OCTOBER 2012

IOR Newsletter

THE INSTITUTE OF OPERATIONAL RISK

Welcome to the latest edition of the Newsletter of the Institute of Operational Risk. This publication is designed to help keep members and non-members informed of developments within the industry and also within the IOR itself. If you would like further information about any of the issues raised in this newsletter, or have any suggestions about how we can improve the content or design, please do not hesitate to contact the Editorial team at the following address: info@ior-institute.co.uk

Chairman's Message

Edward Sankey,
Chairman IOR

I write this in the warm glow following the Olympic and Paralympic Games. When the Games were awarded to London in 2005 there was wide belief in the UK that the country would fail to deliver. Large projects had a poor record. Major constructions were plagued by poor industrial relations and planning. Whilst industrial relations have greatly improved, the new Scottish Parliament Building still came in at a cost ten-fold higher than first estimates. The Jubilee subway line extension cost £3.5bn compared to an original cost of £2.1bn and took 9 years rather than the planned 4 ½ years. Compared to most of the projects we all deal with, delay in completion of Games facilities was never an option. The Games were long ago scheduled to start in July 2012. Tickets were sold a long time before then. The Olympic Delivery Authority (ODA) was responsible for the planning, construction and commissioning of the facilities and for transportation development - handing over to Games organizer, LOCOG, earlier this year. (For those following the detail, the G4S failure was not an ODA matter). To the best of my knowledge this has been done within the cost set some 3 or 4 years ago. A key part of ODA's success has been the high level of risk management from the very beginning and undertaken and repeatedly reviewed at all levels from the top down to the detailed level of sub-project, theme (e.g. security) and contract negotiation. Much of the credit for this is due to the Chairman Sir John Armitt. A career engineer, Sir John has always placed risk management at the heart of project management. The Institute had the honour of a speech by Sir John at its Annual Dinner a couple of years ago. It was inspiring.

It is not recognised often enough that project risk management is a special branch of our discipline. Nowhere else is one faced with a risk profile that changes so quickly, or where risks can be so inter-related. Limiting a risk becomes more expensive the longer a decision is delayed. Delay reduces options to the point that it may well be better to hold up a project at an early stage in order to deal properly with a risk rather than proceed and lock in rigidities that pre-empt cost effective solutions.

IOR Announcements

Andrew Sheen appointed Fellow

The IOR would like to congratulate Andrew Sheen in being accepted into the Institute as a Fellow in September. This is the highest grade of membership, given through interview by two existing fellows, when an individual can demonstrate significant contribution to either the Institute or the Industry. Andrew is a senior member of the Financial Services Authority in the UK focusing on Operational Risk. He was involved in the early development and implementation of Op Risk frameworks within the finance sector, then taking this knowledge and experience in helping to shape approach and thinking within the FSA and within the Basle work. He continues to work in improving and shaping the industry and will no doubt be a great asset to the Institute.

IOR is changing Treasurer

The IOR would like to give a huge vote of thanks to Jonty Birrell-Gray who stepped down as Treasurer in the summer after more than 2 years' service. Asim Balouch, who chairs the IOR Executive Committee and is a qualified Chartered Accountant, will continue as interim Treasurer until a permanent replacement is appointed at the AGM.

Sound Practice Guidance

Sound Practice Guidance update

Since publication of the last newsletter, work has continued on two of our Sound Practice Guidance (SPG) papers and two new teams of IOR members have been formed to progress these, bringing the current total to four.

The Scenario Analysis team is approaching a second draft version of their SPG paper and a review/refresh of the Risk Appetite paper (first published in December 2009) has been completed. The revisions are now going through the governance process and the paper will be published to members when it has been signed-off.

A review of the first edition of the Risk & Control Self-Assessment (R&CSA) paper (published in 2010) has commenced and the recently formed Risk Culture team has started worked on their first draft.

Risk Culture was the subject of a recent event organised by the IOR's Scottish Chapter and our Vice Chairman, Simon Ashby, who is leading the Risk Culture SPG team, visited Edinburgh to deliver a presentation and facilitate a discussion, all of which was well received by an appreciative audience.

Sound Practice Guidance

Sound Practice Guidance (cont'd)

If you have any comments on the papers already published, have any suggestions for future topics, or if you would like to contribute to the SPG workstream, please let us know. You can contact me by email at: standards@ior-institute.org .

