

Developing the right conduct and culture



chapman tripp
consulting



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 the recent 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 'yes' to the following questions?

1

Have we **sought advice on the impending law change** and **mapped the relevant obligations** into our regulatory change and obligations management processes?

2

Do we have a **robust culture and conduct programme** in place and how will this be **adapted to accommodate new requirements**?

3

Have we recently **benchmarked** our culture and conduct programme **against** international and domestic **best practice**?

4

Do we have the necessary **communications, training, governance and reporting** in place **to support compliance** with existing obligations and new requirements in this Bill?

5

Do we have a **robust culture and conduct programme** in place and how will this be **adapted to accommodate new requirements**?

6

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 a company's licence to operate, and meeting demands from Boards, customers and communities.

Chapman Tripp Consulting (CT Consulting), in partnership with A&O Consulting, can work with you to design, implement and assess culture and conduct risk programmes. Our blended team of experts bring valuable experience working with financial institutions on all aspects. We offer the best of both worlds: expert legal advice from New Zealand's 'go to' firm

for the banking and finance sector; and strategic regulatory consulting advice from Allen & Overy's team of former regulators, bankers and consultants, with direct experience in all facets of financial services firms' culture and conduct risk programmes.

How we've helped our clients

Conduct risk programmes

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

Training materials and delivery

Prepared training materials for a bank to run its own culture and conduct training sessions. This included a train-the-trainer guide, advice on best practice training delivery, 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 culture and conduct risk transformation (C&CT) programme

Advising a global insurer through providing 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. Our consulting advice spanned four phases: programme review, design review, implementation review, and embedment review. Knowing that the C&CT programme was to be scrutinised by the insurer's Board and APRA, the insurer had to satisfy both parties that there had been a robust, independent review of the programme.

Environmental, social and governance (ESG) planning

Advising a range of New Zealand banks and large corporates on governance and reporting, including with respect to voluntary and mandatory reporting consistent with the Taskforce on Climate Related Financial Disclosures (TCFD). This included staff workshops, questionnaires, risk assessments, executive team interviews and board sessions.



Bevan Miles

CT CONSULTING LEAD

T: +64 21 240 7387

E: bevan.miles@chapmantripp.com



Chapman Tripp is a leading law firm at the forefront in shaping New Zealand's legislative and regulatory frameworks. The firm is known as the 'go-to' for the banking and finance sector, supporting banks and financial institutions across the full spectrum of commercial law. Our consulting team blends leading experts from across several of the firm's legal practice areas.



Penny Sheerin

PARTNER

T: +64 9 358 9817

E: penny.sheerin@chapmantripp.com



Nicola Swan

PARTNER

T: +64 4 498 6389

E: nicola.swan@chapmantripp.com



Joshua Jones

SPECIAL COUNSEL

T: +64 27 240 3294

E: joshua.jones@chapmantripp.com



Kara Daly

CONSULTANT

T: +64 27 450 0693

E: kara.daly@chapmantripp.com



Alana Lampitt

PARTNER

T: +64 27 390 5890

E: alana.lampitt@chapmantripp.com



Daniel Street

SENIOR ASSOCIATE

T: +64 27 450 1146

E: daniel.street@chapmantripp.com

A&O Consulting

Business integrity by
ALLEN & OVERY

The strategic regulatory arm of global law firm Allen & Overy, A&O Consulting was established in 2018. The global team comprises regulatory and compliance experts who have shaped a number of key post-GFC reforms on behalf of both regulators and global firms.

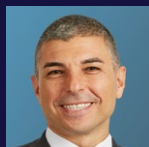


Sally Dewar

GLOBAL CEO

T: +44 20 3 088 2145

E: sally.dewar@allenoverly.com



Lee Alam

MANAGING DIRECTOR

T: +612 9373 7722

E: lee.alam@allenoverly.com



Kate Morris

EXECUTIVE DIRECTOR

T: +61 2 9373 7721

E: kate.morris@allenoverly.com