

Financial Services
Regulatory Advisory Services

More than compliance...

Experience
Insight
Value



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Welcome

The volume and complexity of obligations with which regulated financial services entities must demonstrate compliance is an ongoing challenge for firms. Firms approach this challenge in different ways; some wish to exploit the potential strategic opportunities inherent in new regulations, while others simply wish to ensure that they manage their regulatory and compliance risk to the satisfaction of key stakeholders such as the Central Bank of Ireland and consumers.

By combining our collective skill sets within PricewaterhouseCoopers, our Financial Services Regulatory Advisory Services team provide clients with a holistic solution to all governance, risk, structural, operational and compliance needs driven by regulation.

Our multi-disciplinary team comprises individuals with extensive knowledge of both prudential and conduct of business regulatory obligations, Central Bank of Ireland processes and protocols, risk and compliance frameworks, compliance processes and controls and governance frameworks. Our easily accessible international network provides us with the equivalent experience in all other countries.

We work with clients to deliver a comprehensive range of professional services including:

- Market entry
- Governance
- Compliance management
- Risk management
- Regulatory capital management
- Outsourced assurance and Internal audit
- Responding to regulatory change
- Training



We provide a one-stop shop for your financial services regulatory, compliance and related advisory needs. The big advantage of this means you get a holistic view of your affairs. We can help you save money, create value, spot opportunities, manage risk and plan for the future. Together, we can help you set and achieve your goals, monitor your progress and growth and be there to help celebrate your success.

You'll find a contact list of our team at the back of this document. We look forward to working with you.

Best wishes

A handwritten signature in blue ink that reads "Garvan O'Neill". The signature is stylized and fluid.

Garvan O'Neill
Lead Partner
Regulatory Advisory Services

Market Entry

Your needs...

Financial services firms seeking market entry in Ireland often struggle with the detail and level of information required when making an application for authorisation. Additionally the Central Bank of Ireland notes that its time scale for considering applications depends greatly upon the quality of the initial information provided. It is essential therefore, in order to produce a thorough business plan to meet with the requirements of the Central Bank that the application satisfies the Central Bank as to the overall strategy of the firm, that the firm's activities are mapped to the applicable regulations, and that the planned operational structure, systems, controls and oversight are adequately designed.

...and how we can help

Our team has extensive experience in assisting financial services firms at market entry level through the relevant authorisation process in Ireland and elsewhere. Our experience extends from banking and insurance companies through to investment managers and to fund (UCITS & Non UCITS) authorisations including fund promoter approval, management company, investment manager approvals, and fund service providers.

Our dedicated professionals can assist you through each stage of the application process and will work with you to devise a detailed project plan specific to your application to help establish a smooth process flow from initiation through to and after submission of the application. Specifically our team can assist you in the following areas:

- feasibility studies;
- liaison with Central Bank;
- development of Regulatory business plan;
- market entry project design implementation including sourcing personnel, advising on infrastructure, development of operational of governance structures and impact assessment of new legislation;
- design and implementation of compliance & risk frameworks;
- advice on capital/ solvency requirements / legal structures;
- notification assistance;
- feasibility assessments of capital, group structure and operational arrangements.



Governance

Your needs...

Recent events have demonstrated the importance of getting it right when it comes to the structure of corporate governance in a financial services organisation.

It is essential that the Board of Directors develop a system of governance that is transparent and includes clear reporting lines and accountability. Against this backdrop there is an ever increasing range of laws, regulations and guidance which influence the corporate governance framework including:

- Pillar II of the Capital Requirements Directive ('CRD');
- Basel Committee on Corporate Governance;
- ODCE requirements;
- Pillar II of Solvency II;
- Governance requirements under the Alternative Investment Fund Managers Direct ('AIFMD')

...and how we can help

Drawing on PricewaterhouseCoopers' leading international guidance on governance frameworks, we can work closely with your organisation to provide an objective and independent assessment of your current arrangements at a global, regional and local level. The assessment typically includes a review of the composition, the documented and undocumented duties and responsibilities of the governing board, key committees, management team, business units and internal support units such as risk, compliance and internal audit.