Brian Rowlands
Workstream Lead
Sound Practice Guidance

Contacting the IOR

Dedicated IOR telephone number

The IOR now has a dedicated telephone line so that both members and non-members can speak to someone in person if they have, for example, any queries regarding membership, the application process, payment of annual fees or any other more general queries.

+44 (0)1920 443818

The number can also be found on the IOR website under the "Contact Us" section.

Asia Chapter update

In August, Dominic Wu and Benjamin So, who are the respective leads of the Asia Chapter and Steering Committee, were invited to deliver seminars on operational risk and implementation techniques at the Emerging Markets Risk Management Conference 2012 organised by the City University of Hong Kong. The event was attended by leading risk professors and regulators from different parts of the world. The IOR is highly regarded in being able to share its experiences and knowledge with world-class risk thinkers.

In July, the Asia Chapter organised a lunch seminar on the topic of “Data Analytics for Operational Risk Management” which was hosted by PriceWaterhouseCoopers. The seminar touched on the concept and usage of data analytical techniques in day-to-day operational management in financial services firms. The keynote speaker was Professor Mike So, Program Director of Risk Management and Business Intelligence at the Hong Kong University of Science and Technology who is a renowned expert in risk quantification. The seminar was attended by around 30 participants and yielded some very positive feedback. The Chapter will continue to invite reputable scholars to share their research and ideas with practitioners in the field.

In June, Dominic Wu was invited to give a seminar entitled “101 Operational Risk Management” to the exchange students during the EMBI Summer Intern Programme organised by the University of Science and Technology. This event has helped to cultivate a mind-set of good operational risk management in the minds of young students.

German Chapter update

The German Chapter has reported plenty of activity following their OpRisk Forum back in May. In addition, in September, DZ Bank kindly hosted the 3rd IOR OpRisk Quant Workshop in Frankfurt am Main.

A full day Reputational Risk Forum took place under the German Chapter umbrella on 8th October in Munich, hosted by MunichRe. Also on 22nd and 23rd October, Walter Dutschke who is Head of the IOR’s German Chapter, will represent the IOR and participate as a special guest at the 2-day conference of the German RMA (Risk Management Association) e.V. in Würzburg.

Finally, the date for the 2013 OpRisk Forum, jointly arranged by Bank-Verlag Medien and the German Chapter has been fixed for 16th May in Cologne (full day).

Changes at the UK FSA

In June 2010 the UK Chancellor announced changes to the way that financial services will be regulated. These changes include separating the regulation of prudential and conduct operations - both currently regulated out by the FSA - to be carried out by two new organisations: the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

On 2 April 2012 the FSA moved to a ‘twin peaks’ operating model. This model largely reflects the way the two new organisations will operate in the future. It means changes to the way in which the FSA work with firms in preparation for the ‘legal cutover’ to the PRA and FCA. ‘Legal cutover’ is when the PRA and FCA will officially come into existence, and is expected to happen in early 2013. This is dependent on the Financial Services Bill being approved by Parliament.

The main change will be in the way that firms are supervised and in the risk mitigation process. Firms that are ‘dual regulated’, such as banks, insurers and major investment firms, will be supervised by two independent groups for prudential and conduct. These groups will work to different objectives and act separately with firms, but will coordinate internally to share information and data. All other firms will be supervised by one supervision area for both conduct and prudential issues. The ARROW risk mitigation programme will be replaced by two separate risk mitigation programmes, one for prudential and one for conduct. Firms will have two separate sets of mitigating actions, of equal importance, to address.

Later this year both the FSA and the Bank of England will publish two further documents detailing how the PRA and FCA supervisory regimes will function. This will give firms a further opportunity to comment before these regimes go live.

Additional information can be found on the FSA's website at:

http://www.fsa.gov.uk/about/what/reg_reform

Strategy and Governance

In order to, not only, practice what it preaches but also to provide the best possible governance structure to serve its members, the Institute has recently undergone a review of its own governance arrangements whilst, at the same time, reviewing its medium term strategy.

As detailed in the last newsletter, the current structure of the IOR consists of a ‘Council’ body, comprising 11 members, which acts as the de facto Board of Directors of the Institute and reporting to Council is the Executive Committee, comprising 8 members, each with their own area of responsibility with regards to the smooth running of the IOR’s affairs, be it membership, technology, events or sound practice guidance.

