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RESPONSE TO CONSULTATION PAPER 33-404

Chappuis Halder & Co.
September 30th, 2016



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EXECUTIVE SUMMARY

CH&Co. is a global management consulting firm specialized in the financial services industry. Regulatory compliance is one of the major strengths of CH&Co. supported by the in-house Regulatory & Compliance Center of Expertise. CH&Co. has significant experience in leading regulatory compliance projects for major financial institutions in international and complex environments. Whether it is interpretation of standards and operational and business impact analysis, gap analysis between current set-up and new requirements, or design and implementation of a new Target Operating Model (TOM), CH&Co. assists clients in implementing functional reorganization, process changes, operational changes and controls to respond to new regulatory requirements, often with aggressive timelines.

By leveraging on our international experience in regulatory compliance, CH&Co.'s insights and perspectives provide concrete examples on how the targeted reforms may impact budgets, efforts and roadmaps to implementation of certain regulatory changes presented on consultation paper 33-404. The various regulatory compliance projects we have been involved in around the globe are highly relevant to the questions raised by the Canadian Securities Administrators (CSA). Our insights draw from regulatory compliance implementation projects including compliance with MiFID I and II, FATCA, Dodd Frank Act, KYC, AML, Professional Investor Regime and Investor Classification Regime for clients in North America, Europe and Asia.

We structured our response as follows:

- PART ONE: covers our expertise internationally on questions presented on consultation paper 33-404
- PART TWO: presents our the lessons learned from the implementation of processes to comply with international legislation
- PART THREE: presents opportunities for registrants should the targeted reforms be adopted
- PART FOUR: presents our conclusion
- PART FIVE: presents information about CH&Co.
- APPENDIX: provides further information on the type of projects we have led and the length to completion.

We trust that information contained herein may be of use to the CSA and market participants to determine the impact of the targeted reforms on internal processes.

PART ONE: RESPONSES TO QUESTIONS IN THE CONSULTATION PAPER

QUESTIONS ON CONFLICT OF INTEREST – GENERAL OBLIGATION

The proposed targeted reforms if adopted would require: a) that firms and representatives respond to each identified material conflict of interest in a manner that prioritizes the interests of the client ahead of the interests of the firm and/or representative; b) any disclosure given to a client about a conflict of interest must be prominent, specific and clear; and c) firms and representatives must have a reasonable basis for concluding that a client fully understands the implications and consequences of the conflict that is disclosed.

The current reform currently focuses on

- Identifying and responding to conflicts of interest
- Restrictions on certain managed account transactions
- Disclosure when recommending related or connected securities

Accordingly, the proposed reforms would change the focus of the disclosure, to include conflicts of interest arising from: third party inducements, remuneration structure, gifts & entertainment, cross fund sales, dealing commissions, etc.

Similarly, the Markets in Financial Instruments Directive (MiFID) requires firms and representatives to:

- consider and identify where conflicts may arise in the course of their business between: (a) the firm (including its managers, employees and tied agents) or any person directly / indirectly linked to the firm, and its clients; and (b) between different clients;
- keep (and regularly update) a record of these actual and potential conflicts;
- put in place organisational and administrative structures to prevent such conflicts from adversely affecting the interests of clients, and document this in a conflicts of interest policy; and
- where these organisational / administrative measures do not allow a firm to have reasonable confidence that the risk of damage to clients' interests will be prevented, to make adequate disclosure to clients. The disclosure must be in a durable medium and contain sufficient detail of the general nature and / or sources of the conflicts that may arise and the steps taken to mitigate / manage them so clients can make an informed decision before conducting business with the firm.

Further, MiFID requires all information addressed to clients or potential clients to be fair, clear and not misleading and for marketing communications to be addressed as such. In this regard, the European Securities and Markets Authority (ESMA) issued further recommendations that communication for retail clients should:

- be consistently presented in the same language throughout all client facing material;

- include a fair and prominent indication of any risks where potential benefits are referenced, which must be in a font size at least equivalent to the predominant font size used throughout the communication;
- be up-to-date bearing the communication method in mind (e.g. online information should always be up-to-date, printed material should be updated when next printed); and
- be based on performance scenarios in different market conditions for future performance and should reflect the nature and risks of the specific types of instruments covered by the analysis.

