

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

AGM SPECIAL



Dr Simon Ashby,
FIOR,
IOR Chairman

The 9th Annual General Meeting of the Institute was held on Thursday 28th November 2013. We were very grateful to Daiwa Capital Markets Europe for allowing us to use not only their Boardroom for the pre-AGM Council meeting but also their newly refurbished presentation suite for the AGM itself. Thompson Reuters Accelus very generously sponsored the event, meaning that attendees were not only informed about exciting developments within the Institute but were also fed and watered!

The usual business of the AGM was conducted, including the approval of the previous minutes, adoption of the annual accounts and receipt of the Director's report for the year ended 31 March 2013. As Chairman of the Council of the IOR I then presented my first Chairman's address, the key points of which were as follows:

- 2013 has been a year of change for the Institute, but also one of growth.
- Since moving to a full Chapter-led structure for events, membership has increased substantially (by 50% in last 6 months alone).
- There are several reasons for the increase in membership, but there is a strong correlation between this and the number, quality and relevance of events being organised by the local Chapters.
- Growing member numbers means we have more resources available to help develop the Institute.
- During the past 12 months, two new Chapters have been created: one for England & Wales led by Andrew Sheen and one for the Netherlands led by Alex Dowdalls.
- The England & Wales Chapter alone has held 13 events so far in 2013 with a further 2 planned. Our thanks go to the hardworking team led by Andrew Sheen. We also welcome Helen Pykova, who has organised many of these events, as co-Head of the Chapter.
- Earlier in the year the Scottish Chapter held its third one-day conference in Glasgow which attracted over 100 attendees. Chapters in Nigeria, Hong Kong and Germany have also been very active in organising events.
- Caroline Tinsley is stepping down as Head of the Scottish Chapter. Caroline has performed sterling work for the Institute in Scotland and her successor will be announced in due course.
- IOR hopes to be able to announce the creation of several new Chapters in 2014.
- On the governance side, as announced at the last AGM, in order to improve communication and decision-making, the Executive Committee and the original Council of the IOR have merged to create one governing body, the Council, which is working well.
- Other central achievements have included the introduction of a new membership system including an 'ability to pay' structure for fees. I would like to thank Stephen Murgatroyd for his tireless work on maintaining a sound membership process whilst enhancing the management information that is now able to be extracted from the membership system.
- On the education front, work is continuing on the Institute's Sound Practice Guidance (SPG) papers. During the year a new SPG paper on Risk Culture was launched and the launch of a new SPG paper on Scenario Analysis is imminent. A revised and refreshed Risk & Control Self-Assessment paper is also due out around the turn of the year. The existing papers are available in the members' only area of the IOR website. The team led by the IOR's new Fellow, Dr Ariane Chapelle, should be congratulated for their hard work in this regard.
- Education is a key part of the IOR's value proposition, and this will be a key focus for Council in the coming year.
- The regular IOR newsletter has also been re-launched with very positive feedback. Focus here has been on quality rather than quantity.

<<continued overleaf>>

AGM (cont'd)

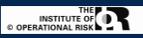
- Some breaking news... following significant demand from several Chapters, Council has agreed to the launch of Corporate Membership for the IOR. Further details on this announcement will follow in 2014.

The Institute of Operational Risk
9th Annual General Meeting

28th November 2013

At Daiwa Capital Markets Europe Limited
5 King William Street
London EC4N 7DA

In conjunction with
Institutional Risk Centre
ACCELUS
Official sponsor of the 2013 IOR AGM



Simon Ashby
IOR Chairman

Election of Directors to vacancies on the Council.

- Simon Ashby thanked Adam Seager who retired from his post of Director after 6 years' service.
- Simon noted that, as previously mentioned, as part of the merger of the old Executive Committee with Council, it was necessary to formally appoint several new Directors as well as re-elect other Directors, as follows:
- Rubina Faber was re-elected as Director for a second term.
- Trevor Bedeman, Alan Dunk, Michael Faber and Jimi Hinchliffe were elected as Directors.

The full minutes of the AGM will be made available to members in due course.

Sound Practice Guidance

We were delighted recently to announce the launch of our next SPG paper on Risk Culture, which can be accessed via the members' only area of the IOR website.

An organisation's risk culture has a major role to play in influencing its risk taking and control decisions. Organisations with the 'right' risk culture, whatever this might mean, will typically make more effective and profitable risk-taking decisions, they will also be better able to anticipate potential loss events and recover more quickly when things go wrong.

Despite the importance of risk culture it can prove a very difficult subject to manage in an effective way. This sound practice guidance paper provides insights into how risk culture can and should be managed, paying particular attention to the role of the operational risk function. Its key observations and recommendations are as follows:

- Organisational risk cultures are affected by a range of factors, both internal and external. Organisations should understand these factors so that they can manage them in an effective manner.
- Organisational risk cultures can and should be managed. There are a range of tools that can be used, including mechanisms such as strategy and structure; and effective communication and staff training.
- Assessment of risk culture is possible, but care must be taken. Risk culture is a soft subject that is not amenable to precise measurement.
- Risk culture change requires an integrated approach that combines operational risk professionals, HR and top leadership.

Dr Ariane Chapelle
Sound Practice Guidance Committee Chair

IOR Announcements

Michael Sicsic appointed Fellow



The IOR would like to congratulate Michael on being accepted into the Institute as a Fellow. Fellowship is the highest grade of membership, awarded when an individual can demonstrate significant contribution to either the Institute or the industry.

Michael leads the global operational risk function across the Aviva group. He has over 18 years of experience working in financial services across many areas of risk management: from credit and financial risk to capital management, compliance and, of course, operational risk. He has specific expertise in leading and implementing ERM functions and in managing complex international regulatory compliance programs including Basel II, Credit Risk Classification, Internal Control and Solvency II.

Michael is also a non-executive director and member of the board of ORIC, the Operational Risk Consortium. ORIC is the leading international consortium, which collects, standardises and reports operational risk loss data for the insurance industry. Michael is a regular speaker at international conferences and industry panels and is a visiting lecturer at the University Paris-Dauphine-France and will undoubtedly be a great asset to the Institute.

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