



## **CASE STUDY 2: STOCK BROKING FIRM UNDER MiFID**

### **Background:**

The client firm was authorised under the Stock Exchange Act 1995 and became subject to the MiFID regulations when they came into force in November 2007. The firm handled significant amounts of client money.

### **Assignment:**

CIRS was commissioned to undertake a review of the compliance function of the firm. The review undertook to:

- review documented policies and procedures
- review execution of the compliance function
- make suggestions for improvements or efficiencies

CIRS worked with the compliance officer and senior management of the firm, as well as certain outsourced service providers to the firm to compare the firm's operations against the MiFID Regulations and identify areas for improvement.

*Rather than concentrate on a narrow investigation of the firm's compliance function, our discussions also ranged on broader corporate governance matters, such as suggesting that the board of directors formalise the terms of reference for the compliance function as a set company policy. This enables the compliance function to formalise its remit and provide a clear distinction between the responsibilities of line management and the compliance function.*

CIRS considered how the compliance function could effectively monitor critical business processes undertaken by outsourced service providers and suggested appropriate amendments to the firm's compliance monitoring plan.