanding customer experience.

Where and how can the Association of Compliance Officers in Ireland, as well as its important stakeholders, benefit from improved customer experience? The first place is measurement. How good is your data of customer satisfaction as well as employee satisfaction? Both are hugely relevant. Do you measure this consistently and are you making the correct use of the information it provides. Secondly, are customer service and the customer experience embedded in your sector education and ongoing training. Is there an overall awareness of the 'experience economy' and how you fit into that? Finally, do you have a healthy and strong culture of recognising 'excellence in action'? In other words where there are examples of great customer service, do you highlight these both formally and informally? Recognition is extremely high in importance of employee engagement and capturing 'excellence in action' is a powerful and simple method.

Since Pine and Gilmore first identified the 'experience economy' in 1999, the observers and analysts now estimate that this 'experience economy' will last until 2050. It is therefore in all of our interests to work together, share knowledge, create action learning in the workplace and at the very least bring customer service and the importance of improved customer experience strongly onto the agenda for change. ICQ

Charlie Boyle, CEO Customer Service Excellence Ireland.
charlie@cseireland.ie

FURTHER READING

- *The rebirth of the Salesman – Cian McLaughlin*
- *The Experience Economy and why should your business care – Daniel Newman*
- *https://www.forbes.com/sites/danielnewman/2015/11/24/what-is-the-experience-economy-should-your-business-care/#50f3bdb91d0c*

Customer Service Excellence Ireland (CSEI) is a continuous improvement programme based on the four pillars of Awareness-Measurement-Training-Recognition. We provide consultancy support and training programmes to the Irish Management Institute, The Educational Training Board of Ireland and many private businesses who see customer service as a priority

1

1 26.06.2018
OUTSOURCING REQUIREMENTS UNDER SOLVENCY II SEMINAR:
L-R: John O'Connor, Partner in Technology Group, William Fry; Lisa O'Mahony, Head of On-Site Inspections Function in the Insurance Supervision Directorate, Central Bank of Ireland; Rose Kennedy, Chair of the ACOI Prudential Regulation & Governance Working Group; Eoin Caulfield, Partner, Insurance Division, William Fry.

2 11.07.18
ASSISTED DECISION MAKING CAPACITY ACT SEMINAR:
L-R: Gerard O'Connell, Chair of the ACOI Consumer Protection Working Group; Áine Flynn, Director of the Decision Support Services at the Mental Health Commission; Clive Kelly, ACOI President.

3 30.08.18 SUBJECT ACCESS REQUESTS SEMINAR:
L-R: Lorcan McLoughlin, Data Protection Officer, KBC Bank Ireland; Aisling Clarke, Chair of the ACOI Data Protection & Technology Working Group; Paul Lavery, Head of the Technology & Innovation Group, McCann Fitzgerald.

4 12.09.18
DIRECTOR OF ENFORCEMENT AND ANTI-MONEY LAUNDERING ADDRESS TO ACOI MEMBERS:
L-R: Seána Cunningham, Director of Enforcement and Anti-Money Laundering; Kathy Jacobs, Member of the ACOI Council. ICQ

GET CPD SORTED – UPCOMING ACOI EVENTS

Project Management Workshop for Compliance Professionals

DATE: Tues, 25th Sep, 2018 **SPEAKERS:** Ciaran McGovern, Director, Strategy & Operations, Deloitte; Bruce Curtis, Senior Director, Deloitte. **VENUE:** Chartered Accountants House, 47-49 Pearse Street, Dublin 2. **TIME:** 09:00 – 12:00 (Registration from 08:30). **CPD:** 3 Hour Indicative. **FEE:** €50 Members, €75 Non-Member.

Compliance Reporting Masterclass with Tommy Hannafin & Glenn Kane, Central Bank of Ireland

DATE: Weds, 3rd Oct, 2018. **SPEAKERS:** Tommy Hannafin, Head of Division Banking Supervision Inspections Division, CBI; Glenn Kane, Banking Supervision: Inspections Division, Governance and Internal Control Inspection Team, CBI. **VENUE:** The Institute of Banking, IFSC, 1 North Wall Quay, Dublin 1, Ireland. **TIME:** 09:00 – 10:30 (Registration from 08:30) **CPD:** 1.5 Hours Indicative. **FEE:**€35 Members, €50 Non-Member

Building Blocks for Effective Compliance Series – Culture & Conduct (4/6)

DATE: Tues, 16th Oct, 2018. **SPEAKERS:** Fiona Daly & Marko Milicic, CBI; Clive Kelly, ACOI.
VENUE: The Hilton, Charlemont, Dublin 2. **TIME:** 09:00 – 12:00 (Registration from 08:30). **CPD:** 3 Hour Indicative. **FEE:** €50 Members, €75 Non-Member.

Lessons from the UK Bribery Act and its enforcement by the Serious Fraud Office

DATE: Weds, 24th Oct, 2018 **SPEAKERS:** Tristan Grimmer & Henry Garfield, Baker McKenzie; Gerard James, William Fry. **VENUE:** Chartered Accountants House, 47-49 Pearse Street, Dublin 2.
TIME: 08:30 – 10:00 (Registration from 08:00). **CPD:** 1.5 Hours Indicative. **FEE:** €35 Members, €50 Non-Member.