As part of a regular review of its governance arrangements, a revised structure is being planned which is aimed at providing a more focused and accountable body which can better serve the membership.

The details have yet to be finalised, however, any changes to the governance structure are likely to require an amendment to the IOR’s Memorandum & Articles of Association which, together with any changes in the composition of the governing body, will require approval at the AGM.

Full details of the proposed changes together with the IOR’s medium term strategy will be presented at the AGM which is likely to be held towards the end of November.

Code of Conduct

The IOR is soon to publish its own Code of Conduct which members will be required to adhere to both in their place of work and in their dealings with, and for, the Institute and its members.

The Code has been drafted and will be reviewed and approved by Council before being communicated to members. It will also be available via the IOR website.

Events

The Events Workstream has been keeping busy during the summer with several well attended seminars being held in London: in May, Accenture hosted a full-day seminar entitled “Supervisory Expectations of Operational Risk” at their Fenchurch Street offices and, in July, Intellect also hosted a full-day seminar entitled “Embedding Operational Risk” at their Russell Square offices. In September, JPMorgan Chase hosted a half-day event at their Holborn Bars offices in London on the theme of “Operational Risk on a Shoestring” with the focus on what operational risk professionals can be expected to achieve with minimal resources.

An evening event was organised at the Denovo offices in Wigmore Street in London on 9th October. Alexander Campbell, the Editor of Operational Risk & Regulation magazine talked about recent events that had hit the press, including the G4S involvement in the Olympic Games, and what drives a reputational risk event and what can be done about it.

The Scottish Chapter has also been active on the events side. In September, a late afternoon presentation and facilitated discussion on “Risk Culture” was organised at the offices of AEGON UK, Edinburgh Park with the guest speaker being the IOR’s Dr Simon Ashby. A date for your diaries - the Scottish Chapter has organised their 2nd Annual Conference which will take place on 26th October at Glasgow Caledonian University.

Apart from organising their own events, the IOR also endorses others. One such event, entitled “ICAAP, Stress Testing and Operational Risk for Investment Firms” took place in central London at the end of September and a second endorsed event, entitled “Strategies to Implement Risk Appetite”, will be held in central London at the end of October.

Details of future events will, of course, be posted to the IOR website.

Fixing the Libor

Reflections on the risk lessons from the Libor saga

It will be a long time before we can sum up the operational risk lessons that will have been learned in the sorry mess of what is the most optical scandal of the continuing global financial crisis. The fact that the financial and macro-economic impact of misquoting Libor is minimal, especially in comparison with what went wrong in credit markets, cuts no ice with the general public or indeed those of us in the markets who remain perplexed that major banks and some of their staff could so devalue the reputation of the market almost overnight.

I can think of no better example of how huge the price of reputation damage can be. The collateral damage was also devastating, and polluted the reputation of the BBA and London as a financial centre along with hitherto venerable banking institutions. The cost to the banks involved is manifest not in the P&L account of interest rate desks but in the share price hit they have taken as well as the costs of the regulatory tsunami coming our way. As someone who remains baffled that major global banks internal financial control did not, or could not, pick up the internal revaluation gaming that seems to have been rampant, and is shocked at the breakdown in integrity without which the saga could not have taken place, I don’t want to speculate on what I would have done differently.

But the risks that fascinate me relate much more to the damage to the market place rather than individual banks, where we have a right to assume that the risk management drains are being pulled up. Libor’s importance to global finance cannot be underestimated, and its strength and reliability date back certainly to the early 1970s and some would argue earlier. For at least three decades countless amounts were raised in international capital and loan markets priced off Libor in various currencies, sometimes during very volatile times. Apart from the odd debate about where the market really was during stressed conditions, Libor was trusted without question, and welcomed especially in the non-bank sector.

With the benefit of hindsight, the use of Libor to price off-balance sheet products and positions, which had its genesis in the mid 1980’s, probably sowed the seeds that led to the current trials and tribulations. In OpRisk parlance the future risk event started here.

Fixing the Libor (cont’d)

Few people asked whether or not Libor was the right benchmark for these products because, intuitively, most of the OBS and derivative products were anyway interest rate based, and basis risk was well enough understood to assess why OBS, cash and the ‘Zero’ (Government Bond) curves moved in different ways. Libor was the anchor price and we felt comfortable with it. Then it was exported in to the world of credit, property and sub-prime which led to a risk event of unexpected ferocity.

