

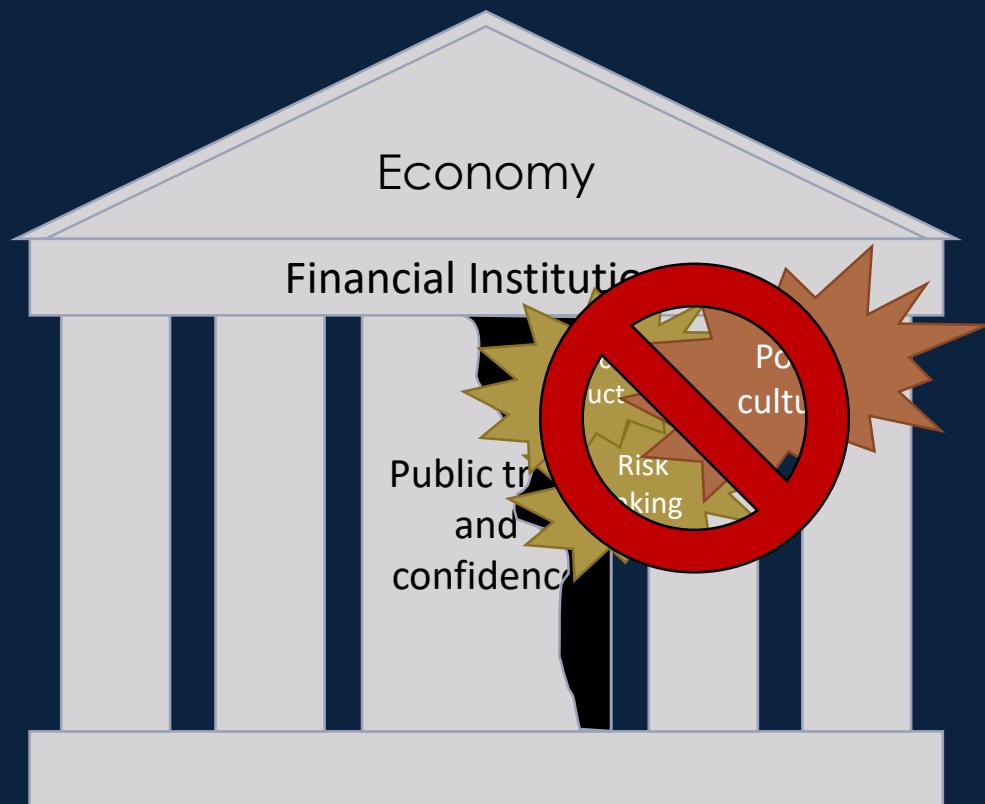
GUIDELINES ON INDIVIDUAL ACCOUNTABILITY AND CONDUCT

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30 November 2020




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SITUATION

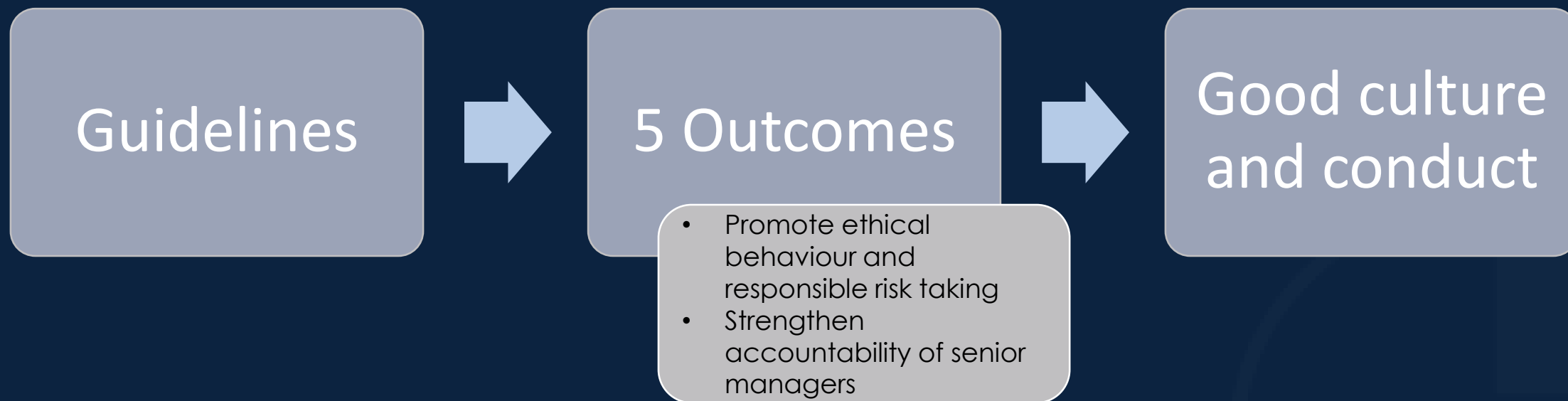


Foster culture and conduct

Three-pronged approach

-  **PROMOTE & CULTIVATE** a **culture of trust and ethics** in the financial industry through regular engagement, active collaboration, and promulgation of good practices to promote sound industry norms
-  **MONITOR & ASSESS** culture and conduct, focusing on both “hardware” (frameworks, policies, and procedures) and “software” (tone-at-the-top, leadership, attitudes, behaviour, and group dynamics)
-  **ENFORCE & DETER** lapses in risk management, misconduct, regulatory breaches, or offences through supervisory or enforcement actions

ACTION PLAN



A hand in a suit jacket points towards a row of six padlocks. The fourth padlock from the left is open and glowing with a bright light, while the other five are closed and dimly lit. The background is dark blue.