ACOI
The Association of Compliance Officers in Ireland

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Banking

Domestic

Central Bank of Ireland welcomes the European Supervisory Authorities' publication of Brexit Opinions; Central Bank of Ireland publishes Regulatory Service Standards Performance Report H1 2018; Central Bank of Ireland publishes Financial Stability Note: International bank flows and bank business models since the crisis.

European

ESRB publishes Working Paper on bank resolution and public backstop.

Funds

Domestic

The European Union (money market funds) Regulations 2018; Minor amendments to the ICAV Act and the UCITS Regulations; Central Bank of Ireland inspection into performance fees for Undertakings in Collective Investments in Transferable Securities (UCITS); UK FCA proposed "Temporary Permissions Regime".

European

European Securities and Markets Agency (ESMA) outlines views on Alternative Investment Fund (AIF) leverage and sub-threshold AIFMs.

Insurance

Domestic

Central Bank of Ireland publishes further consultation on non-life renewals; Cost of Insurance Working Group publishes latest quarterly update; Central Bank of Ireland publishes special IDD edition of Intermediary Times.

European

EIOPA publishes report on cyber risk insurance; European Commission calls for technical advice on sustainable finance; Insurance Europe publishes response to IAIS consultation on the composition and role of boards.

Investment Firms

Domestic

Markets Update Issue 12 2018.

European

ESMA publishes data for the systematic internaliser calculations for equity, equity-like instruments and bonds; ESMA updates equity derivatives, equity and equity-like instruments' transitional transparency calculations for MiFID II/ MiFIRE; ESMA makes new bond liquidity data available; ESMA to regularly publish the Double Volume Cap Register; EBA publishes Q&A on Investment firms' exposures to credit institutions; Commission releases text of ITS governing provision of information to ESMA; ESMA updates validation rules under EMIR.

Cross Sectoral

Domestic

Prospectus Amendment Regulations signed into law; Central Bank of Ireland's July 2018 report on Behaviour and Culture of Irish Retail Banks will be used to further develop a regulatory regime focused on individual responsibility; Central Bank of Ireland announces appointment of new Director of Financial Stability; Central Bank of Ireland Updates Lender FAQ clarifying obligations under Credit Reporting Act 2013.

European

ECB seeks feedback on draft ECB Regulation on Money Market Statistics; Financial Stability Board (FSB) and standard-setting bodies consult on effects of reforms on incentives to centrally clear over-the-counter (OTC) derivatives; FSB seeks feedback on peer review of implementation of LEI; European Securities and Markets Agency (ESMA) issued clarifications on the clearing obligation and trading obligation for pension scheme arrangements; ESMA releases final report on technical standards on disclosure requirements under the Securitisation Regulation; ESMA defines disclosure standards under Securitisation Regulation; ESMA publishes summary of conclusions of Securities and Markets Stakeholder Group; EBA publishes final report on the application of the Joint Committee Guidelines on complaints handling; EBA publishes final draft technical standards on home-host cooperation under PSD2. ICQ

The Institute of Banking

THE CPD YEAR END IS APPROACHING!

The Institute of Banking, who manage designations on behalf of ACOI, have several upcoming events relevant to designates. You can access the events below to see if they are relevant to your designation.

EVENT NAME	DATE
Conduct Risk update evening event in Waterford	27.09.2018
Financial Services Ombudsman update webinar	10.10.2018
Conduct Risk update evening event in Dundalk	23.10.2018
Mind Your Own Pension webinar with Susan HayesCulleton	25.10.2018
Personal Insolvency Act 2015 and Bankruptcy 2015 Legislation - Two Practical Workshops	14.11.2018 / 15.11.2018
Ethics webinar	20.11.2018
Investment Savvy for Professionals	06.12.2018

MEMBER Profile

Liliana Arimany

Did you know that the ACOI is one of the founding members of the International Federation of Compliance Associations (IFCA). IFCA was founded in Dublin in December 2010. The Chair of IFCA is a revolving Chair and was held most recently by Ireland. IFCA is an umbrella organisation for professional bodies that specialise in the practice of Compliance.

Membership comprises national compliance bodies from around the world that have been established for the benefit of their members. In recent years IFCA has created international portability for graduates of certain of its member associations programmes including the Professional Diploma in Compliance. Graduates of the Diploma in Compliance benefit from recognition in other IFCA member countries as International Certified Compliance Practitioners (ICCP). For further information on IFCA see www.ifca.co.

Liliana Arimany - Bio

Chairperson IFCA – International Federation of Compliance Associations

Institutional Relations' Co-Director AAEC - Argentina's Association of Ethics and Compliance

Global Compliance Director – CEVA Logistics

Degree in Social Communication – Public Relations and Industrial Relations National University of Rosario

International Certified Compliance Professional IFCA – Compliance and Ethics Certificate AAEC

More than 20 years of management experience in supply chain and high technology companies.