What then crystalised the risk event, and what sort of risk was it? It was the all but complete disappearance of the unsecured interbank cash market. To those of us brought up on the trading desks of the 60-90s, this would have been unimaginable as global liquidity depended upon it and the disciplines of ‘my word is my bond’ and ‘once a dealer, always a dealer’ ensured market making in almost all weathers. Then, it vanished.

There is a justifiable hurly-burly of reviewing risk governance, internal financial control, bonus calculations, market abuse frameworks, ethics and social responsibility. But the absence of better implemented controls over these features did not cause the problem.

Sadly, we are moving in to a world where collateral will become a replacement for risk skills which will bring unintended consequences and, possibly, one of the next crisis. For some of us, however, the Libor scandal will always be an example of a fat tail, even a Black Swan, event. It won’t be seen like that by history.

David Clark
IOR Council Member

Call for Articles

This is primarily a members’ newsletter and we would be delighted to receive articles or submissions from any member of the Institute. These submissions may be in the form of research, review, comment, conference coverage or any other risk related article.

People Power

Many risk practitioners, specifically those engaged in operational risk and compliance, argue that of all the risk types, operational risk is primarily about "people" risk – the firm's own people either not doing what they should do or doing things they should not do, or external people doing things to the firm's disadvantage. Some even go so far as to break the "systems" and "internal processes" causal components of the regulatory definition of operational risk down to the human aspects underlying system design, development and operation and to the human aspects of process design, performance and manipulation, implying that, with the exception of what is often referred to as "Acts of God", everything else falling under the definition of operational risk is fundamentally "people" risk. So, one may ask oneself, if "people" risk is considered sufficiently important that regulators have included a specific regulatory capital charge for it alongside credit and market risk, should those "people" risk managers not also report into the Chief Risk Officer (CRO) in the same manner as credit and market risk managers?

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If one considers the "three lines of defence" model, with "people" risk the first line is business management and supervisory staff in the business, while we accept that an independent audit function usually forms the third line of defence. Should the Human Resources (HR) function be considered as part of (or the majority of) the second line – and if so, why is the HR function not part of the Risk function? There are six primary responsibility areas for any modern HR function, irrespective of the size of the firm or the industry which the firm serves. These are Defence; Corporate Culture; Human Capital Development; Human Resource Monitoring; Compliance; and Human Resource Administration. Unfortunately, despite the on-going and renewed focus on risk management, many HR functions still focus only on the first and the last two of these responsibilities, with little attention to the middle three. In this article I will consider each of these three in turn.

Corporate Culture

While the overall corporate culture undeniably stems from the so-called "tone-at-the top" and is closely linked to corporate strategy, the manner in which the firm's human capital is sourced, managed and rewarded is crucial in shaping the actual culture. In-business management, style and

People Power (cont'd)

approach again constitutes the first line in shaping culture, implying a requirement for the HR function to ensure that management at all levels are appropriately skilled and informed so as to direct the workforce into a corporate culture which meets the firm's objectives and goals. The approved and staffed headcount, the quality of individual employed, training opportunities and overall experience of the staff complement all contribute towards the corporate culture and require a crucial collaborative effort from business management and the HR function to shape the firm's culture in the manner desired. However, the HR function in its second-line risk management role is also responsible for three other core aspects of shaping the corporate culture – ensuring a level playing field across the entire human capital base, designing and implementing suitable reward systems and ensuring appropriate communication amongst and across the workforce. In terms of a level playing field from a corporate culture perspective, this covers everything from ensuring that recruitment and staff management practices are fair, reflect appropriate diversity for the environment(s) within which the firm functions, is non-discriminatory, precludes favouritism and supports equal opportunity for all, through to management education and training in appropriate people management skills. The reward system should also be designed in a manner which focuses employee attention on achieving specific goals and objectives commensurate with the overall corporate culture and which facilitate the generation of corporate value for all stakeholders over time – the recent global financial crisis has, amongst its many roots, a disconnect between commissions and bonuses paid to sales staff compared to the quality of mortgages sold, reflecting how quickly and easily the firm's culture can disintegrate or, as a minimum, deviate from its desired state when financial incentives do not reward appropriate behaviour and deter inappropriate behaviour. In terms of corporate communications, while this is often closely linked to management style, nothing breeds greater discontent amongst the workforce than the absence of information and inadequate communication across the entire firm. By contrast, staff who are provided a suitable level of advance information, who know what is "going on" and who can share in the overall vision of the firm, tend to be one of its greatest assets – and it is the HR functions' responsibility to ensure that an appropriate corporate

People Power (cont'd)

communication network is established and maintained, especially where remote operations are involved.