APPLICABILITY

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APPLICABILITY

- All financial institutions
 - Exemptions for specified FIs
 - IAC Guidelines applicable to LFMCs and RFMCs
- Implementation
 - >50 headcount consider all guidance
 - <50 headcount to achieve the 5 Outcomes

OUTCOMES

1. Senior managers responsible for managing and conducting the FI's core functions are clearly identified
2. Senior managers
 - a. are fit and proper for their roles, and
 - b. held responsible for the actions in their business lines
3. FI's governance framework clearly allocates senior managers' roles and responsibilities



4. Material risk personnel
 - a. are fit and proper for their roles, and
 - b. subject to appropriate framework



5. Promotion of desired conduct among all employees

OUTCOME 1: Senior managers responsible for managing and conducting the FI's core functions are clearly identified.



- CEO and senior management are responsible for management of business, risk and control functions.
- Clarity in FI's overall management structure and individual responsibility
 - Clear identification of senior managers in Core Management Functions ("CMFs")
 - Actual decision-making and oversight
 - In case of outsourcing, responsibility for decision-making and supervision
- Direct reporting lines of senior managers to CEO and, where relevant, to the Board (or head office)

CORE MANAGEMENT FUNCTIONS



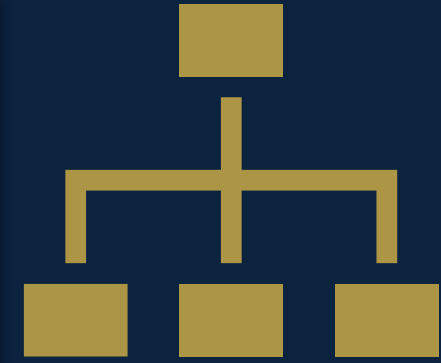
- Chief Executive Officer
- Chief Financial Officer
- Chief Risk Officer
- Chief Operating Officer
- Chief Information Officer
- Chief Information Security Officer
- Chief Data Officer
- Head of Business Function
- Head of Actuarial
- Head of Human Resources
- Head of Compliance
- Head of Financial Crime Prevention
- Head of Internal Audit

OUTCOME 2: Senior managers are fit and proper for their roles, and held responsible for the actions of their employees and the conduct of the business under their purview.



- Due diligence on all senior managers
Beyond fit and proper standards for senior managers that require approval by MAS
- Clear senior manager roles and responsibilities
 - Acknowledgement by senior managers
 - Responsibility for actions of their staff and business under purview
 - Management committees have their place, but need clear terms

OUTCOME 3: The FI's governance framework supports senior managers' performance of their roles and responsibilities, with a clear and transparent management structure and reporting relationships.



- Organisational structure
 - Clear senior manager roles and responsibilities
 - Reporting lines
 - Approval by Board (or head office)
 - Documented
 - Succession planning
- Adequate corporate governance frameworks and systems
 - Facilitate senior managers' performance of their role
 - Incentives
 - Escalation
 - Consequences
- Committees do not replace individual accountability



OUTCOME 4: Material risk personnel are fit and proper for their roles, and subject to effective risk governance, and appropriate incentive structures and standards of conduct.

- Material risk personnel: Individuals who have the authority to make decisions or conduct activities that can significantly impact the FI's safety and soundness, or cause harm to a significant segment of the FI's customers or other stakeholders
- Identify MRPs
- Assess fitness and propriety
- Governance: mandates, authority, risk limits, oversight
- Guidance on conduct: standards, training, incentive structure



OUTCOME 5: The FI has a framework that promotes and sustains among all employees the desired conduct.

- “Tone from the top”
- Conduct standards
- Communication to employees
 - On-boarding, training
- Policies, systems and processes
 - Monitoring
 - Incentive structure
 - Consequence management system
 - Whistleblowing channel
- Engagement strategy with key stakeholders
- Notification of MAS of material adverse developments

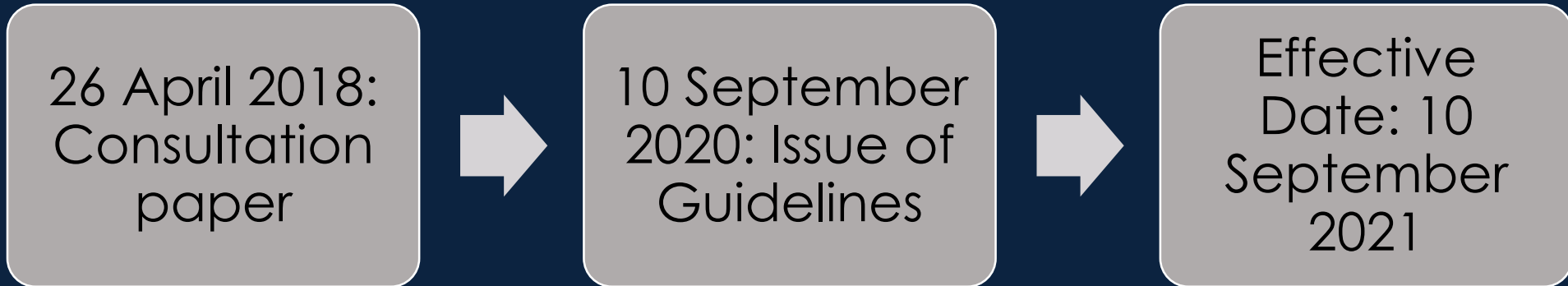


COMING INTO FORCE



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TIMELINE



IMPLEMENTATION

1. Determine Senior Managers and Material Risk Personnel
 - Organisational chart
2. Job descriptions
 - Responsibilities
 - Powers
3. Communication of conduct expectations
4. Reporting

A close-up photograph of two business professionals in dark blue suits shaking hands. The background is slightly blurred, showing other people in business attire, one holding a white document and another holding a pen. The overall scene conveys a sense of professional agreement and success.

THANK YOU

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