

**FINANCIAL REVIEW****Plan to soothe edgy compliance officers**

Author: Chris Wright  
Date: 23/01/2006  
Words: 390  
Source: AFR

Publication: The Financial Review  
Section: Financial Services  
Page: 38

Institutions including National Australia Bank, Axa and Tower Australia are pilots in a new project aimed at confronting the problems institutions face in appointing "responsible officers", a key requirement of the Financial Services Reform Act.

The project, to be conducted by the Responsible Officer Forum, addresses the FSR requirement that all financial services companies have two responsible officers, or compliance officers, per licence.

Responsible officers (ROs) must be directly responsible for significant day-to-day business decisions, and larger institutions with many licences could need as many as 30 people in the role.

However concerns about liability mean these posts have been beset by problems. Last year The Australian Financial Review reported turnover was averaging about 100 officers a month, in an industry with only 4237 licensed organisations.

An October survey of 217 ROs by the forum found that 73 per cent of them were worried about whether they were being properly protected by their risk and compliance departments.

Others complained they could find no relevant training courses on how to be an RO.

Numbers like that "blow a number of holes in the view that things are settling down with financial services reform and everyone is OK", forum convener Ulysses Chioatto said.

The theory behind the project, which will also involve Virgin Money and fund manager Hunter Hall, is that it will help develop a standardised and sustainable governance framework for the financial services sector, creating workable methods of keeping ROs abreast of and comfortable with their responsibilities.

"Once their role is clearly understood within all these organisations, and they become more firmly part of the teamwork, those churning issues should go away," Mr Chioatto said.

Deen Sanders, general manager of Financial Services Education Agency Australia, said the problem had been exacerbated by industry members fighting among themselves, so that "no two fingers, let alone hands, know what the other one is doing . . . we need to collaborate as an industry."

The Australian Securities and Investments Commission, the regulator that oversees FSR, is understood to have been consulted on the project.

ASIC said it would not endorse the project but had promised to review the findings.

**KEY POINTS**

? The turnover rate among financial compliance officers is high because of liability concerns.

? A new project aims to develop a framework for responsible officers.