With regard to professional clients, information should:

- not reference potential benefits without a fair and prominent indication of relevant risks;
- not disguise, diminish or obscure important items, statements or warning; and
- be accurate and up-to-date, taking account of the communication method used.

To comply with MiFID requirements, firms are required to implement a governing body that will be charged with the oversight of cross entity/cross fund conflicts including (i) identification; (ii) documentation; (iii) mitigation; and (iv) remediation of key conflicts.

Moreover, MiFID II will forbid inducements for asset managers (for discretionary portfolio management) independent Registered Investment Advisor (RIAs); non-independent RIAs could accept inducements if they can justify these inducements contribute to provide new services to the customer with a real added value.

In comparison to MiFID, the proposed targeted reforms seem disclosure based and do not require that firms put in place internal controls and business models that would allow for the mitigation of such risks.

QUESTIONS ON KYC

With regard to Know Your Client (KYC) requirements, the targeted reforms would be amended to include the requirements that registrants must:

- ensure that the KYC process results in a thorough understanding of the client;
- gather more client-centered information in respect of each of the three key elements of the KYC obligation, including:
 - (i) investment needs and objectives: time horizon for their investments, how liquid they need their investments to be, and applicable investment constraints;
 - (ii) financial circumstances: the amount and nature of all assets and debts, employment status, basic tax position, and spousal and dependents' status and needs ; and
 - (iii) risk profile : the client's risk profile for investment purposes, based on concepts including risk attitude, risk capacity and loss aversion (terms to be defined for client) ;

- ensure that KYC forms and a record of the risk profile, both at initial account opening and upon material changes, are dated and signed by both the client and the representative and a copy is provided to the client ; and
- take reasonable steps to update their client’s KYC information (and related form) at least once every 12 months, and more frequently in response to material changes in circumstances affecting the client or the client’s portfolio

The targeted reforms impose significant changes to current requirements, which are currently limited to:

- (a) establish the identity of a client and, if the registrant has cause for concern, make reasonable inquiries as to the reputation of the client,
- (b) establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded,
- (c) ensure that it has sufficient information regarding all of the following to enable it to meet its obligations under section 13.3 or, if applicable, the suitability requirement imposed by an SRO:
 - (i) the client’s investment needs and objectives;
 - (ii) the client’s financial circumstances;
 - (iii) the client’s risk tolerance, and
- (d) establish the creditworthiness of the client if the registered firm is financing the client’s acquisition of a security.

For the purpose of establishing the identity of a client that is a corporation, partnership or trust, the current directives require that the registrant must establish the following:

- (a) the nature of the client’s business;
- (b) the identity of any individual who,
 - (i) in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 10% of the voting rights attached to the outstanding voting securities of the corporation, or
 - (ii) in the case of a partnership or trust, exercises control over the affairs of the partnership or trust.

The proposed changes may be compared to requirements brought forth by MiFID and AML, in particular the reforms requiring additional information on liquidity, investment constraints and amount and nature of assets. For examples on the impact of introducing risk measures on KYC requirements, the CSA may also refer to MiFID requirements.

Other legislations that have had significant impact on business models to enable for the collection of certain client information include the Foreign Account Tax Compliance Act (FATCA) designed to provide the Internal Revenue Service (IRS) better capability to identify US tax evaders who are concealing their assets directly in foreign accounts, or indirectly, through offshore companies. FATCA requires foreign financial institutions (FFI), non-financial foreign entities (NFFE), as well as US withholding agents (USWA) to comply with tax information reporting and withholding requirements as well as investor due diligence and documentation requirements.

From our experience in Europe, the KYC data collected primarily satisfies requirements set forth in MiFID and AML legislation. To our knowledge, for European and US banks, there is only limited local requirements when it comes to KYC (i.e. client to declare purpose of transactions, nature of business when onboarding).