Human Capital Development

Probably one of the most crucial roles which the HR function is responsible for lies in the areas of training, knowledge development, knowledge retention and transfer and in raising and maintaining risk awareness across the entire firm. Again and true to the concept of being part of the second line of defence, HR cannot identify and develop training in isolation of the business – it is crucial that the business and the HR function work together to design, develop, deliver, evaluate and refresh training needs on an on-going basis. Even if the firm is able to attract highly skilled, experienced and capable staff, as the world in which the firm operates changes, all staff need exposure to new skills, new rules and new ways of doing things. In addition and drawing upon the corporate communication infrastructure, the HR function plays a crucial role in raising overall risk awareness, not just through formal training, but through the various communication mechanisms it employs to communicate with staff. Linking closely into the training programmes and knowledge development, retention and transfer initiatives is the concept of succession planning, staff promotions and staff transfers.

As the world in which the firm operates changes, all staff need exposure to new skills, new rules and new ways of doing things

Although sometimes difficult to achieve, key person dependencies are to be avoided and usually represent a potential single point of failure. While budget restraints often restrict complete back-up coverage of all crucial roles, care should be taken to ensure that at least one other resource has a working knowledge so as to facilitate business continuity at all times. In this regard, it is crucial for the HR function to identify all mission critical staff positions, to mitigate key person dependencies and to facilitate knowledge transfer and training of replacement staff. Drawing on the staff appraisal process, the HR function should work with business management to understand the career aspirations of staff and to develop suitable succession plans, covering staff promotion, staff transfers, staff absence due to illness, sabbatical leave, maternity and paternity leave and

People Power (cont'd)

other forms of temporary staff unavailability. A crucial control measure which the HR function should develop in this regard is a skills and experience register, tracking who knows what and has worked where across the entire firm, so as to assist management in interim staff usage as and where necessary. Another key aspect of staff development which the HR function should facilitate and monitor is the development of staff performance objectives, preferably linked to corporate goals and objectives, and the on-going assessment as to the attainment of such performance objectives. Setting performance objectives should also be a two-way process between the staff member and management – objectives set by management and imposed on staff are often resented and thus increase the risk that staff do not "buy-in" to the objectives, reducing their effectiveness.

Human Resource Monitoring

The HR function has three key responsibilities in the on-going monitoring of human resources across the firm – the facilitation of staff appraisals and performance reviews, managing grievances and complaints and participating in investigations into anything relating to the firm's human capital deemed necessary by management.

Staff appraisals are, in many ways, akin to a risk assessment and allow for potential exposures to be highlighted – if facilitated properly

The historical approach to staff appraisals was an annual process whereby managers or supervisors sat with staff and discussed management's views on the staff members performance; today the process is typically far more interactive and frequent and usually involves setting and agreeing objectives, identifying areas for development and often, a mechanism by which the junior person can provide feedback to the senior person about that person's management style. This is in many ways akin to a risk assessment and allows for potential exposures to be highlighted – if facilitated properly. And this is where the HR function has a crucial role to perform – facilitating the process, designing appropriate assessment mechanisms, ensuring that assessments happen regularly and in an appropriate manner and following up on issues identified or raised during the process. Staff complaints, whistle-blowing and the raising of grievances requires a specific skill set – the HR function needs to ensure appropriate procedures and mechanisms are in place and that business management have the necessary knowledge and skillset to address these

People Power (cont'd)

issues in the front-line. The HR function should also monitor the on-going successful functioning of these processes, stepping in to address issues as and when they escalate and in analysing the resultant data for trends, linkages and emerging risk areas. The data should be combined with information derived from the staff appraisals process and with standard HR management information, then used to identify specific exposures which need to be addressed. While certain forms of investigation, such as fraud-related investigations, are often performed by specialist units within the Risk or Audit functions, such investigations usually need input from the HR function, while other investigations, such as alleged discrimination, inappropriate behaviour, bullying etc. require HR expertise to ensure compliance with labour legislation, corporate policy and social norms – and again, this falls squarely in the responsibility of the HR function. Any miss-step during such an investigation can be high risk for the firm, resulting in lawsuits, regulatory sanction and fines or even in labour unrest.

