

## **GOVERNANCE: ROLES AND RESPONSIBILITIES FOR ENTITY REGULATION**

CILEx Regulation meets the regulatory objectives for governance of Entity Regulation by separating strategic and operational review roles.

### **The role of the CILEx Regulation Risk Unit (CRRU)**

The CRRU performs day-to-day risk operations and investigations that lead to authorisation, supervision (monitoring) and enforcement. This encompasses conducting risk assessments and risk review visits on entities, and preparing analyses for the Operational Risk Group (ORG) and Strategic Risk Committee (SRC) functions. Its staff includes Entity Authorisation and Supervision Officers.

There are then two tiers of governance above the CRRU providing feedback and review.

### **The role of the Operational Risk Group (ORG)**

The ORG is responsible for the application of the CILEx Regulation strategy and authorisation of individual cases. The ORG ensures that the risk framework operates effectively, adapting to external market developments such as emerging markets, new legislation, and new types of business structures.

ORG Managers review individual cases to quality assure the work of CRRU staff and make decisions regarding the application of sanctions and corrective action enforcements. Its staff includes Entity Authorisation and Supervision Managers, Client Protection Managers and the Head of Policy and Governance.

### **The role of the Strategic Risk Committee (SRC)**

The SRC reviews risk operations, the risk framework and how it is applied using information it receives from the ORG. It assesses application data and scoring thresholds to determine the focus for CILEx Regulation entity regulation.

The structure and responsibilities of the SRC, which reports to the CILEx Regulation Board, are set out in the SRC Rules. The SRC comprises non-executive members only, including at least one CILEx member out of a total of three to six members.

The SRC also considers and reviews decisions made by the ORG to reject an application for authorisation; revoke authorisation; reject an application to be an Approved Manager/Compliance Manager; or remove Approved Manager/Compliance

Manager designation from an individual. This assists in ensuring that such decisions are proportionate and are being correctly and consistently applied.

If the SRC approves any such decision the matter will be referred to the CILEx Regulation Investigation Team to refer to the appropriate panel constituted under the CILEx Investigation, Disciplinary and Appeals Rules (IDAR). The individual or entity to which the decision relates will have the right of appeal. Appeals will be conducted through the existing independent appeals processes operated by CILEx Regulation, as constituted under IDAR.

If the SRC does not approve the decision the reasons for this will be provided to the ORG Manager for further consideration.