

Compliance: Theory and Practice in the Financial Services Industry

Assignment

You are a compliance officer working for a financial institution. Select an area where you believe the institution should have a written compliance policy or procedure and prepare:

- (1) the policy/procedure that you would recommend for adoption by the institution; and
- (2) a memorandum to the Head of Compliance explaining:
 - (a) briefly, the legal/regulatory issues and business risks that lay behind the policy/procedure and that the policy/procedure is intended to address;
 - (b) how you would propose that affected staff are made aware of the policy/procedure;
 - (c) which categories of staff you consider will need training in respect of the policy/procedure and what you would recommend in that regard;
 - (d) what supervisory arrangements you would propose to help ensure that staff actually follow the policy/ procedure; and
 - (e) what other arrangements you would recommend to monitor or audit compliance with the policy/procedure and otherwise ensure it is effective.

Notes:

1. *This assignment will account for 40% of your assessment. It is **due on Tuesday 3 October 2017 (lecture 10)**.*

You are required to submit your assignment in electronic form and an identical hard copy. Both the online and hardcopy assessments must be submitted by the submission deadline.

You may either hand the hard copy assignment to me in class on the due date (my preferred option) or drop it at the Student Information Desk, Level 3, New Law School Building.

All assignments must be submitted online via the Assignment Dropbox on the relevant LMS site for your subject (<https://elearning.sydney.edu.au/>). Instructions on how to submit your assessment online are available on each LMS site. The time and date of submission as recorded on the LMS site will be taken as the official (final) record of submission. Please allow plenty of time to upload your assignment.

If you experience difficulties submitting your assignment electronically, please contact the Academic Support Team Administrative Officer for this unit of study (listed in the LMS) prior to the submission deadline or your paper may be marked as late and marking penalties applied. You may either hand the assignment to me in class on that date (my preferred option) or drop it at Student Information, Level 3, New Law School Building on or before that date.

2. *Your marked assignments will be handed back in class on Tuesday 24 October 2017 (lecture 13).*
3. *It is not mandatory but, if you wish, I will review a written précis of your proposed assignment and let you know whether the topic you have chosen, and the way in which you propose to tackle it, is suitable. If you wish to take advantage of this opportunity, your précis must be **no longer than 2 pages** and must be submitted to me by **no later than Tuesday 12 September 2017 (lecture 8)**.*

You may submit your précis to me in hard copy in class (my preferred option) or by email to kevin.lewis@bigpond.com. I will provide you with my comments on your précis at the next class after you have submitted it to me (I will not provide comments by email). The absolutely last class, therefore, at which I will provide comments on a précis is Tuesday 19 September 2017 (lecture 9), and then only if I have received it at least one week beforehand.

4. *Your policy/procedure must be on an area regulated by financial services law. Please do not write a policy/procedure on an area regulated by employment law (eg equal opportunity, discrimination or harassment). Please also do not attempt to write an anti-money laundering / counter terrorism financing compliance program or a compliance plan for a registered managed investment scheme. The work involved in doing such a program or plan, if done properly, is well beyond what is required for the assignment.*
5. *If you need inspiration on an area where a financial institution might need a written compliance policy or procedure, see the section headed "A Sample List of Financial Services Compliance Policies" in the notes for lecture 2 (the Role of Compliance) – although, please do not choose any of the legal department policies or HR related policies mentioned in the lecture notes, as they are not appropriate subjects for the assignment (see previous note).*
6. *The policy/procedure and the memorandum will each be worth one half of the marks for the assignment. You should spend as much time on the policy/procedure as you do on the memorandum (and vice versa).*
7. *There is no minimum word requirement for the assignment. However, as a guide, the policy/procedure and the memorandum to the Head of Compliance should each be around 5 typed pages. If the policy/procedure on which you have chosen to write can be completed in substantially less than 5 typed pages, you should combine it with another related policy/ procedure or group of related policies/procedures and write on those.*
8. *The policy/procedure will be assessed for its suitability for the target audience as well as for its coverage and content. If you write a policy that is so long or turgid that relevant staff are unlikely to read it, or so technical that only a lawyer can understand it, you will not score well. Similarly, the memorandum to the Head of Compliance will be assessed for its commerciality and practicality as well as for its coverage of compliance issues.*
9. *There is no maximum word limit for the assignment. However, if you find that you have written more than, say, 15 typed pages in total on the policy/procedure and the memorandum to the Head of Compliance, ask yourself whether you have met the criteria in the previous note. The marker will certainly be asking that question!*
10. *You may write your policy/procedure for a real or fictional institution. In the latter case, you should describe in a footnote at the start of the policy the type of institution for which you are writing.*

11. You may pick up elements of an existing compliance policy from a financial services organisation as long as: (i) you acknowledge the source in a footnote; and (ii) you examine it critically and re-write it where appropriate. **You must not plagiarise someone else's compliance policy and pass it off as your own work.**
12. In writing the memorandum to the Head of Compliance, you may assume that s/he has some knowledge of relevant legal and regulatory issues and therefore does not require a lengthy dissertation on that topic. Keep your discussion of legal and regulatory issues under question (2)(a) above concise and to the point (no more than one and half pages). Your discussion of the issues in questions (2)(b) – (e) above is just as important (these questions are designed to get you to focus on the elements the courts are saying are necessary for an effective compliance program – see the section headed "Judicial Pronouncements on Compliance Systems" in the notes for lecture 2).
13. In writing your policy and memorandum to the Head of Compliance, you should also consider the materials in the section headed "The Desirable Features of a Financial Services Compliance System" in the notes for lecture 2.
14. **Please include a title page and use a left hand margin of at least 3.5 cm on each page of your assignment to give me room to write my comments. In addition to the title page, you should also include the University's standard assignment cover sheet that includes your signed Statement of Compliance with the University's Policy on Student Plagiarism.**

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