Other than implementation and compliance, the challenges that our client's face around KYC processes, we have seen that there is often high turnover in KYC/Operations teams, leading to a regular loss of knowledge and a lack of collaboration between Operations and Compliance teams leading to unclear instructions to business lines.

The targeted reforms, in particular, information on client's basic tax position would at the very least require implementation of new account application forms, upgrade of systems to allow for new data management, re-engineering of the onboarding process modified and training of staff.

(Refer to the Appendix for details on the type of projects conducted as a result of the adoption of new legislation in this area)

QUESTIONS ON KYP

The Know Your Product (KYP) enhancements would include requirements for representatives to understand his or her firm's products in comparison to other products on the firm's product list and requirements for the firm to ensure that there are adequate policies and procedures, training tools, guides etc. to enable representatives to comply with the KYP obligation and identify whether they have a proprietary or mixed non-proprietary product list. A "proprietary product list" would be defined as a product list that includes only proprietary products. A "mixed/non-proprietary product list" would be defined as a product list that includes both proprietary and non-proprietary products, or only non-proprietary products, that the firm is registered to advise on or trade in.

Regulations that have specific provisions regarding KYP include MiFID, which states that investment firms must act in accordance with the best interests of their clients and avoid conflicts of interests. A periodical review and a process for the approval of each financial instrument require significant changes in processes and governance around financial instruments before marketing or distributing to clients. The process around KYP shall (a) specify an identified target market of end clients; (b) ensure that the financial instruments are designed to meet the needs of the identified target market; and therefore assess all relevant risks to such market and make sure that the target market is able to bear those risks; (c) ensure that the distribution strategy is compatible with the target market and take reasonable steps to ensure that the financial instrument is distributed to the target market.

CSA Staff Notice 33-315 Suitability Obligation and Know Your Product sets forth the importance of understanding an investment product before it is recommended to a client and provides guidance on how to meet this obligation. However, should proprietary firms be required to engage in a market investigation and product comparison process, the implementation of a governing body to maintain the records, conduct market investigation would be required.

QUESTIONS ON SUITABILITY

With regard to Suitability requirements, the new targeted reforms aim at validating that a registrant must ensure that, before it makes a recommendation to (or recommendation not to), or accepts an instruction from a client to, buy, sell, hold or exchange a security, or makes a purchase, sale hold or exchange of a security for a client's managed account, such purchase, sale, hold or exchange (or decision not to purchase, sell, hold or exchange in the case of a recommendation not to take any of these actions) satisfies certain criteria.

We can again refer to MiFID I legislation for an example of requirements regarding suitability, which is included in the KYC process.

Other legislation such as "The Professional Investor Classification Regime" in Asia may provide with examples of challenges faced by clients due to new legislation impacting Suitability. The financial institutions in Hong Kong are now required to classify the clients into professional investors (PI) and non-PI investors with different access to investment products. PI is further divided into two types: institutional investors and corporate investors. Big institutional investors can trade on capital markets while corporate investors need to go through suitability check-up to ensure they have enough assets, proper structure as well as risk awareness to trade on the capital market. (Refer to Appendix for information regarding the impact of this legislation)

PART TWO: LESSONS LEARNED FROM THE PAST

As mentioned in the previous section, our past experience in regulatory compliance may provide guidance to the CSA as to the challenges that firms may face in relation to the targeted reforms. The remediation / transformation usually affects multiple departments (operation, tax, legal, front-middle-back office, control, compliance, risk, IT), which makes engagement with all the stakeholders through a strong governance essential.

Efficient change management and strong set of controls are among the key success factors while automated PMO tools can facilitate the implementation process.

The following table, compiled by CH&Co., presents the impacts of various regulations on client onboarding, including people, process, data and systems.

