

Presentation – how to work with compliance on a financial board

By Board chairman, former central bank governor Torben Nielsen

Agenda

Framework – legislation and the Danish Financial Supervisory Authority

Focus of the Board of Directors

Controls, assessments and advice/guidance

Internal reporting

Regular tasks/functional description



Statutory basis

Section 17 of the Danish executive order on management:

Section 17 The business must have in place methods and procedures that are suitable for detecting and minimising the risk of the businesses' non-compliance with current legislation, market standards or internal rules (compliance risks).

(2) The business must have a compliance function that operates independently and which must **monitor and assess** whether *the methods and procedures* according to (1) and the measures taken to correct any shortcomings are *effective*

(3) In businesses that are securities dealers and that are not covered by section 18, the compliance function of the part of the business relating to securities trading must perform compliance and provide advice and assistance to those persons responsible for providing investment services and performing investment activities, in accordance with section 4 (1)-(3) of the executive order on organisational requirements and operating conditions for securities dealers.

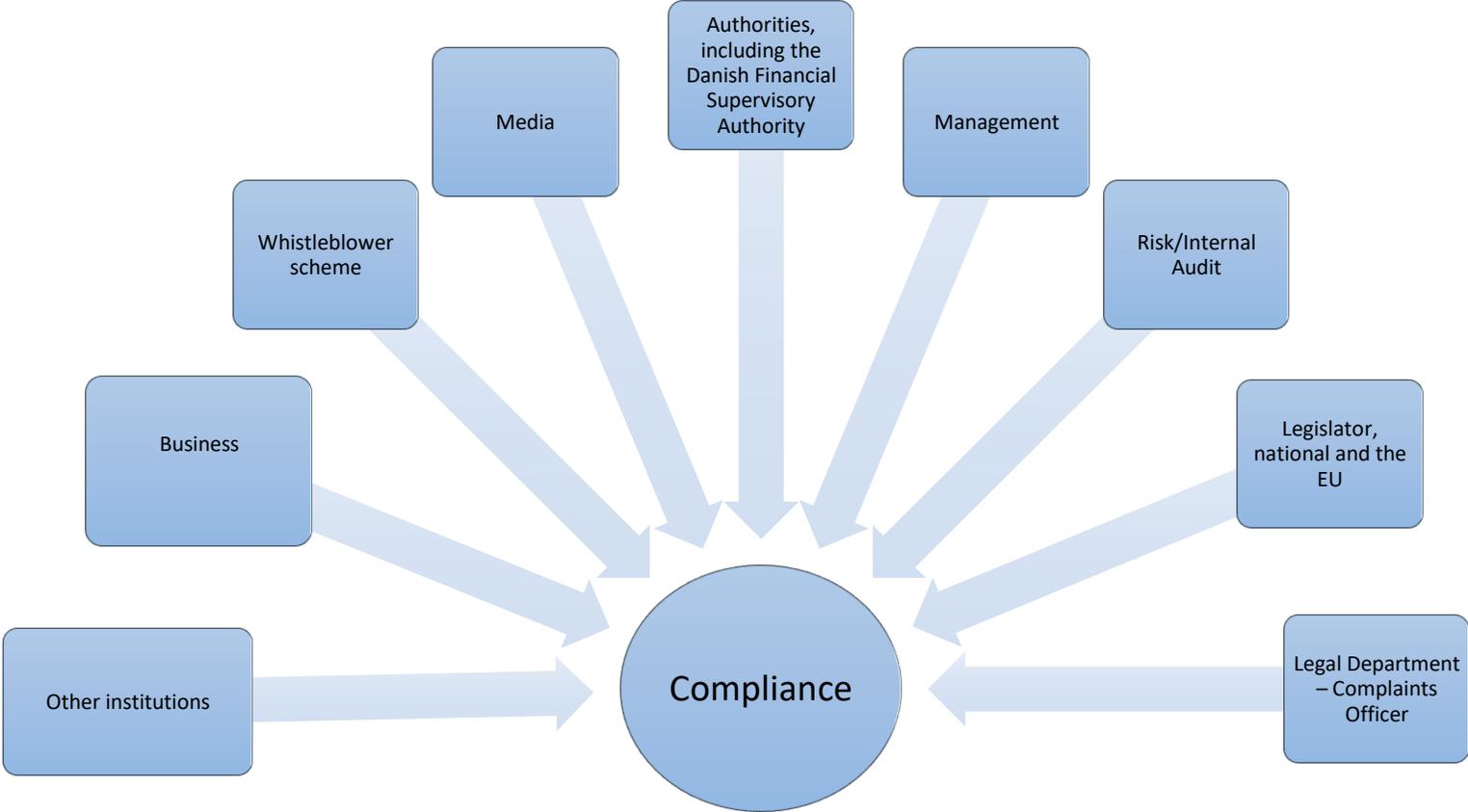
(4) To ensure that the compliance function can handle its responsibilities accurately and independently, the executive board must ensure that the following conditions are met:

