



## BOARD SUPPORT SERVICES

### Directors Obligations – the new challenges

Corporate governance requirements for Irish fund vehicles and authorised Investment Business Firms are increasing.

The Financial Regulator is taking clear aim at Boards of Directors in circumstances where adequate steps have not been taken to meet its expectations.

### How **Compliance Ireland** Board Support Services can help you

**Compliance Ireland** is pleased to announce it is expanding its range of services to include the provision of specialist support services to the boards of collective investment schemes and authorised investment business firms.

Our services include

- compliance monitoring services
- risk management services
- service provider oversight services
- Money Laundering Reporting Officer services
- Compliance Officer services

Offering the highest standards of expertise across the financial services sector, **Compliance Ireland** has established a reputation for delivering high-quality, cost-effective consultancy (and training) services on corporate governance, financial

regulation & compliance, anti-money laundering and data protection to banks, fund managers, insurance companies, investment funds, intermediaries, telecoms, other regulated entities and universities.

Drawing from our extensive operational experience and professional qualifications, we adopt practical thinking in the delivery of our solutions.

We distil complex regulatory prescriptions to identify the relevant obligations, tailored for each client firm.

We implement bespoke monitoring programmes to oversee the performance by service providers of the delegated functions and provide a knowledgeable, independent control and feedback function for the board.

### The Financial Regulator's new philosophy

The Financial Regulator has firmly embraced principles-based regulation with a very clear designation of responsibilities to uphold standards imposed upon the boards of directors of regulated entities:

The Financial Regulator has clearly signalled that transgressions will be punished under the new regime.

Not only will the Financial Regulator pursue the firm, but Directors and Senior Management will be actively targeted.

In February 2007, the Office of the Director of Corporate Enforcement achieved, through the courts, the disqualification of three directors of an investment business firm and is continuing to pursue the disqualification of directors of credit and financial institutions.

## Board Support Services

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*“Our fundamental approach to supervision is that we are principles led. This means expecting the Board of Directors of each supervised financial service provider to be responsible for setting their own standards – for example... their management framework for assessing the various risks in the products and services they provide.”*

**Address by Patrick Neary, Chief Executive, Financial Regulator to Chartered Accountants Insurance & Banking Groups Breakfast Briefing, 5 October 2006**

In a settlement agreement published in December 2006 the authorised firm involved relinquished its licences and the relevant director agreed to a disqualification from management of a regulated financial service business for five years.

*“Our preferred approach to enforcement is to foster and encourage compliance ... However, where warranted, we will not hesitate to pursue sanctions.”*

**‘Connecting People through Dialogue’ speech by Patrick Neary, Chief Executive, Financial Regulator to Regulation 360 Conference, 16 November 2006**

In July 2006, following an Inquiry by the regulator, an investment firm agreed to the revocation of its authorisation and certain directors agreed to be disqualified from

managing a financial services business for eighteen months.

The message is clear: **Boards can no longer simply rely upon delegating functions to their service providers** (under UCITS III, MiFID and the CPC), and Boards must now actively monitor and oversee the work undertaken by the service providers.

## Corporate Governance Expectations

The Financial Regulator expects that investment service firms, including the management companies of collective investment schemes authorised in Ireland, must implement and demonstrate good corporate governance on managerial functions, such as:

- **monitoring compliance:** must put in place procedures designed to ensure compliance with all applicable legal and regulatory requirements;
- **risk management:** must put in place procedures designed to ensure that all applicable risks pertaining to UCITS under management can be identified, monitored and managed at all times;
- **monitoring of investment performance:** must put in place procedures to ensure availability of up to date information on portfolio performance;
- **financial control:** must put in place procedures to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and half-yearly financial statements;
- **monitoring of capital:** must put in place procedures to ensure compliance with applicable capital adequacy requirements;

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- *internal audit*: must put in place procedures to ensure effective internal audit procedures; and
- *supervision of delegates*: must have clear structures in place for the ongoing monitoring of work delegated to third parties.