(Table included in the following page)

Regulation	Jurisdiction	Impacts on Client Onboarding	People	Process	Data	System
Dodd Frank Act – Title VII	U.S.	- OTC clearing will call for an update of legal documentation (ISDA, give-up agreements...) - Reporting to trade repositories with time constraints will imply a more efficient onboarding				
Dodd Frank Act – Volcker Rule	U.S.	- More robust identification and More extensive classification schemes will need to be applied - More detailed relationships (e.g. agent, principal) may need to be stored for More granular credit risk calculation and disclosure				
Legal Entity Identifier	Global	- Initiative currently incorporated into Dodd Frank and expected to be adopted by European regulators - New identifier field to be captured and existing client data will need to be cleansed to incorporate the LEI - Liaison to be built with Third Party Swap data Repository				
EMIR	Europe	- Similar requirements as DFA with regards to clearing documentation and reporting rules (see Appendix for the table of fields to be reported)				
Resolution Planning	Global	- SIFIs must provide detailed recovery and resolution plans for unwinding in case of default, including relationships with key counterparts and clients				
FATCA	Global	- AML: Stricter CDD and client Acceptance procedures - KYC: Additional client Profile requirements - Tax identification Number (TIN or GIIN) needs to be collected for US persons				
Basel III	Global	- Will require centralized data to support risk management calculation and a re-evaluation of the types of customers and Due Diligence ahead of client onboarding				
MIFID II and Market Abuse	Europe	- Increased focus on client categorization and eligibility - New KYC checks and approvals				
4th AML Directive	Europe	- Beneficial owner identification and disclosure - Enhanced Due Diligence in certain situations of high risk				
CSA Proposed Target Reform	Canada	- KYC: Additional client Profile requirements - Increased focus on client profiling and eligibility for products - Increased requirements in disclosure of product information				

Table: CH&Co. analysis on the impact of new legislation on business models

As is shown in the table, the regulatory requirements have different level of impacts on people, process, data and systems depending on their complexity. Besides, each financial institution might have a different reality and readiness for the compliance to the regulation. Depending on the specific conditions of the client, the compliance effort might be remediation through small-scale process optimization, documentation or overall

transformation in the processes and workflow of the financial institutions. A new Target Operation Model (TOM) might be needed that encompasses not only the new workflow, but also new sets of controls, KPIs, back-up plans etc.

Each criteria is further detailed below:

KYC/CLIENT ONBOARDING

The workflow will need to be adapted to be compliant with the new regulations. Changes in workflow require not only a redesign of organizational process but also potentially change in organizational structure, which requires significant change management.

COMPLIANCE

All the changes made to the workflow and processes need to be validated with compliance department. Once validated, new documentations are to be created and new configurations added to the system. Documentation is essential as audit trail and backup for all the changes made for regulatory compliance.

RISK

During the client onboarding process, risk profiling is a critical step. Regarding the new requirements in suitability, the risk profile policy and procedure will have to be adjusted accordingly to reflect the new regulatory standard. New procedures will have to be drafted and followed.

IT

For the IT team, process changes and new target workflow has to be reflected in the IT infrastructure and system configuration. Based on the new target workflow and business needs, new configurations will be added to the system. IT team will have to notify all departments impacted by the changes in the IT system, and also organize training on the new functionalities of the system as part of the change management.

Another challenge is to manage the potential operational breaks that might be caused by the system upgrade and multiple system reconciliation. New data sets collected based on the new regulatory requirements should be properly managed and integrated into the data flow and systems.

PERSONNEL

When implementing changes, workload of the personnel needs to be reassessed. Roles and responsibilities need to be redefined in a clear way. Besides, training is essential to ensure the implementation of new workflow and new system configuration. Both training materials and training sessions have to be prepared and completed before the date the new regulation is in force.

CHANGE MANAGEMENT

Change management is essential for the success of any remediation or transformation project. The two aspects important in change management are:

- **Communication Plan**
Internal communication of changes in roles and responsibilities, processes, workflow, and dataflow have to be initiated before the project starts and reinforced until the new routines and operation models are properly implemented;
Clients need to be informed where they are impacted and how the new system/process functions.
- **Training**
Besides high-level debriefing to ensure governance, operational training with functional people is of paramount importance to the success of the remediation/transformation efforts.
Project management and cross-functional coordination are usually deployed during change management.