There is much in common between the activities expected from a modern HR function and the on-going activities performed within the Risk function – the consequences of poor HR management, compliance and administration are almost always operational risk events – fines, employment disputes, productivity issues or business disruption, poorly trained staff and accompanying errors, etc. If, as the Basel II definition of operational risk implies, operational risk is largely "people" risk, then indeed, the Head of HR should report to the CRO in order that the HR function is run as a Risk function, focused on managing the firm's "people" risks.

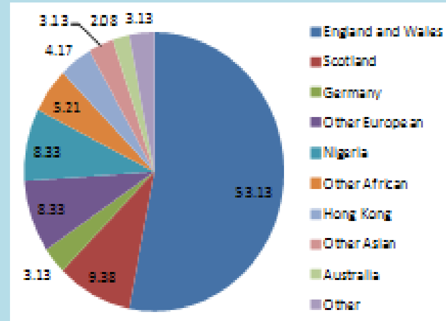
Mike Finlay
IOR Council Member

IOR AGM

Please note that this year's AGM is scheduled to be held on 29th November at a central London location. Further details and proxy voting forms will be emailed to members in due course.

IOR Membership Survey

The 2012 membership survey was initiated by the Council of the Institute of Operational Risk to ensure a comprehensive understanding of the memberships needs, wants, dislikes, issues and opinions, with the intention of using the responses obtained as inputs into a variety of initiatives, not least of which is the revision of the IOR's strategy for the next three years.

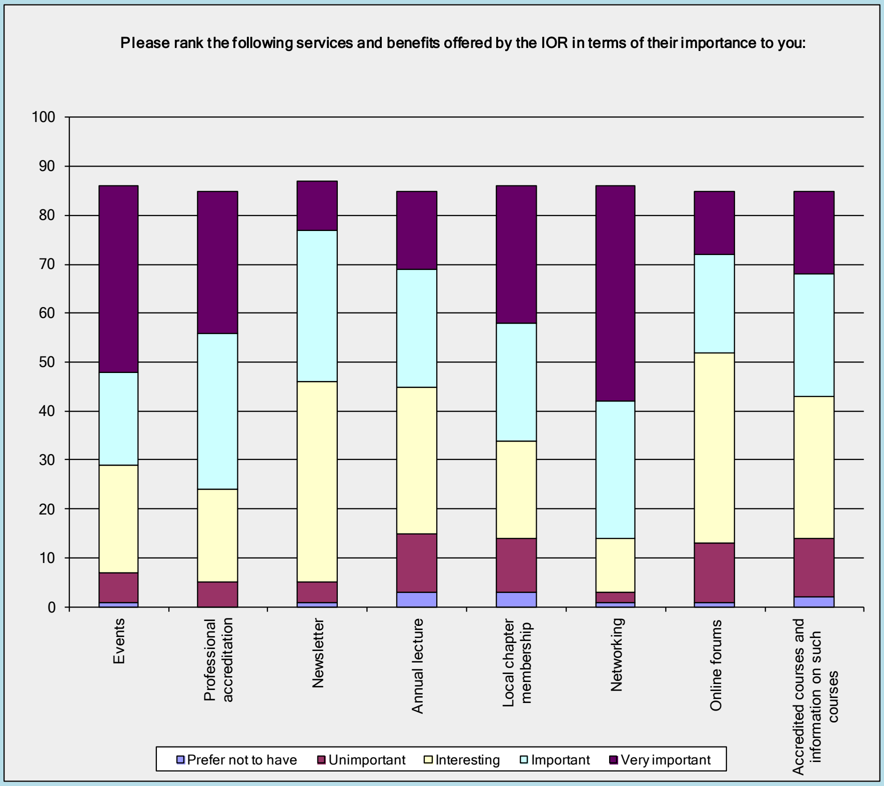


The survey was completed by approximately a third of the current membership, as well as by a number of prospective members and ex-members. As can be expected given the geographic origins of the IOR, 53% of respondents were from the England and Wales chapter, including the Channel Islands. The Scottish chapter had the second highest number of respondents (9%), followed by the Nigerian Chapter (8%), the remainder of Europe, the Hong Kong chapter (4%) and the German chapter (3%). The participation from Other Europe (8%) made up from Scandinavia, Netherlands, Switzerland and the Mediterranean region and Other Africa (5%) consisting of Egypt, Zambia and South Africa, reflects potential areas of exploration for further chapter development.

