

Case Study

OneSumX for Regulatory
Change Management

Financial Services

Global Tier 1 Organization Implements Regulatory Change Management Program to Satisfy Regulator Requirements

After facing heightened regulatory challenges, a global Tier 1 organization implemented OneSumX for Regulatory Change Management, a robust change management solution from Wolters Kluwer consisting of automated regulatory content feeds and comprehensive workflow for tracking regulations through implementation. The solution enables the organization to connect all applicable rules and regulations to lines of business, products, operations, policies, and processes of the business and track regulatory developments with meaningful interpretation, giving them the capability to properly assess the impact of a new rule or change, route the obligation to the appropriate areas for implementation, and ultimately, demonstrate mastery of compliance to regulatory obligation to their regulators.

Regulatory Challenges Lead to Change Management

With the complexities of today's regulatory environment, it can be difficult to remember life before the financial crisis—when organizations managed their regulatory risk by simply monitoring regulators' websites for any changes. Now, regulations are constantly

in flux. Whether it is new regulations coming into play or existing regulations being updated, compliance is a never-ending journey where the manual, ad hoc processes of yester-year no longer pass muster.

To keep up with this level of activity, organizations are dedicating significant expert resources to the low value work of monitoring a variety of sources, including news sites, regulator websites, feeds and association alerts, to identify what regulatory activities are going to require change within their organization. Typically, this results in inefficient non-standardized output, redundancy in effort, and an overload of information without any audit trail or automation. There are also no assurances that full coverage has been achieved or that the right people have received the appropriate information.

Not only are organizations challenged with the daunting task of keeping on top of these rapidly developing changes, but also the sheer volume of regulation is unprecedented. In the U.S. alone, more than 15 million words of new regulations have been written because of Dodd-Frank. And, in the U.K., the Financial Conduct Authority and Prudential Regulation Authority have introduced over 10,000 rule changes in the last two years. In addition to the increasing volume, regulatory change is no longer limited to one jurisdiction and now has a global impact in the market. And, the repercussions of missing an important piece of legislation or a change to industry standards

can be damaging to an organization, resulting in fines, litigation, or financial and reputational harm.

To meet these post-financial crisis challenges, organizations need to implement a strong regulatory change management process to automate and assimilate the intake of relevant information, track accountability, evaluate the potential impact on the organization, and determine how the organization needs to address the changes.

Assessing the Regulatory Impact

Now more than ever before, organizations are under the lens of increased regulatory scrutiny and are required to ensure that they are fulfilling their compliance obligations in all the jurisdictions in which they conduct business. Failing to have a demonstrable automated process to manage the scope of regulatory requirements, regulatory changes, or the impact to operations presents real compliance risks. Solving these challenges while maintaining compliance and providing the required transparency for regulators and the business alike is essential to a solid compliance program.

Like many international organizations operating in multiple financial centers, this large tier 1 organization faced tremendous regulatory pressure and heightened scrutiny by the Federal Reserve Board, the Financial Conduct Authority and other global regulatory agencies. These regulators required them to move from manual and fragmented processes toward continuous, proactive and systematic processes that would help them better understand, manage and communicate regulatory developments and obligations to the applicable lines of business. As a result, they launched an initiative to support a strong compliance risk management program by enhancing their enterprise-wide regulatory change management process and adopting a consistent methodology in each jurisdiction.

To address their regulatory requirements, they needed to answer the question commonly asked by regulators, “What are the laws and regulations you are beholden to across all the business lines and jurisdictions in which you operate?” While there is an enormous amount of information that they could track for various regulatory bodies, it was important to develop

an effective regulatory change management process that would identify and track only the laws and regulations that were relevant to them and weed out the rest.

Therefore, they needed a systematic process to identify regulatory requirements as well as track and manage regulatory changes from the proposal stage all the way through compliance in the business units. They sought an automated regulatory change management solution that provides continuous monitoring of regulatory updates; tracks accountability on who needs to perform what actions; models in-depth assessment of their business impacts; and offers the capability to generate detailed regulatory reports.

From Regulatory Concerns to Fully Compliant

To navigate these complex regulator-mandated requirements, the tier 1 global organization enlisted Wolters Kluwer to provide an automated rules tracking and workflow platform that would manage regulatory change more holistically and help them build a solid compliance program.

To accomplish this, Wolters Kluwer first conducted an assessment of their business. During the assessment, it was discovered that there were 17,000 citations that impacted their business based on the top 10 U.S. regulators alone. Of those 17,000 citations, there were 76,000 discrete obligations or rules that were identified as impactful, which in turn connected to 70,000 locations within their business organizational structure.

For a project of this magnitude, the organization leveraged the company’s OneSumX for Regulatory Change Management solution. The solution provides them with a centralized and scalable technology platform that enables them to continually govern and manage regulatory risk at all points across the organization. In addition, OneSumX for Regulatory Change Management delivers global regulatory content through three key components: 1) a regulatory library; 2) ongoing regulatory change feeds; and 3) automated regulatory change management workflow.