PART THREE: OPPORTUNITIES FOR REGISTRANTS

We think that clients should be able to transform new regulation into an opportunity to better position themselves in the market. In an ever-changing environment, it is important to use new regulations as a way to develop robust risk management frameworks that satisfy regulatory requirements but also contribute to strengthen decision-making and enhance performance.

We believe that the targeted reforms may provide an opportunity for registrants to review their operating strategy. Accordingly, there are opportunities for registrants to conduct the following types of projects:

FRONT-TO-BACK INFRASTRUCTURE & ORGANIZATION

- Develop connectivity with key market infrastructures such as CCPs and trading venues
- Streamline existing system architecture and processes to ensure extension of trade reporting to other asset classes and to reinforce the control framework
- Enhance capabilities for efficiently processing market and reference data
- Align the Corporate Governance with requirement with the rationalization of management bodies
- Redefine scope and role of Compliance functions

DATA GOVERNANCE & REPORTING

- Align reporting solutions
- Set-up a robust data governance framework aiming to identify reporting requirements (, ensure data quality and accuracy and document origination-to-report lineage
- Implement audit trail and data architecture enhancements notably for reference data and unique identifiers
- Leverage and strengthen existing recordkeeping solutions
- Take advantage of public information to analyze trading behaviors and market trends

FOCUS ON A ROBUST DATA GOVERNANCE - OBJECTIVES & APPROACH

- ✓ Identify Regulatory data requirements for reporting purpose
 - Analyze and interpret Regulatory requirements and leverage existing regulatory reporting
 - Ensure consistency in the delivery of data requirements
 - Act as a bridge with IT with regard to the sourcing of the data

- ✓ Assess on an ongoing basis data quality employed within the bank
 - Establish and maintain operating directives and related procedural guides
 - Develop and maintain data quality framework and operating directive
 - Establish data quality processes and metrics, and act as an escalation point for quality issues

- ✓ Ensure data meets the stringent requirements from the regulator
 - Set-up a robust issue and remediation tracking process
 - Coordinate data remediation initiatives within the bank and handle transversal remediation actions
 - Provide metrics on remediation progress

- ✓ Provide additional comfort to decision makers on risk and regulatory challenges
 - Understand the data from a business perspective and its impact on the organization
 - Define standards for Key Data Elements
 - Support the creation of a central data dictionary and document origination-to-source data lineage

PART FOUR: CONCLUSION

In summary, when it comes to regulatory changes, design and implementation of new processes and structures (remediation / transformation) is usually required. The implementation is often accompanied with change management. The biggest challenge for all financial institutions remains in having a process and structure that is robust in regulatory compliance yet flexible enough to accommodate more changes that would be called for by new regulatory requirements.

PART FIVE: ABOUT CH&CO.

CH&Co. is a global management consulting firm that delivers lasting results for financial institutions. We focus only on the financial services industry to ensure the delivery of expert advice, industry best practices and knowledge that is relevant to the business of our clients. We help clients transform their business challenges into competitive advantages and lasting success by delivering a complete advisory service comprising of planning, implementation and close.



- We provide our clients with **global access to knowledge** while retaining **local resources** for all engagements
- Our offers are supported by our **3 Centers of Expertise**:
 - *Regulation & Compliance*
 - *Digital & Innovation*
 - *Global Research & Analytics*

Our 3 Centers of Expertise contain top professionals with extensive industry experience:

Regulation & Compliance:

We see regulatory compliance as a competitive edge and consider changes in the regulatory landscape an opportunity to help our clients better position themselves.

We conduct a Regulatory Watch, produce whitepapers and work closely with regulators. We have developed an expertise in the following areas:

IFRS, US GAAP, Basel II/III, Solvency II, EMIR, Dodd Frank Act (Volcker/IHC/CCAR), MiFID, FATCA, E-Trading, KYC, AML.

Digital & Innovation:

Our Digital Lab brings expert advice and hands on experience to deliver robust digital solutions.

