

Compliance Healthcheck

Does your compliance framework meet your regulatory obligations?

As it increases its scrutiny, we are seeing firms ending up on The FCA's radar for minor infringements, such as late or incorrect regulatory returns, or for having permissions that they no longer use.

Firms, more than ever before, should be regularly reviewing their manual(s), policies, procedures, and documentation, as well as assessing the effectiveness of their overall compliance framework to ensure they do not invite any extra scrutiny from The FCA.

Cosegic's Compliance Healthcheck gives firms comfort and peace of mind that appropriate compliance arrangements are in place, as well as a sense of preparedness should a firm ever receive communication from the Regulator.

What are the benefits of a healthcheck?

An independent assessment to determine whether a firm's compliance framework meets its regulatory obligations has many benefits for firms regulated by the FCA. At the very least, it will:

- ◆ Identify any weaknesses or failings in a firm's current compliance framework and it can help to remediate any area requiring attention;
- ◆ Support firms and their relevant individuals in the event of a regulatory enquiry. So, as an example it would give an independent assessment on whether the relevant Senior Manager Function holder is 'taking reasonable steps' relative to its firm's compliance framework;
- ◆ Allow firms to allocate resources more effectively to areas that require improvement;
- ◆ Assess any recently implemented new regulation has been properly understood and integrated correctly across a firm's policies, processes and procedures; and
- ◆ Be beneficial as part of a firm's governance processes.

What types of firms can benefit?

Wholesale investment and wealth management firms that are authorised and regulated by the FCA.

This includes asset managers, broker dealers and traders, corporate finance firms, FinTechs, investment managers, private equity firms, venture capital firms and wealth managers.

How does it work?

The objective of a compliance healthcheck is to provide a reasonable assurance that firms have sufficiently robust compliance controls in place to mitigate the risk of non-compliance with the rules and regulations. Controls can include documents such as policies and procedures, training, organisation structure, management information, independent checks, verifications or approvals. There are three service options, depending on the level of scrutiny required. All of our service options cover the following 11 key areas:

- ◆ 1) systems and controls;
- ◆ 2) threshold conditions;
- ◆ 3) code of conduct;
- ◆ 4) fitness and propriety;
- ◆ 5) prudential standards;
- ◆ 6) conduct of business;
- ◆ 7) client and money assets;
- ◆ 8) market conduct;
- ◆ 9) product governance;
- ◆ 10) supervision; and
- ◆ 11) complaints.

What we check	Level 1 Documented	Level 2 Embedded	Level 3 Effective
Compliance with latest regulations	◆	◆	◆
How compliance arrangements are communicated	◆	◆	◆
Staff awareness		◆	◆
Effectiveness of the controls		◆	◆
How you identify deficiencies			◆
How you address deficiencies			◆

What are the deliverables?

Firms will receive a detailed Compliance Healthcheck Report. This will use a risk-based assessment to highlight gaps and areas that require attention, for example missing or incomplete policies or procedures. If the report identifies any weaknesses or failings, we can help firms to address them, however that does not form part of the Compliance Healthcheck Service. We can also offer a thematic or a more comprehensive review of a particular business area or activity.

How often should firms carry out a compliance healthcheck?

We would normally recommend an annual compliance healthcheck. However, there may be reasons to undertake this more often, for example in the case of a major restructure in the event of a merger or acquisition.

Need more information?

If you have a question or require clarification of any point in this factsheet or would like to find out more about our services and how we can help you then please get in touch:

Call us on **+44 (0) 20 3457 3181** or email info@cosegic.com