

Chief Compliance Officer:¹ Role and Responsibility Assessment Tool²
Part of IFC’s Advanced Methodology for Financial Institutions

	ACCEPTABLE	BETTER	DESIRABLE	BEST PRACTICE
I. Personal Qualifications	<ol style="list-style-type: none"> Integrity and understanding of duties of loyalty and care. Communication skills. Honesty and ethical behavior. 	<ol style="list-style-type: none"> Same.³ Same. Same. 	<ol style="list-style-type: none"> Same. Same. Same. 	<ol style="list-style-type: none"> Same. Same. Same.
II. Professional Qualifications and Skills	<ol style="list-style-type: none"> General familiarity with laws and regulations governing financial institutions. General familiarity with laws and regulations governing companies (and, if the bank is publicly listed, regulations and laws covering public 	<ol style="list-style-type: none"> Same, <i>and minimum two years’ experience in a financial institution in the compliance area, with proficient knowledge of laws and regulations in the jurisdiction.</i>⁴ Same. Same, <i>but with in-</i> 	<ol style="list-style-type: none"> Same, <i>and ability to provide technical guidance and direction in banking operations and lending compliance.</i> Same. Same. Technical proficiency in financial crime prevention and detection. 	<ol style="list-style-type: none"> Same. Same. Same. Same. Knowledge of compliance law and regulation in leading jurisdictions.

¹ Depending on the institution, some functions of the Chief Compliance Officer (CCO) may be allocated to the Chief Risk Officer (CRO), Chief Financial Officer (CFO), and others. The main responsibility of the CCO is to focus on mechanisms and processes to implement the policies of the bank and ensure that the institution complies with all the relevant laws and regulations. In all cases, functions should be coordinated so that there are no gaps.

² Prepared by Sinclair Capital, a G3 affiliate.

³ “Same” in a column means that the recommendation with the same number in the column immediately to the left is carried over into that column. Where the recommendation is the same but with additions, the additions are in italics.

⁴ Generally, in smaller financial institutions, CCOs have, at a minimum, two to five years’ related experience. At larger, more complex financial institutions, functioning in multiple jurisdictions and having multiple business lines, the minimum is six years’ experience.

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	<p>companies).</p> <p>3. Basic knowledge of and general familiarity with prevention of money laundering and financing terrorism (AML/CFT). Ensures that qualified staff and adequate systems are in place for compliance with AML/CFT.</p>	<p><i>depth knowledge of AML/CFT requirements.</i></p>		
III. Appointment	<p>1. Appointed by the CEO, CFO, CRO, or general counsel.</p>	<p>1. Same.</p> <p>2. The board is informed of the appointment.</p>	<p>1. Same.</p> <p>2. Same.</p>	<p>1. Same.</p> <p>2. Same.</p>
IV. Reporting Line and Accountability	<p>1. Independent of any business line (to avoid conflicts of interest).</p> <p>2. Reports to senior-level official (maximum two steps removed from the CEO).</p>	<p>1. Same.</p> <p>2. Same, and has unrestricted access to CEO and CFO.</p>	<p>1. Same.</p> <p>2. Same, or to management committee or executive committee.</p>	<p>1. Same.</p> <p>2. Same.</p>
V. Reporting	<p>1. Reports to CEO and board on all instances of whistle-blowing.</p> <p>2. Reports findings of ongoing monitoring of activities and operations with regard</p>	<p>1. Same.</p> <p>2. Same.</p> <p>3. Same.</p>	<p>1. Same.</p> <p>2. Same.</p> <p>3. Same, and assists senior management and the board in drafting compliance reports for inclusion in the bank's</p>	<p>1. Same.</p> <p>2. Same.</p> <p>3. Same.</p> <p>4. Same.</p>