Separately, we can assist you in understanding the impact of new legislative requirements relating to the structure of governance in your firm and can evaluate supporting documentation on governance arrangements and assist you in responding with confidence to Central Bank observations or intervention.

For new operations or restructurings, we will work with you to make the right decisions on structure (the legal form, location and type of regulated activity) of your firm (both at local and group entity level) and the related governance system. Our legal and tax colleagues will ensure that all elements of the structure and system have been considered prior to going live or submission to the Central Bank.



“It is essential that the Board of Directors develop a system of governance that is transparent and includes clear reporting lines and accountability”

Compliance management

Your needs...

Effective management of a firm's regulatory and compliance risk is vital to ensure that it does not suffer financial or reputational damage as a result of failure to comply with laws and regulations, and with group and other externally defined policies and standards.



...and how we can help

Our team can work with you and support you in the following areas:

Compliance frameworks

- identifying the compliance universe relevant to your organisation
- support with defining your regulatory risk appetite;
- review of existing compliance frameworks and oversight of compliance;
- design and implementation of bespoke compliance frameworks; and,
- design of compliance annual plans, manuals and compliance procedures; and,
- design of compliance monitoring programmes and reporting documentation.

Compliance function effectiveness

- assessment of the level of compliance in areas of oversight and policy, roles & responsibilities, understanding of obligations, KPI's, documentation, communication and monitoring and reporting;
- review of the design and operational effectiveness of the business controls and the compliance processes within your organisation pertaining to the management of the pre-de.ned obligations; and,
- review of your firm's performance against certain predefined obligations such as MiFID or CPC regulator guidance or benchmark against industry best practice.

Compliance healthcheck

- review of your firm's performance against certain predefined obligations such as MiFID or CPC;
- review of the design and operational effectiveness of the business controls within your organisation pertaining to the management of the pre-de.ned obligations;
- review of approach to, and organisation of, compliance within your organisation looking at how compliance is organised and embedded throughout the organisation, including benchmarking against good / best practice; and,
- mystery shopping & documentation reviews.

Effective management of a firm's regulatory and compliance risk is vital to ensure that it does not suffer financial or reputational damage as a result of failure to comply with laws and regulations, and with group and other externally defined policies and standards.

Anti Money Laundering ('AML')

We can work with you to:

- perform a gap analysis of AML policy and procedures against AML and financial crime regulations and industry best-practice;
- design optimal AML/ Anti Terrorist Finance ('ATF') internal controls and associated monitoring tools; and,
- provide an evaluation of the Third Money Laundering Directive on the impacted part of your business model.

Consumer Protection Code

We will individually tailor the scope of the review and assistance provided regarding the Consumer Protection Code to suit each institution's circumstances and requirements. We can work with you to:

- conduct a review of the arrangements in place within your organisation to ensure compliance with the Consumer Protection Code;
- review the design and operational effectiveness of the CPC compliance processes and controls within your organisation pertaining to the management of the pre-defined obligations; and,

Client Money Audits

Our team can assist you with an assessment of compliance with the Central Bank's Client Money requirements including:

- review and reporting of client money policies & procedures; and,
- interaction with Audit for current Section 10 IIA firms.



Remuneration Policies

We can assist you in understanding the regulatory requirements with respect to remuneration policies and specifically assist you with:

- drafting a remuneration policy in accordance with regulatory guidelines;
- an assessment of the likely impact of regulatory guidelines on your remuneration practice;
- implementation of revised remuneration policies.

Remediation Services

If your firm is facing a regulatory on-site inspection, we can assist in your preparation prior to the regulatory review and provide you with some comfort that your business is operating in line with the regulatory requirements.

If your firm has just undergone an on-site regulatory review and there are noted action points, we can assist you in addressing these regulatory issues so that your business is in line with the current and forthcoming regulatory requirements.

Examples of our work in this area include:

- Pre-Inspection advice and assistance;
- Follow up regulatory assistance from Central Bank Inspections; and,
- Regulatory remediation projects.

Risk management

Your needs...

