

Compliance Made Me Do It

Or How I Learned to Stop Worrying and Love My Compliance Department

**Matthew Todd, Ph.D.
Financial Engines, Inc.**

These materials have been prepared for information purposes only. They are not intended to be nor do they constitute legal, compliance, or information security advice. The views indicated herein do not necessarily represent the views or the policies or procedures of Financial Engines.

Why is this guy here?



Let's start a new company

FabFinanceCoInc will:

- **Offer financial services to individuals**
- **Extend services of existing financial entities**
- **Make use of third-party vendors**
- **Make everyone happy**



Then what happens?



FabFinanceCoInc, meet the auditors

- **Financial partners**
- **Customers**
- **Regulators**
- **Business**
- **Litigants**
- **How do you prepare?**

Start at the beginning... and the end

- **Start with basic principles of due care**
- **Think of the end goal**
- **Have a simple message that everyone “gets”**

TRUST



A culture of compliance

FabFinanceCoInc **employees “get it.” Now what?**

- **Compliance is a basis for a “web of trust.”**
- **Need to comply (with laws and regs, with commitments to customers and partners) is engendered.**
- **Employees then help to establish policies and procedures.**

FFCI's Risk Management Program

- **Business units should have skin in the game**
 - If you're not at the table, you don't have a voice
 - Reports up to the Board
- **Critical elements:**
 - Ownership
 - Training
 - Documentation
 - Process management
 - Record keeping
 - Monitoring
- **Iterate!**



A toolset for FFCI



- **Once basic principles are set, employees want tools**
 - Easy
 - Essential
 - Compliant
- **Be ready to support them**

Make friends

- **You can't do it all**
 - Establish requirements and controls up front
 - Build relationships – build trust
- **Outside experts can help**
 - Bring wealth of experience
 - Speak to “best practice”
 - Help identify real risk vs. “check the box”
- **You must be an active participant**



Audit season sets in at FFCI



- **Be prepared to respond to external requests**
 - Have experienced staff ready
- **One size does not fit all**
- **Demonstrate minimum standards**
 - Belt-and-suspenders is always a good idea
 - Don't be afraid of saying "no" or "N/A"

Speak softly and carry a big stick

- **Establish firm agreements with all parties**
 - Partners
 - Customers
 - Vendors
- **Ensure a right to audit or review practices**
- **Carry a copy of regs with you at all times**



Schrödinger's Rule of Compliance

Your program is not working unless it is demonstrated to be working



TEST

The Take Home Slide

Hallmarks of a sound program:

- **Identification of applicable laws and regs**
- **Written policies and procedures**
- **Training and acknowledgement**
- **Access control/Separation of duties**
- **Risk management program**
- **Business continuity plans**
- **Testing and iteration**
- **Appropriate monitors and record keeping practices**
- **Internal and external audit**
- **And that's it! (not really)**

The Second Take Home Slide

Useful Things to Have and Do:

- **Effective tools for the company**
- **Trained and certified staff**
- **An eye to standards and federal regs**
- **Effective partnerships**
- **Tabletop exercises and drills**

For more information

**Matthew Todd, Ph.D.
Chief Security Officer
VP Risk and Technical Operations
Financial Engines, Inc.**

ph: 650.565.4932

em: mtodd@financialengines.com