- 1) The compliance function must have the necessary resources, qualifications and expertise as well as access to all relevant information.
- 2) An employee appointed by the Group Executive Management must be responsible for the compliance function and **reporting to the Board of Directors and the Group Executive Management**. Reporting on the matters referred to in this provision to the Board and the Group Executive Management must be carried out at least once a year. Furthermore the compliance officer must have the opportunity to speak directly to the Board of Directors if deemed necessary by the Compliance Officer.
- 3) Employees involved in the compliance function may not participate in the provision of the agency services or performance of the activities they monitor.
- 4) The method of fixing remuneration for employees in the compliance function must not jeopardize their independence.

Focus of the Board of Directors

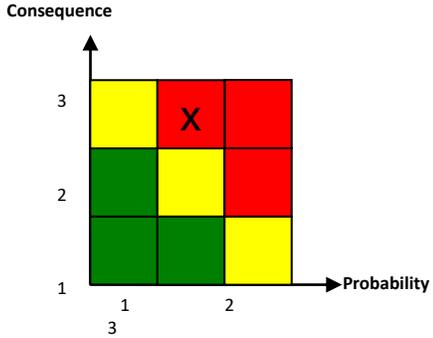
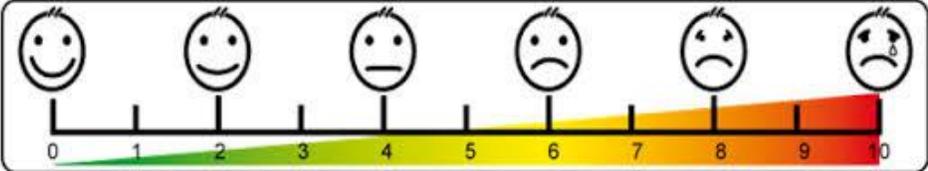
1. Ensure that compliance covers all aspects of the risks so as to make the Board of Directors confident that the compliance function does not overlook any risks.
2. Ensure that compliance has the necessary resources and qualifications.
 1. Ensure follow-up of any findings. The Board of Directors must be reassured via internal reporting.

Risk assessment



Assessments

- Is it under control:

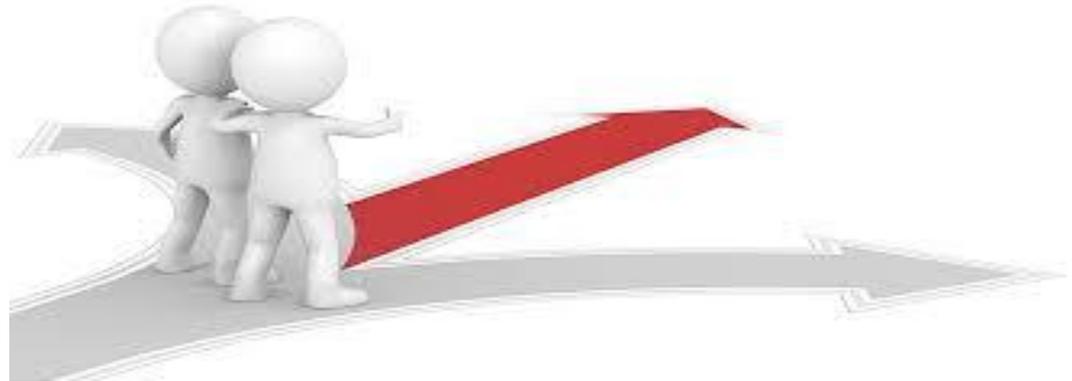


Impact →	1	2	3	4	5
Probability ↓					
	Negligible	Minor	Moderate	Significant	Severe
(81-100)%	Low Risk	Moderate Risk	High Risk	Extreme Risk	Extreme Risk
(61-80)%	Minimum Risk	Low Risk	Moderate Risk	High Risk	Extreme Risk
(41-60)%	Minimum Risk	Low Risk	Moderate Risk	High Risk	High Risk
(21-40)%	Minimum Risk	Low Risk	Low Risk	Moderate Risk	High Risk
(1-20)%	Minimum Risk	Minimum Risk	Low Risk	Moderate Risk	High Risk

LOW
MEDIUM
HIGH

Assistance and advice

- MiFID/the Danish executive order on management
- Ad hoc/training



Internal reporting

- Quarterly
- Committee discussions
- Risk Committee/Board of Directors



Compliance: functional description and regular tasks

- New products and services
- Market abuse
- Speculative rules
- Whistleblower
- Statutory controls (including anti-money laundering)
- Etc



Q&A