We have built the largest database referencing innovation, also a collaborative platform to foster innovation: www.fintank.net. Through various initiatives we have established direct connections with start-ups and market influencers. We have developed an expertise in the following areas:

Market studies and benchmarking, Digital strategy, Process efficiency, Mobile/Online Product development, User experience & CRM, Digital insights.

Global research and analytics:

Risk management frameworks must satisfy regulatory requirements, contribute to strengthen decision-making and enhance performance. Our team is made up of quantitative experts that help clients understand their data and turn it into actionable measures.

We have established a strong framework for research and white paper publications around risk modelling, Systemic Risk, Mapping, Credit and counterparty Risk, Liquidity forecasting, Big Data. We have developed an expertise in the following areas:

Client Segmentation, Portfolio Optimization, Stress Testing and Stress scenarios (Basel II/III, ICAAP...), Design and/or validation of risk models (VaR, CVaR, IRBA, AMA)

Our offers:

RISK & FINANCE

- Financial Accounting Advisory (IFRS/US GAAP)
- Risk and Finance Transformation
- Risk Management & Control

BUSINESS & OPERATIONS TRANSFORMATION

- Transformation of Operating Models
- Process Optimization & Cost Reduction
- Offshoring, Nearshoring and Outsourcing
- Performance Management

REGULATION

- KYC/AML process implementation
- Resolution Planning
- Dodd-Frank Act initiatives (IHC, CCAR)
- Governance and Internal Controls

BUSINESS DEVELOPMENT & INNOVATION

- Big Data and Analytics
- Digital Banking and User Experience
- Digital Transformation
- News Products and Services

APPENDIX: PROJECT DETAILS

KYC AND CLIENT ONBOARDING

Depending on registrants' current processes around KYC compliance and client onboarding, the proposed amendments may require significant changes to their business models. The following table presents a summary of different projects of CH&Co. related to implementation, remediation or optimization of KYC processes and the timeline to completion:

PROJECT NAME	CLIENT/SCOPE	PROJECT TIMELINE	CH&CO.'S ROLE
Client Management Set-up	<ul style="list-style-type: none"> ▪ French Bank: - US CIB Scope - APAC Scope for CIB and WM 	4 months in 2012 1 year over 2012 & 2013 3 months (2014)	<ul style="list-style-type: none"> ▪ Regional organization setup ▪ Transfer management ▪ Communication with B/L ▪ Process optimization ▪ Specific KYC processes implementation (MNC, FIC, etc.) ▪ Offshoring of the DD ▪ System implementation (GCARS/MAOS) ▪ KYC Dashboards implementation ▪ Team trainings ▪ Task force projects (ML, TH)
KYC Remediation & Task force	French Bank: - CIB: APAC - WM: HK & SG	1 Year (2011) 6 Months (2013) 5 months (2014)	<ul style="list-style-type: none"> ▪ Support and monitoring of the review of all CIB KYC following the 3rd EU and risk-based approach ▪ Review of KYC backlogs on Critical Files (1200 files) according to local regulations with implementation of dedicated taskforces ▪ Review of Wealth Management KYC backlog files
Client Management set-up (Focus on Client onboarding & KYC)	French CIB in APAC	6 months (2012)	<ul style="list-style-type: none"> ▪ Regional organization set-up and communication with Head Office as Asia will become pilot ▪ KYC business rules clarification ▪ Process optimization (« KYC for Dummies »)

			<ul style="list-style-type: none"> Integration of Legal documentation & Risk in the full process
FATCA implementation	Global Wealth Management	2 Years (start Jan 13)	<ul style="list-style-type: none"> US indicia identification: System mapping & alignment, manual reviews Update of systems, checklists to capture new data requirement and monitoring tools implementation Remediation coordination (involving Compliance, F/O) Change management (training, update of procedures)
KYC framework review	Tier 1 Euro Bank - IB and WM	18 months	<ul style="list-style-type: none"> New organization and process design implementation (by type of client) Clarification of policies including onboarding check list and account freezing Increase productivity by 20% on KYC
Client data golden source review	Tier 1 Euro Bank - IB	6 months	<ul style="list-style-type: none"> Review and validation of data source Data cleaning and automation of feeding between different sources or database <p>Key benefit: ensure adequate profile of the client for regulatory and compliance purpose</p>
KYC remediation task force	Tier 1 Euro Bank - CIB and WM	5 months	<ul style="list-style-type: none"> Support on High risk and low risk client Preparation of files for the client compliance committee Review of sensitive files before independent assessment