## Compliance Ireland Board Support Services

Compliance Ireland Board Support Services provides specialist support services to the boards of collective investment schemes and authorised investment business firms.

Our people have extensive practical knowledge of operations, as well as authorised firm board experience. Our people know the standard required of the Board and are capable of seeing that standards are put into practice.

### Kevin O'Doherty

Kevin is a Fellow of the Institute of Chartered Accountants in Ireland. He has over twenty years experience in investment funds.

He holds a Master of Business Studies (Finance) and a Postgraduate Diploma in Professional Accounting, both from University College Dublin. Kevin is currently undertaking the Chartered Director qualification through the Institute of Directors in Ireland.

Kevin is an 'approved person' under the 'fit and proper' criteria established by Financial Regulator and serves as a non-executive director to financial entities.

Before joining Compliance Ireland as a Principal in November 2006, Kevin served as managing director of one of the largest custodian companies in the IFSC.

Having served as a board director of a regulated custodian for eight years has given Kevin extensive experience of the responsibilities of directors and the conduct and requirements necessary to successfully discharge those responsibilities in regulated financial services businesses.

From this, Kevin has extensive operational experience in securities custody and banking operations as well as the fiduciary trustee requirements.

Prior to this, Kevin worked in a number of fund administration roles for both long-only and hedge funds.

Kevin served for many years on the Alternatives and Trustee Committees of the Irish Funds Industry Association and was a joint author of the AIMA/IFIA 'Sound Practices Guide for Hedge Fund Administrators'.

He has also spoken extensively at industry conferences and has lectured on accounting standards and stock exchange listing requirements.

Peter founded Compliance Ireland in February 2004.

Peter's previous experience includes: Director of Legal and Compliance, BISYS Fund Services (Ireland) Ltd; Company Solicitor, Barings Asset Management Limited (UK); and Manager, Legal and Compliance, Delaware International (UK). Prior to entering industry, Peter served as an enforcement lawyer with the UK FSA and Senior Officer with the Australian Securities Commission investigating and prosecuting firms and directors for corporate governance failures.

Peter's experience covers corporate governance, capital markets, investment management, investment intermediaries,

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payment service providers and fund management and administration in the roles of Director, Lawyer, Compliance Officer and Money Laundering Reporting Officer.

Peter is an 'approved person' under the 'fit and proper' criteria established by Financial Regulator and serves as a non-executive director to regulated financial entities.

In a private capacity, he is a Member of Panel Assessors appointed by the Financial Regulator pursuant to the Market Abuse, Transparency and Prospectus Regulations

In addition to his legal qualifications, Peter holds the Postgraduate Diploma in Corporate Governance from the UCD Michael Smurfit School of Business. He is also currently undertaking the Chartered Director qualification through the Institute of Directors in Ireland.

Peter holds membership of the following professional bodies: Law Society of Ireland; Law Society of England and Wales; The Dublin Solicitors Bar Association; Institute of Directors in Ireland; Association of Compliance Officers in Ireland (also member of technical committee); and Corporate Governance Association of Ireland

## Other Services

Compliance Ireland also provides a wide range of consulting and training services:

**Authorisation Applications** - project managing your IFSRA authorisation application.

**Managing Regulatory Inspections** - assisting you to manage IFSRA regulatory inspections and desk audits.

**Directors' and Senior Management coaching** - coaching your staff to quickly absorb regulatory requirements and expectations.

**Compliance Manuals & Procedures** - drafting your business orientated compliance and operational procedures and manuals.

**Anti-Money Laundering** - conducting assessments of your AML controls and systems, assisting you implement remedial action & drafting your AML policies and manuals.

**Data Protection** - conducting assessments of your Data Protection controls and systems, assisting you implement remedial action & drafting your Data Protection policies and manuals.

**Health Checks** - performing pre-regulatory inspection audits of your business covering general Financial Regulation & Compliance.

## Contact Details:



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