OneSumX for Regulatory Change Management includes the delivery of comprehensive regulatory libraries, which are configurable to meet the unique needs of this tier 1 global organization. The libraries, housed on the OneSumX GRC platform, were initially tailored based on their U.S. businesses and delivered in the fourth quarter of 2014. The data comes from a comprehensive array of sources, such as lawmakers, central banks, regulators, exchanges and clearing houses. As part of this process, regulations were mapped to all relevant data elements, including who owns which regulatory obligation for what product, line of business, individual desk and/or area of operations.

As part of the solution, Wolters Kluwer also delivered regulatory change feeds, based on the organization's businesses and the applicable regulatory bodies present within the global jurisdictions they operate in. The automated feeds, delivered into the OneSumX GRC platform daily, include new and amended laws, rules, regulations and supervisory guidance and can be filtered, as needed, to allow them to only receive information that is relevant and valuable for managing regulatory change.

Once the regulatory libraries were implemented and the ongoing change feeds were updating on a daily basis, they automated their end-to-end regulatory change management process by leveraging the configurable workflow capabilities of the OneSumX GRC platform. By replacing manual processes with automation, the compliance team is able to easily assess the impact of any given regulatory development, assign regulatory or legislative development cases to business unit owners for review and action as well as benefit from full audit trail capabilities and leverage analytic reporting and dashboard functionality for immediate enterprise-wide visibility.

As a result of implementing OneSumX for Regulatory Change Management, the organization was able to confirm that the obligations and commitments to implement an enhanced regulatory change management program were met, and resulted in a successful examination by its prudential regulator in early 2015. Since then, they have committed to expanding the project scope on the Phase 2 rollout for their U.K. business.

About OneSumX for Regulatory Change Management

Our solution treats compliance holistically as a program rather than as individual projects so that organizations can reap savings from more efficient governance and processes, decreased testing and documentation costs, and reduced capital allocations through the rationalization of infrastructure that supports regulated activities.

OneSumX for Regulatory Change Management provides a sophisticated technology platform that can:

- Deliver comprehensive and continuously updated regulatory libraries and daily regulatory change feeds on a global basis for all levels of regulatory bodies
- Assign regulatory or legislative development cases to business unit owners for review and action
- Assess developments against existing policies and procedures, identified risks, controls and tests programs to ensure appropriate implementation actions are taken across the business
- Directly reference letter of law, interpretation and regulatory guidance
- Automate follow ups
- Generate workflows, assignments and tracking of tasks
- Automate task distribution and management of action items
- Establish a centralized and holistic approach to regulatory change management with full audit trail capabilities
- Create user defined reports to track regulatory developments or create ad hoc status reports as required by senior management or regulators

Strong regulatory change management serves as the critical foundation for a complete compliance management program. Effectively tracking and implementing regulatory changes should be interconnected with the day to day management of compliance

risk assessments, compliance testing and monitoring, remediation activities, and policy and procedure maintenance.

Control Regulatory Change with the Right Partner

With nearly 800 regulating entities watching over them, global companies face tremendous challenges. Managing risk and compliance obligations requires prevention, monitoring, measuring, flexibility and, most importantly, the right partner. Wolters Kluwer offers proven compliance expertise and regulatory change management strategies that derive from decades of successful partnerships with customers and regulators alike.

We understand the intricacies of internal operational structures, the demands of regulatory oversight, and the importance of measuring risk factors unique to the financial services industry. Our expertise and technology tools take advantage of industry-wide best practices in compliance and operational risk management and can be leveraged throughout the product development cycle and regulatory compliance management process to help organizations implement effective internal controls, remain compliant with regulatory requirements and manage risk.

About Wolters Kluwer Financial Services

Whether complying with regulatory requirements or managing financial transactions, addressing a single key risk, or working toward a holistic enterprise risk management strategy, Wolters Kluwer Financial Services works with customers worldwide to help them successfully navigate regulatory complexity, optimize risk and financial performance, and manage data to support critical decisions. Wolters Kluwer Financial Services provides risk management, compliance, finance and audit solutions that help financial organizations improve efficiency and effectiveness across their enterprise. With more than 30 offices in 20 countries, our prominent brands include: AppOne®, AuthenticWeb™, Bankers Systems®, Capital Changes, CASH Suite™, GainsKeeper®, NILS®, OneSumX®, Uniform Forms™, VMP® Mortgage Solutions and Wiz®. Wolters Kluwer Financial Services is part of Wolters Kluwer, which had 2014 annual revenues of €3.7 billion (\$4.9 billion), employs 19,000 employees worldwide, and maintains operations in over 170 countries across Europe, North America, Asia Pacific, and Latin America. Wolters Kluwer is headquartered in Alphen aan den Rijn, the Netherlands. Its shares are quoted on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices.

© 2016 Wolters Kluwer Financial Services, Inc. All Rights Reserved.

Please visit www.wolterskluwerfs.com for more information.