SUITABILITY

With regard to changes following the adoption of the Professional Investor Classification Regime in Asia, we worked on a projects to help clients both in Hong Kong and Singapore implement changes. Our experience showed that the new legislation called for the reorganization of the KYC process to comply with this requirement. The CH&Co. team not only designed a remediation approach, but also defined and implemented a target Investor Classification Operating Model for the client.

Accordingly, the project included the following

1. Target KYC organization
 - Map KYC functions in each location
 - Design optimized operating model including boundaries with other departments, mandates and potentially review of organization charts
 - Design implementation roadmap
2. KYC remediation in Asia
 - Prioritize and follow-up KYC policies gap for each location
 - Follow-up IT deployment
 - Define and implement remediation actions
 - Integrate remediation actions in Business-As-Usual KYC process
3. Target Operation Model: Investor Classification
 - Validation of requirements with Compliance and Front Office
 - Validation of process for initiation, review, and remediation
 - Definition of roles and responsibilities between Operations, Front Office and relevant departments
 - Training for Front Office and Operations on new process onshore and offshore
 - Follow-up of IT developments related to Professional Investors
 - Overall coordination of the Investor classification stream

The project was completed over a period of seven months with the dedication of 2 full-time consultants.

PROJECT CREDENTIAL 1

Investor Classification Regime: Target Operating Model for Hong Kong and Singapore

Client Needs	Main Deliverables
<p>Hong Kong</p> <ul style="list-style-type: none"> ✓ Update of the Professional Investor Regime process in Hong Kong following the SFC Regime update and training of employees ✓ Control of the historical clients with no classification and assess the possibility to restrict them from trading capital market products in the system <p>Singapore</p> <ul style="list-style-type: none"> ✓ Definition of the target operating model in Singapore following the MAS Regime Update and training of employees ✓ IT Developments to be defined and released in Singapore to adapt to the new classification requirements ✓ Remediation of Singapore historical clients 	<ul style="list-style-type: none"> ✓ Hong Kong SFC PI Regime Process Change <ul style="list-style-type: none"> ▪ As-is, Gap Analysis/TOM, validated SOP, Communication, Training, PI 2 letter, Assessment Form, Escalation ✓ Singapore MAS Classification Regime Process and Remediation <ul style="list-style-type: none"> ▪ TOM, Validated SOP, Communication, Training, Draft AI Letter (law to be signed), Escalation ▪ Classification of historical clients ✓ IT Developments <ul style="list-style-type: none"> ▪ SGP Business Requirements developed and validated for PI Step automation in the system ▪ Monitoring of the SGP UAT Phase ▪ Monitoring of the SGP IT release
Situation prior to the project	Client's benefits
<p>Hong Kong: Existing process and assessment form do not meet the new SFC regulation requirements and a new law is to be enforced by March 2016 requiring Professional Investor Classification into 3 categories:</p> <ol style="list-style-type: none"> 1. Professional Investor Type 1 (II) 2. Professional Investor Type 2 (CPI) 3. Non-Professional Investor (Retail) <p>Singapore: No classification process in place. A new law issued by the MAS is being voted in Singapore and will make the investor Classification notification mandatory for AI clients:</p> <ol style="list-style-type: none"> 1. Institutional Investors (II) 2. Accredited Investors (AI) 3. Expert Investors (EI) 4. Other 	<ul style="list-style-type: none"> ✓ Adapt to the updated SFC Regime in Hong Kong and the new MAS regulation in Singapore to comply with requirements ✓ Optimization and clarification of the overall process between the impacted teams (MARK, OPER/COR, OPER/KYC, BGL/PI)