The current Chair of IFCA is Liliana Arimany who represents the Asociación Argentina de Ética y Compliance (AAEC) and we are delighted to introduce members to her though this profile piece.

What did you want to do when you left school?

At 17, I graduated from San Bartolome's School of Rosario with a Degree in Business Administration. Coming from a 3-generation Argentinean family and being educated in an English school gave me a good blend of skills, tools and values that guided me to study Politics Science. I wanted to be a member of Argentina's Foreign Office, travel the world representing my country, learn and interact with people from different cultures and make the world a better place for all.

After completing the first year and in connection to the war between Argentina and the United Kingdom for the Islas Malvinas/Falkland Islands, I decided to change my career to Social Communication. I was disappointed to see how arms and war prevailed over dialogue and peace.

How did you enter the world of compliance?

The first time I heard about a discipline called "Compliance" was in 1994, when I joined Hewlett-Packard. By then, it was Global Trade Compliance (GTC) and it was mostly related to sanctions and embargoes, denied parties, military and dual-used products and other controls triggered by United States regulations. It was 10 years after that, at CEVA, where Compliance acquired for me a different dimension. GTC was still there, but

other areas demanded attention, such as anti-corruption and antitrust. My professional growth accompanied the enhancement of Compliance's functional scope. Compliance stopped being a part of my operations type of work and started to be my core job at CEVA.

What do you consider are the challenges ahead for the international compliance industry?

I think it still needed a switch of mindset from Compliance to Compliance plus Ethics. I truly believe on Hui Chen's statement that "Compliance without Ethics is just following orders". We need to work more in teaching with examples, in emphasizing values, in enhancing culture rather than in only complying with the laws, either to please regulators and/or to avoid negative financial impact. The power of doing the right thing coming from each individual and organization, internally rather than upon an external order, is much more sustainable and much more difficult to corrupt.

Some countries fall short in their laws and some fall short in their enforcement, in a way we could think of these as Compliance underdeveloped countries. If professionals in our industry limit their scope to Compliance, we limit the possibility of people in these countries living and working in better conditions. I see a big opportunity to help with this through organizations like IFCA and its members, such as ACOI and AAEC, which I represent at IFCA and play a key role.

What are your top priorities as IFCA president?

- ***Add value.*** Increase the value proposition to our members and their members. For example, enhancing the content of our website and setting consistent standards for member educational programs.
- ***Grow.*** Increase the number of member associations globally to expand our reach and ability to do more.
- ***Visibility.*** The voice of IFCA and its members is fundamental in support of a compliance and ethics culture and to promote the role of compliance officers in leading it.

What's the most valuable advice you have been given?

It is difficult to choose one. I have received good advice for different occasions.

When something is very challenging… I remember my father use to say "Things look better in the morning."

When I thought I couldn't do something… a former manager taught me "Don't focus on what you think you can't do, focus on what you know you can do".

Whenever I felt overwhelmed…
I remember a good friend saying "Lili, one step at a time."

What accomplishment are you most proud of?

Personally: I am proud of my educational achievements, which I do not consider only mine, but from my family as well. One of my grandmothers did not know how to read or write and my parents only finished secondary school; however education was always a priority in our family. Becoming the best student and due to this, having the honour of carrying Argentina's flag was a big personal achievement. I treasure a moment in my early primary school days, I took the courage to talk to the School Director to request a change of a school rule impacting all the primary school students. She listened to my speech and said she would think it over and days after the rule was changed. I am still proud of that.

Professionally: Considering my almost 4 decades of work, I can think of many achievements that could be mostly measured with monetary savings, completion of projects and improvement of process for the companies I worked with. Yet, an achievement I am personally proud of is to have had the chance to contribute to the development of many co-workers.

What are you currently watching and listening to?

I do not have much time, but I always devote some time to listen, read and see the news. I am always interested in knowing what is going on in my country and in the rest of the world.

I am currently watching a Spanish series named "Merlí" featuring a professor that teaches philosophy in a secondary school. It is interesting to see actual application of philosophy and how it could be used to trigger discussions on culture, values and ethics.

What is your favourite book of all time and what book changed your life?

I do not have one, many books have made an impact on me along the years. In my childhood, it was "Juan Salvador Gaviota (Jonathan Livingston Seagull)" from Richard Bach. In my twenties, it was "Gandhi" from Louis Fisher and "Rayuela (Hopscotch)" from Julio Cortazar. In my thirties, it was "Cien Años de Soledad (One Hundred Years of Solitude)" from Gabriel Garcia Marquez and most of the novels of Milan Kundera.

Books that inspired my professional career are "The HP Way" from David Packard: "Leading Change" from John Kotter and "The Next Level: What Insiders Know about Executive Success" from Scott Eblin.

How do you relax and unwind?

Time with my family is what I value the most. I also love to cook, travel and talk to people from other cultures and countries. The world is big and we can all learn something from others. ICQ

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