In the current environment, the management of all risk types in financial institutions is a key focus for regulators, shareholders and customers. Recent market developments have increased the focus on risk management practices and consequently regulators today are placing greater emphasis on the need for sound and effective risk management frameworks.

In addition to this an increased onus is also being placed on firms to deliver a more integrated risk and capital framework, which is creating challenges as firms seek to embed new concepts of risk management into business as usual. This increase in focus is also being driven by legislative requirements such as those encapsulated in the Capital Requirements Directive ('CRD'), Solvency II, and the Markets in Financial Instruments Directive ('MiFID').



“Increased innovations within financial services firms creates opportunities but also increases risk”

...and how we can help

Our team has extensive experience in this area working with some of Ireland's leading financial institutions supporting them in the following areas:

- design of a bespoke risk management framework, providing the means to effectively embed risk management within an organisation, whilst providing assurance to all relevant stakeholders on the robustness of the framework (including satisfying the Central Bank's requirements). Our work has incorporated the definition of risk appetite, development of risk assessment templates, design of risk measurement and management techniques, related capital planning and implementation of governance arrangements surrounding the risk management framework. All of this can be conducted within the context of fulfilling the Pillar 2 requirements under the CRD or Solvency II; and,
- technical assistance supporting financial institutions in addressing regulatory requirements for the management of individual risk types such as market, liquidity, operational, insurance and credit risk, as applicable, including controls and governance of these risks.



Regulatory capital management

Your needs...

Firms subject to capital adequacy / solvency requirements are obliged to monitor and assess the level of regulatory capital which must be maintained on a continuing basis. Legislative requirements such as the CRD and Solvency II are driving significant changes in how firms' regulatory capital is determined, focusing on introducing more risk sensitivity into hitherto very prescriptive regimes. Firms are being encouraged to introduce a holistic approach to capital allocation, incorporating a risk management framework that addresses all risk types, and not just those against which regulatory capital is mandated.

Against this backdrop increasing emphasis is also being placed on the role of stress and scenario testing, with ensuing implications for solvency levels within an organisation. In an environment where capital is a valuable and scarce resource managing these complex interlinkages is a considerable task.

...and how we can help

Our team can provide the following support services in assisting firms comply with their capital adequacy/solvency and related regulatory reporting obligations;

Capital Advice

We have a team of prudential capital specialists who can work with firms to determine the appropriate regulatory capital treatment for complex transactions and structures.



Integrated risk and capital frameworks

We have considerable experience in assisting firms with their Pillar 2 requirements, including all aspects of establishing a risk management system, and crucially linking this to a cohesive capital management framework. This includes working with firms to establish when capital should be employed as an appropriate risk mitigant and how to introduce mechanisms linking capital and solvency levels to on-going risk management activities (including stress testing).

Regulatory Reporting and Disclosures

Increasingly firms are looking for assurance over their regulatory reporting control infrastructure and the accuracy of the returns themselves. We have significant experience reviewing the effectiveness of the controls surrounding the regulatory reporting framework. Our work here can also be extended to include an assessment of the accuracy and completeness of regulatory reports, taking the form of an Internal Audit if required.

Under Pillar 3 of the CRD and Solvency II, regulators are imposing detailed disclosure requirements on regulated firms, thereby increasing the transparency, and comparability, of firms' risk and capital profiles. We have worked with a number of firms guiding them through Pillar 3 implementation, including managing the overlap with IFRS 7, the production and review of disclosures and the composition of disclosure policy statements.



“Increasingly firms are looking for assurance over their regulatory reporting control infrastructure and the accuracy of the returns themselves.”

Capital modelling

As regulators have been moving to increased risk sensitivity of capital requirements, this has been accompanied by the recognition of internal models for solvency purposes. Our wider risk and regulatory team is made up of technical professionals who can work with firms in implementing regulatory capital models, including managing the transition to more advanced approaches while also satisfying the associate regulatory criteria. Similarly we can work with firms to implement an Economic Capital Framework, which many firms are now looking to as a means of delivering a more effective capital management solution, while also satisfying regulators demands for an integrated capital and risk framework.

