



## Regulatory Newsflash

### Board of Directors reporting to the NBB on the assessment of the Compliance function

On February 8, the National Bank of Belgium (NBB) sent out a communication ([NL/FR](#)) regarding the new reporting requirement for the Board of Directors of credit institutions, stockbroking firms, insurance and reinsurance undertakings with respect to their assessment of the Compliance function<sup>1</sup> as part of their responsibility to assess the sound functioning of the control functions<sup>2</sup>. In this way, the NBB clarifies the role and responsibilities of the Board of Directors regarding

<sup>1</sup> Art. 36, §2, second part of the law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms and art. 55, §2, second part of the law of 13 March 2016 on the legal status and supervision of insurance and reinsurance undertakings.

<sup>2</sup> Art. 56, §3 of the law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms and art. 77, §3 of the law of 13 March 2016 on the legal status and supervision of insurance and reinsurance undertakings.

Compliance and strengthens the supervision on the Compliance function.

As of now, the Board of Directors of these institutions needs to report annually to the NBB on its assessment of the sound functioning of the Compliance function, in particular regarding the adequate detection and management of Compliance risks.

As already described in the Compliance Circular this assessment should be, inter alia, based on<sup>3</sup>:

- The periodic reporting by the senior management, including the annual report on the assessment of the internal control framework, including the Compliance function
- The reports of the head of the Compliance function
- The comments made by the supervisory authorities
- Conversations with senior management
- The Compliance function's action plan (which needs to be validated by the Board)
- An overview of the significant findings of the past year and the resulting recommendations
- Information about important changes in the legal and regulatory context, and how they affect the integrity policy and/or the organization and functioning of the compliance function

It needs to be submitted to the NBB together with the annual activity report of the Compliance function, via eCorporate.

***To have a better view on the roles and responsibilities regarding the Compliance function in general and the Compliance assessment by the Board Directors you can always contact our dedicated specialists (contact details – see below).***

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## Contact

For further information with respect to this subject, please contact [Caroline Veris](#) or [Edwin Somers](#).

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<sup>3</sup> Principle 3 Circular letter NBB\_2012\_14 of 4 December 2012 on the Compliance function.



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