PROJECT CREDENTIAL 2

Reorganization of a Client Onboarding Team

Client Needs	Main Actions
<p>As part of our assignment within the Bank, our client wanted to redesign its New York Office Client Onboarding organization to:</p> <ul style="list-style-type: none"> ✓ Align with Paris Head Office organization; ✓ Prepare for compliance with new regulations such as FATCA, MIFID and Dodd Frank; ✓ Improve client satisfaction. <p>In a constrained environment with reduced budget the objective was to create a centralized onboarding team with a process closely aligned to those of the Head Office taking into account local specificities.</p>	<ul style="list-style-type: none"> ✓ Current set-up analysis: <ul style="list-style-type: none"> • Cartography of current state process flows defining key tasks and responsibilities. • Gap analysis with Head Office structure. ✓ Target Operating Model: <ul style="list-style-type: none"> • Target process mapping (temporary and long term) • Transition roadmap definition. • Roles and responsibilities description and allocation. ✓ Scenario validation and roadmap: <ul style="list-style-type: none"> • Implementation and resourcing plan. • Strategy presentation to C-Level management (COO, CFO &CRO) and work initiation on quick-wins.
Situation prior to the project	Client's benefits
<ul style="list-style-type: none"> ✓ Existing process part of the Client onboarding scope were not formally documented. ✓ Client onboarding processes were not centralized and stakeholder's roles and responsibilities within North America were not clearly defined. ✓ Processes were based on local tools with no or very little synergy with Head Office processes. ✓ Upcoming regulatory impacts on compliance requirements were not anticipated. ✓ The overall quality of service for the client was therefore impacted by the lack of efficiency, communication and anticipation between the different stakeholders. 	<p>Efficiency / Quality of Service</p> <ul style="list-style-type: none"> • Transparency on the onboarding process. • Accountability and ownership of compliance functions. • Reduce Client onboarding length. <p>Reducing time to compliance</p> <ul style="list-style-type: none"> • Identification of future requirements and process implications of upcoming regulatory initiatives. <p>Global Homogenization</p> <ul style="list-style-type: none"> • Alignment of the regional organization on Head Office's one when and where possible • Consistency of tools by leveraging on those of the Head Office

PROJECT CREDENTIAL 3

Transformation of a Client Onboarding function at a Tier 1 investment bank

Client Needs	Main Actions
<p>Following a recent request from FSA to provide additional disclosure to over 1,000 clients in a tight deadline and in the context of new regulatory reforms, our client, a Tier 1 investment bank, wanted to rethink its client onboarding processes, data and systems with:</p> <ul style="list-style-type: none"> ✓ Increasing levels of transparency of information ✓ Better data integrity ✓ Easier access to information at short notice 	<ul style="list-style-type: none"> ✓ Organization and Processes: <ul style="list-style-type: none"> • Onboarding process redesign • Target Operating model definition • Workload analysis and reallocation ✓ Data: <ul style="list-style-type: none"> • Clean up of the data (duplication and inconsistencies) • Revision of the taxonomy ✓ Systems: <ul style="list-style-type: none"> • Managing all business requirements for a new global workflow system • Driving the realization of the operational benefits during the implementation
Situation prior to the project	Client's benefits
<ul style="list-style-type: none"> ✓ A 400% increase in onboarding requests over a nine-month period ✓ A massive increase of the workload putting resources under pressure and maximizing operational risks ✓ Difficulty accessing and identifying the correct client and other internal legal documentation due to a number of legacy databases across different functions ✓ Poor quality of the data and inconsistencies across the different divisions 	<ul style="list-style-type: none"> • Compliance to the FSA request and better flexibility to quickly adapt to new regulatory requirements • Global standardization of the processes across different divisions and territories • Clean up of the data with revision of the global taxonomy for document storage and process initiation • Better communication between the different stakeholders in the onboarding process • Definition of an escalation path allowing for better management of risks and issues

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