Group capital requirements

For regulated firms comprising part of a group, consolidated supervision requirements must be adhered to. We can assist firms with all aspects of consolidated capital requirements, including assessing the capital impact of changes in group structure. This will enable firms to fully assess the broader capital and regulatory impact of practical business decisions driving how, and where, a financial services group structures its operations. It is similarly a critical component of assessing the feasibility of potential merger and acquisition activity by a financial services entity.

Outsourced assurance and Internal audit

Your needs...

There is an increased demand on financial services firms to provide assurance to clients on the adequacy of the firm's internal controls and safeguards in relation to the safety and integrity of their customer data. Additionally Financial Services firms are coming under increased pressure to undergo independent monitoring and are generally expected to demonstrate transparency over the controls in place for mitigating risks which impact their business.



“Our Regulatory Advisory Services team has a breadth and depth of experience in providing Outsourced assurance reviews for a range of firms”

...and how we can help

A strong control environment helps to formalise processes, mitigate risks and vulnerabilities and achieve operational efficiencies and improvements. A good control environment ultimately acts as a sound foundation for dealing with future growth and industry issues.

Our Regulatory Advisory Services team has a breadth and depth of experience in providing Outsourced Assurance for a range of firms.

The review process includes the following:

- diagnostic evaluation of current controls to identify control gaps or design deficiencies;
- agreement on areas within the control environment that require remediation to address shortfalls;
- remediation of weaknesses identified;
- testing of controls; and
- controls reporting.

Responding to regulatory change

Your needs...

The implementation of new legislative requirements such as the Capital Requirements Directive ('CRD'), the Market in Financial Instruments Directive ('MiFID') and the Consumer Protection Code ('CPC') has meant that regulated financial services firms have had to dedicate considerable resources to understanding the new requirements and implement change plans. Other obligations such as the Third Anti Money Laundering Directive, Solvency II, the Payment Services Directive and UCITS IV ensure that this trend continues and their related interpretations are further evidence of the role of regulatory change that is continuously taking place.



“The implementation of new legislative requirements has meant that regulated financial services firms have had to dedicate considerable resources to understanding the new requirements and implementing change plans.”

...and how we can help

Our broad relationships with your peer group, firms in all financial services industry sectors and subsectors, the Central Bank and our European and international network of regulatory professionals provides us with a sound and early understanding of new regulatory requirements. We can work with your business to develop an appropriate methodology for implementing change and provide advice, guidance and practical assistance in understanding the overall impact of new regulation as follows:

- assistance with interpretation of regulatory requirements;
- workshops and training on the main provisions of new regulatory requirements and the key impacts to your organisation;
- provision of 'impact assessments' and 'heat maps' which outline high level impact of new legislation on individual parts of your business;
- provision of "Gap Analysis" which will assess and document the gaps in current processes against those required by the new regulation;
- assistance with designing migratory plans for taking on new regulatory requirements;
- assistance with the implementation of high level control structures to address new regulations; and
- assessing the robustness and effectiveness of revised frameworks.

Compliance Training Support Services

Your needs...

In this ever developing compliance environment where firms are struggling to implement new regulation and keep up to date with industry best practice standards, it remains challenging to maintain the balance of implementing these requirements within the compliance framework while ensuring that compliance staff and personnel have the relevant training and experience to operate within the compliance framework.

...and how we can help

PwC offers compliance training and support services to develop your compliance knowledge and educate your staff on the key elements required to for the effective operation of your compliance framework.

PwC offers many specific compliance training programmes covering all aspects of compliance requirements, some of these specific programmes are listed below:

- Compliance function effectiveness;
- Anti Money Laundering requirements;
- Economic capital training and compliance with capital requirements including regulatory reporting;
- Implementation of a risk based compliance framework;
- Implementation of an effective governance model;
- Effective compliance monitoring;
- Internal controls documentation;

These training programmes are an example only of the training services available, specific training programmes can be tailored to meet your organisation's compliance knowledge gaps where required.



We can help you

If you would like more information on any of our services please contact



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