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	<p>to compliance to the board.</p> <p>3. Provides summary data on compliance issues to board, as needed but at least annually.</p>		<p><i>annual report.</i></p> <p>4. Ability to raise concerns to the board or appropriate board committees.</p>	
VI. Resources	<p>1. Adequate time to fulfill CCO role (if not the individual's only role within the bank).</p> <p>2. Adequate expertise and resources to fulfill the compliance function.</p> <p>3. Ability to engage appropriate external assistance.</p> <p>4. Adequate resources to be able to meet regulatory requirements.</p>	<p>1. The CCO role is the individual's only role within the bank.</p> <p>2. Same.</p> <p>3. Same.</p> <p>4. Same.</p> <p>5. Appropriate access to necessary infrastructure support, such as IT.</p> <p>6. Ongoing training is provided to all relevant staff.</p>	<p>1. Same</p> <p>2. Same.</p> <p>3. Same.</p> <p>4. Same.</p> <p>5. Same.</p> <p>6. Same.</p>	<p>1. Same.</p> <p>2. Same.</p> <p>3. Same.</p> <p>4. Same.</p> <p>5. Same.</p> <p>6. Same, as well as appropriate training broadly throughout the bank.</p>
VII. Responsibility - Policy	<p>1. Developing compliance (and security) programs for the bank and subsidiaries, consistent with laws and regulations.</p>	<p>1. Same.</p>	<p>1. Same.</p> <p>2. Recommending enhancements to the bank's security controls based on periodic assessments.</p>	<p>1. Same.</p> <p>2. Same.</p> <p>3. Assessing the bank's compliance culture and designing training programs to address gaps.</p>

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VIII. Responsibility - Implementation	<ol style="list-style-type: none"> 1. Ensuring compliance with applicable domestic law and regulations. 2. Ensuring compliance with AML/CFT requirements; in particular, account activity reviews and investigations to identify unusual and suspicious patterns (increasingly involves detection software). 3. Ensuring compliance with the bank's internal policies, including adequate knowledge of them and documenting compliance. 4. Ensuring compliance with ethics policy and implementation of whistle-blowing procedures. 5. Responding to regulatory findings, deficiencies and violations, in 	<ol style="list-style-type: none"> 1. Same. 2. Same. 3. Same. 4. Same. 5. Same. 6. Same. 7. Same. 8. Same. 9. Same, and ensuring that those policies are disseminated, as needed, throughout the bank. 10. Same. 11. Reviewing new products and services (and marketing materials) to ensure compliance with applicable rules, regulations and regulatory policies. 12. Ensuring the adequacy and effectiveness of the compliance and security training programs, including employee and officer training on AML/CFT 	<ol style="list-style-type: none"> 3. Same. 4. Same. 5. Same. 6. Same. 7. Same. 8. Same. 9. Same. 10. Same. 11. Same. 12. Same. 13. Same. 14. Same. 15. Same. 16. Establishing a close working relationship with the chief information officer (CIO) to leverage technology for compliance monitoring and initiatives and for managing records. 17. Monitoring pending regulatory changes and preparing for compliance with them. 18. Ensuring dissemination of updates to regulations and compliance procedures 	<ol style="list-style-type: none"> 1. Same. 2. Same. 3. Same. 4. Same. 5. Same. 6. Same. 7. Same. 8. Same. 9. Same. 10. Same. 11. Same. 12. Same. 13. Same. 14. Same. 15. Same. 16. Same. 17. Same. 18. Same. 19. Same. 20. Together with risk management and internal audit, contributing to establishing an enterprise-wide risk management framework, for all companies in the group and at all levels, consistent with

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	<p>conjunction with the chief of internal audit.</p> <p>6. Monitoring resolution of consumer complaints.</p> <p>7. Overseeing fraud investigations involving customer accounts and recovery of funds, and coordinating investigations with appropriate internal resources and external investigation and enforcement officials.</p> <p>8. Conducting internal investigations of employee activities where there are violations of bank policy or regulation.</p> <p>9. Maintaining effective documented compliance and security programs.</p> <p>10. Overseeing the records retention program, with appropriate attention</p>	<p>policies.</p> <p>13. Maintaining a comprehensive list of related parties, as required by law.</p>	<p>to business units, control units, the CEO and the board.</p> <p>19. Ensuring that a documented code of ethics is periodically disseminated to and acknowledged by employees.</p>	<p>requirements of COSO II.</p> <p>21. Monitoring and testing new compliance technologies and procedures, such as intelligent transaction monitoring systems.</p>

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	to safeguarding customer privacy. ⁵			

Acceptable

Minimum acceptable practices in corporate governance and compliance. Elementary. Meets the basic regulatory and legal requirements. Reflexive.

Better

Taking further steps to strengthen corporate governance and compliance. More established. Beginning to form a system. Meeting some internal and external regulatory/legal requirements.

Desirable

Major contributor to improving corporate governance and compliance nationally. Established. A system is in place. Meets all internal and external requirements. Proactive and forward-looking. Working toward best practices.

Best Practice

Conforms with international best practices in the industry. Well-established system. Compliance is integrated into the corporate governance framework of the organization. Forward-looking and focused on continuous improvement.

⁵ May be the responsibility of the general counsel.