Regulatory Liaison

Managing your relationship with the Regulator

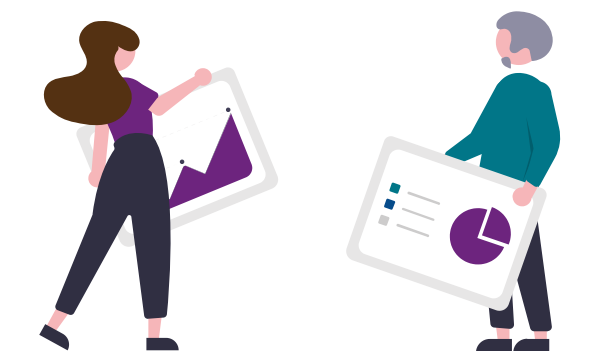**By Heather-Anne Hubbell, CEO**

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Introduction

The tsunami of regulations developed over the past 20 years has made it increasingly challenging for regulated businesses to manage their compliance processes. We immediately think of internal compliance training programmes for staff, but what about the overall organisation's regulatory management?

Businesses may operate under several regulatory licenses, such as a bank, fund, trust company or funds services business. They may also work in multiple countries and must comply with regulations in each country.

Ensuring good relationships with the various regulators supervising your business is critical. So how best to manage those relationships? A regulatory liaison or affairs role has developed in many organisations, whether a single person or an entire regulatory liaison office. The role's size and scale depend on the number of regulatory regimes and regulators with whom the organisation works.

Do you need a regulatory liaison office or officer?

Global institutions with multiple regulators operating under numerous regulatory regimes will likely have an entire group dedicated to ensuring smooth relations with those regulators. This team may be a separate function called the Regulatory Affairs team. Businesses that operate under a single regulatory authority and regulator will likely appoint one person responsible for the relationship with that regulator. The role may be part of the Compliance or Legal team. If an organisation has a Chief Regulatory Affairs Officer, that role is typically part of the Executive Board alongside the CEO and other senior management team members.

The objectives of this team are to develop and maintain strong relationships with regulators and keep the Board apprised of the results of any regulatory reviews and anticipated significant regulatory changes that might impact current and proposed business activities. It is also responsible for ensuring successful reviews and meeting outcomes with regulators. Typically, this team coordinates all regulatory interactions to ensure a consistent and focused organisational approach. It also arranges and manages all regulatory review and supervision meetings with regulators.
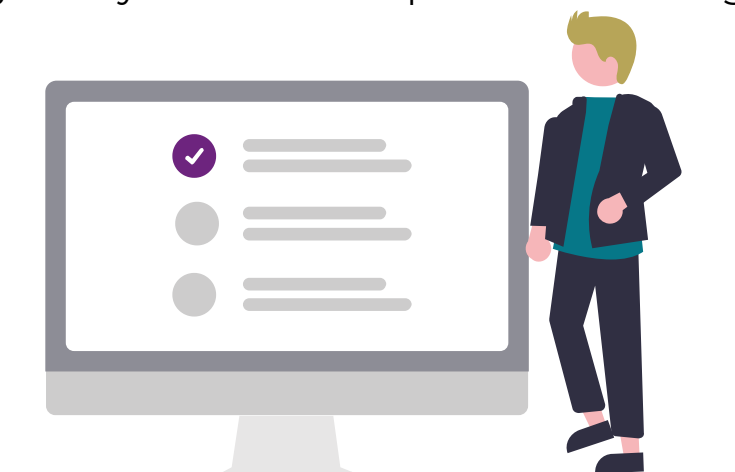
Working with Compliance

Seamless interaction internally & externally

Regulatory Affairs needs to work seamlessly with the Compliance function to ensure internal processes meet all regulatory requirements and that tracking of meetings with regulators is in place. It also monitors internal processes to ensure timely submissions of responses to regulators. If the outcome of regulatory reviews requires changes to internal processes, Compliance and Regulatory Affairs will need to manage those changes closely.

The Regulatory Affairs team should also monitor new and anticipated regulatory changes. It should regularly update the Board and Senior Management team on upcoming regulatory changes that might impact business operations and strategic objectives.

Compliance typically manages policies and procedures to ensure compliance with regulatory requirements. Regulatory Affairs should work closely with Compliance to ensure that existing policies cover upcoming regulatory changes or that they and related procedures are updated to meet new legislation requirements.

