



Developing the right conduct and culture

chapman tripp

A&O Consulting

Business integrity by
ALLEN & OVERY

Preparing for the Financial Markets (Conduct of Institutions) Amendment Bill

Good conduct is already a core expectation our regulators place on financial institutions and this has come through clearly in reviews by the Financial Markets Authority (FMA) and the Reserve Bank.

Regulatory remit gaps identified in those reviews resulted in the introduction of a proposed conduct licensing regime under the Financial Markets (Conduct of Institutions) Amendment Bill 2019 (CoFI). The Bill, once enacted, will require banks, insurers and non-bank deposit takers to ensure their consumers are treated fairly through:

- ✓ effective fair conduct programmes
- ✓ compliance with these programmes
- ✓ compliance (and intermediaries' compliance) with regulations that regulate incentives.

While CoFI has not yet been passed – it is still in its Second Reading – there are plenty of things that financial institutions can and should be doing to prepare, and to better meet the FMA's conduct expectations even if CoFI does not apply.

Do you feel comfortable answering the following questions?

- ? Have we sought advice on the impending law change and mapped the relevant obligations into our regulatory change and obligations management processes?
- ? Do we have a robust culture and conduct programme in place and how will this be adapted to accommodate new requirements?
- ? How recently have we benchmarked our culture and conduct programme against international and domestic best practice?
- ? Do we have the necessary communications, training, governance and reporting in place to support compliance with existing obligations and new requirements in this Bill?
- ? Can we evidence Board and Executive “tone from the top” and follow through from middle management?
- ? Can we evidence that our culture and conduct programme has resulted in direct and significant improvements to customer outcomes, market integrity and employee behaviour?

How we can help you

Embedding the right conduct and culture in financial services businesses is key to maintaining your licence to operate and meeting demands from Boards, customers and communities. Chapman Tripp, in partnership with A&O Consulting, can work with you to design, implement and assess culture and conduct risk programmes.

Our partnership brings experience working with financial institutions on all aspects of their conduct and culture programmes. We offer the best of both worlds: expert legal advice from the go-to firm for New Zealand's banking and finance sector and strategic regulatory consulting advice from Allen & Overy's team of former regulators, bankers and consultants who have deep expertise in all facets of financial services firms' culture and conduct risk programmes.

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Amazing job everyone... it feels like we have taken every opportunity throughout this process to ensure we get this right. It is really important and will make a lasting impact.

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Chief Compliance Officer,
Big 4 Australian bank

About us

Chapman Tripp is a leading New Zealand law firm and is known as the go-to firm for New Zealand's banking and finance sector. We support banks and financial institutions across the full spectrum. The firm has played a leading role in shaping New Zealand's legislative and regulatory frameworks.

A&O Consulting was established in 2018, with our APAC office opening in 2019. Our 25+ global team comprises regulatory and compliance experts who, between them, have shaped a number of key post-Global Financial Crisis reforms on behalf of both regulators and global firms. A&O Consulting is the strategic regulatory arm of global law firm, Allen & Overy.



How we've helped our clients

Conduct risk programmes for large Australian banks

Working with large Australian domestic banks to design, implement and embed enterprise-wide culture and conduct risk programmes, providing Codes of Conduct with leadership from Board and Executives; impactful and tailored communications and training packages; conduct risk assessments; culture assessments; 3LOD for conduct risk; and governance/reporting.

The deliverables under these programmes were considered authentic and best-in-class in mitigating conduct risk, and received excellent feedback from senior leadership, including the CEO.

Delivering training to a tier 1 global bank

Training materials for a bank to run its own Culture & Conduct training sessions, including a train-the-trainer guide and advice on training delivery best practice, including self-identified key themes and key regulatory focus areas. The materials included workshops, online interactive modules, and outlines for 1:1 coaching sessions for senior managers.

Independent review of a global insurer's culture and conduct risk transformation (C&CT) programme

Working with a global insurer to provide independent assurance over its C&CT programme, established in response to the outcomes of the Australian Prudential Regulation Authority (APRA)'s Risk Governance Self-Assessment. This engagement spans four phases: programme review, design review, implementation review, and embedment review. This engagement will be scrutinised by the insurer's Board and APRA and must satisfy both parties that there has been a robust, independent review of the programme.

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ESG governance planning
Advised a range of New Zealand banks and large corporates on ESG governance and reporting, including with respect to voluntary and mandatory reporting consistent with the Taskforce on Climate Related Financial Disclosures. This has included staff workshops, questionnaires, risks assessments, executive team interviews and board sessions.

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For more information on how we
can help, please reach out to:



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