Amongst other demographic-type factors, the survey investigated the primary industry of the respondent. 72% of respondents were, unsurprisingly, engaged in financial services directly, with a further 25% indirectly engaged. The respondents who were not engaged in financial services activity represented financial services education, health insurance, financial services advisory and public services. Respondents were also asked what their primary reason for joining the IOR was. The single biggest reason (28%) was for professional accreditation, followed by networking (26%) and career development (19%). Of the 7% who indicated some other reason, the reasons were equally given as professional accreditation and career development, "all of the reasons listed" and being founding IOR members.

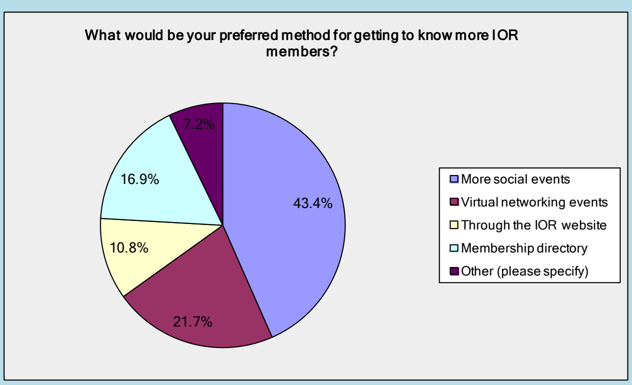
IOR Membership Survey (cont'd)

Respondents were asked to rank the services offered by the IOR. Of these, in terms of very important services, networking (23%) was rated first, events (20%) second, professional accreditation (15%) third, followed by local chapters (14%). Looking at services deemed unimportant or prefer not to have, the least desirable was the annual lecture (19%), followed by accredited course information (18%). In terms of interesting services, professional accreditation, the newsletter and networking all drew around about the same level of response.



One very interesting finding from the survey relates to the IOR's public profile. Participants were asked if they believed that the IOR should strive for a greater profile in the media, to which 92% of respondents concurred and just 8% of respondents thought that this was not necessary.

The survey also sought to explore what the membership want from the IOR. Participants were asked their views about different methods of interacting with other members. The majority of respondents want more social events (43%), followed by virtual networking events (22%). Amongst those suggesting other methods, 50% suggest doing so through online discussion groups, while the remainder suggested variations on social events.



The above findings illustrate the breadth of the survey, in which 86 separate questions were raised and assessed. The complete findings are now in use by various working groups, such as the Education working group, the Membership working group and Council's Strategy working group, as an aid to their various activities. Council wishes to thank all those members who took the time to complete the survey.

Governance Standard

As noted in the last newsletter, several members of the IOR are part of the BSI Committee responsible for development of the first British standard in Governance (BS13500). The draft standard is available to view now via the BSI Group website.

http://drafts.bsigroup.com/

You will need to register first, which will then provide you with details of how to access the system.

The standard gives recommendations and guidance for the effective delivery of governance. It is applicable to all organizations and is intended to promote a framework for effective governance that encompasses system, control, direction and accountability.

As with all British Standards, there is a period set aside for public consultation before final review by the Committee prior to formal publication. The review end date is 30th November 2012.

Members are strongly advised to review the draft standard as this is a great opportunity to submit your views and, potentially, influence the final published standard.

IOR LinkedIn Group

The IOR LinkedIn discussion group now has almost 1,500 members globally with discussions taking place on a variety of operational risk topics, sharing of advice and 'war stories', collaboration between cross-industry lessons learnt, supporting students with research, and providing detailed technical advice.

The LinkedIn page acts as a conduit to risk professionals worldwide to steer them to the IOR website where they can then contact the Institute for further information.

We would recommend that all members use the LinkedIn page to encourage further debate, discussions and learning with other risk professionals who may not yet be part of our membership. Please also invite colleagues and friends to join the group to help share ideas and talent to build a stronger network of risk thinkers.

Disclaimer