Managing the process

Trackers and Dashboards will highlight the status of regulatory meetings and outcomes, issue management, and show progress on deliverables. Depending on the size and scale of your regulatory interactions, you may need one or several trackers and reporting tools. The key is to stay on top of any requests and reporting requirements to ensure streamlined relationships with your regulators

Using Trackers to Manage the Process

## We've included a list of trackers we've used in various organisations to manage regulatory liaison

1 A supervision tracker- to monitor regulatory requests during current reviews and meetings with your regulatory supervisor.

2 An issues tracker - this captures issues from various sources, including Legal, Compliance, Audit, individual businesses, or the Regulatory Liaison Office.

3 A regulatory pipeline tracker- this tracks anticipated legislation that may affect the organisation and monitors when it will come into action.

4 Coordination Dashboards - these highlight regulatory interactions with examiners, key regulatory findings, and other regulatory environment changes to report to management and the Board.

5 Oversight tracker - this provides an organisation-wide oversight of regulatory relations ensures effective monitoring of examination activities and identifies and escalates issues to senior management.
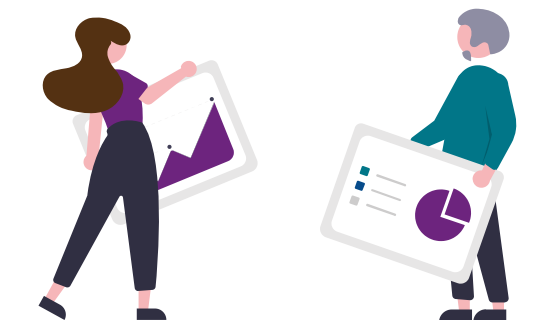
Smaller Organisations

What about smaller organisations? You may not have a Regulatory Affairs Department or even a Compliance Department. Still, someone in the organisation should be the central point of contact for compliance and regulatory liaison and maintain trackers to ensure compliance and up-to-date reporting are supported. As with a larger organisation, Senior Management should regularly update regulatory relationships and compliance programmes.

Holistic compliance and regulatory programmes ensure that your business meets its regulatory requirements and provides certainty about meeting your strategic objectives. You can also see our e-book on preparing for and managing meetings with your regulators.
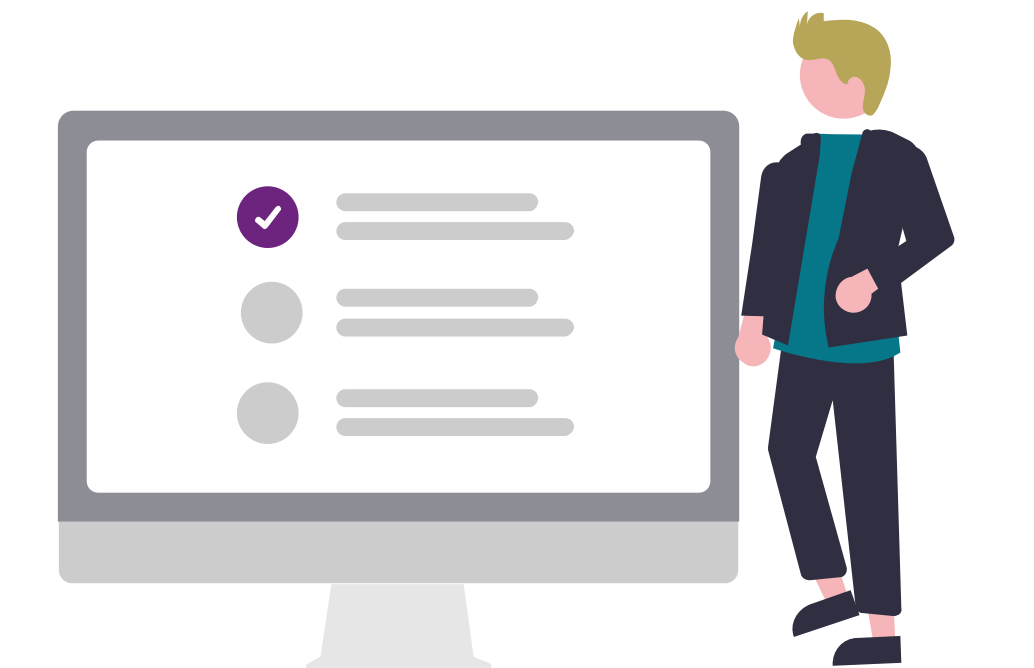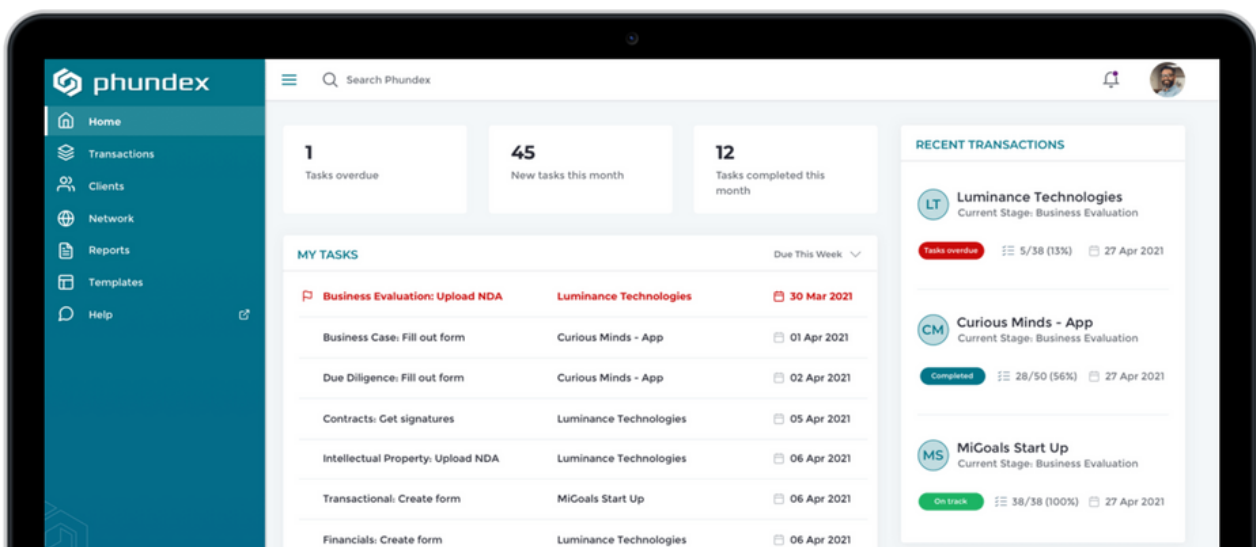
The Phundex platform

Phundex is a digital platform to manage transactions and processes across the investment lifecyle

- House data and documents in a central platform with full permissioning capabilities, version control and audit trail

- Streamline and simplify transactions and processes with configurable pathways, capturing each step required and any dependencies

- Supports task management with robust built-in workflow capabilities, including automated alerts

- Provides team management so that team members can be assigned their specific tasks, responsibilities and due dates

- Provides personalised dashboards so each team member can understand what they need to deliver

These features help manage regulatory relationships by providing standardised processes and central document repositories for each regulatory review, ensuring consistency, transparency and clear governance.

The Phundex platform

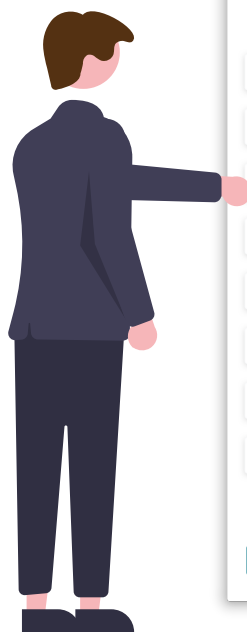By digitising manual processes through Phundex, organisations can:

- Reduce mistakes and omissions by automating transaction and process management for individual projects through digital pathways

- Improve data governance around documents by storing them in a project's data room, with the right permissions to support confidentiality, transparent version control and an audit trail

- Support regulatory obligations by ensuring materials required for compliance are kept in a single location, and that compliance processes are completed through an automated digital pathway. Digital pathways – which capture processes – make regulatory change easier, too.

- Collaborate better across geographies and time zones by making responsibilities clear within an individual's dashboard, and by assigning tasks, and automating alerts and follow-ups.

- Manage contractual relationships transparently and effectively. Integrate third parties more effectively into the team by providing them with dashboards, alerts, and tasks. House all third-party materials, such as contracts, in a single location.

By adopting Phundex, regulated organisations can improve regulatory liaisons by strengthening collaboration, accountability, and transparency. At the same time, these organisations can enhance data governance, document security and compliance, further improving their regulatory governance and compliance.

Conclusion

Managing relationships with your regulators doesn't have to be stressful. Adopting a standardised process and using central tools to coordinate that process will allow you to promptly address questions and develop responses. It will also give you a consolidated data room of information for each regulatory request, enabling consistency and transparency in your dealings with your regulators.

Phundex can enable issuers, advisors, administrators, and investors to digitally transform investment lifecycle processes through the creation of data rooms, digital pathways, and individual dashboards. These reduce operational risk by greatly enhancing collaboration, accountability, and transparency. This means teams have more time to focus on the activities that really generate value for the organisation, and can concentrate on achieving their goals.

To learn more about Phundex, contact us.

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