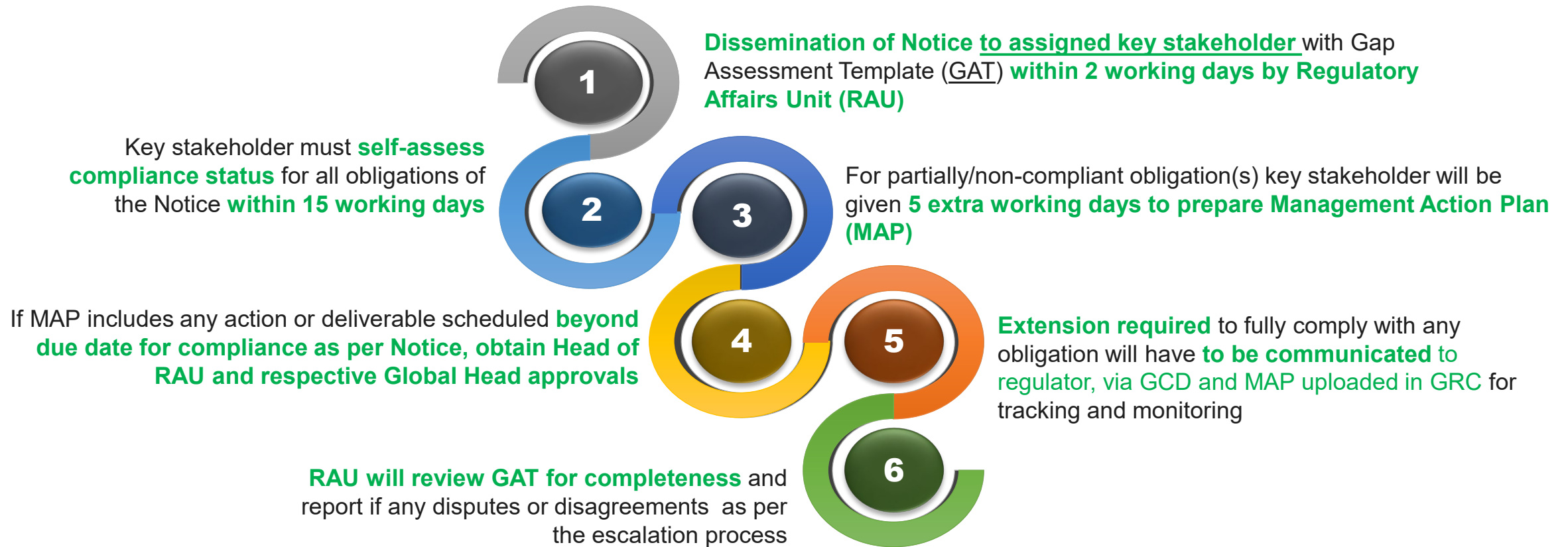


Approach for Conducting Regulatory Gap Assessments and Regulatory Relationship (version 1.2)

February 2022

Conducting Regulatory Gap Assessments (1/9)

Regulatory Affairs – Managing Notices (*Regulatory Gap Assessment Approach*)



Conducting Regulatory Gap Assessments (2/9)

Regulatory Affairs – Managing Notices (Gap assessment template GAT)

RAU inputs

SECTION 1

Guidance for Obligation Register	This section contains specific requirements on ADIB, i.e., obligations, as extracted from the Regulatory Notice/Circular. KEY STAKEHOLDER of Notice (Process Owner Column F) will take a lead in performing gap assessment (usually a BORM of respective department). If any obligation is relevant to another department, key stakeholder is required to liaise with such departments to complete the GAT.					
Regulation Reference & Name	Regulation Article/ para number	Regulation text The exact text from the regulatory document as-is for the corresponding article/paragraph	Regulation obligation Actions emanating from the Regulation text and/or additional clarification received from regulator through e-mail / notice / correspondence. If no action required, it should be marked as N/A, which means that regulation text does not constitute an obligation	Obligation Type (select from dropdown)	Process Owner (KEY STAKEHOLDER) Business Unit / Division within pre-selected Entity who owns a process where the activity related to obligation is performed and who is responsible to liaise with Risk Owner to complete the GAP assessment	Risk Owner Usually same as a Process Owner or if applicable, Business Unit/Function who will need to confirm controls and risk assessment proposed by Process Owner.

Self-Assessment

SECTION 2

Key stakeholder must self-assess compliance status for all obligations

Status of compliance
Select from drop-down current status of compliance with the obligation

SECTION 2.1

Evidence of Full Compliance - Below must be provided if Obligation is assessed as "Compliant (100% requirement met)"

Detailed process description Describe of applicable process (documented in Policy, Procedure, SOP, T&Cs, customer contracts or other internal documents). If process is not incorporated in the documentation above, it will have negative impact on risk and substantive testing would be required to validate compliance with obligation (<i>Free Text</i>)	Control ID ID/number (as generated from GRC) of Current control	Current control Details/description of applicable control (forming part of the GRC controls register) (<i>Free Text</i>)	Nature of controls Assess whether control is relevant for regular RCSA testing (<i>Drop-down</i>)
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SECTION 2.2

Action Plan to ensure Full Compliance - Below must be provided if Obligation is assessed as: Partially compliant (>50% to 99.9% of requirement met) or Non-compliant (<50% of requirement met)

Management Action Plan (MAP) See tab - 'Guidance for ROR' on how to document MAP (<i>Free Text</i>)	MAP Owner (responsible person for completing MAP)	Timeline Define the target date by when the MAP will be completed (<i>dd/mm/yyyy</i>)
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SECTION 2.3

Risk Assessment - See tab - 'Guidance for ROR' on how to document "Impact" and "Likelihood"

Overall Impact Refer tab - impact scale and select the highest overall score applicable to the respective obligation (Drop-down) Default Value is - 4 - Very Significant	Overall Likelihood Refer tab - likelihood scale and select the highest overall score applicable to the respective obligation (Drop-down) Default Value is - 4 - Very Likely	Inherent Risk Rating (Auto populated) Default Value is 16	Inherent Risk Significance (Auto populated) Default Value is High	Clarification on Risk Rating / Significance Explain applied logic for assessing the value of the risk if changed from the default value
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Conducting Regulatory Gap Assessments (3/9)

Regulatory Affairs – Managing Notices (*Ownership of Regulations and Obligations*)

#	Process Step	Process Step Description	Turn Around Time
1	Notice Dissemination	<ul style="list-style-type: none"> RAU team disseminates each notice to potential stakeholders for ownership confirmation 	2 working days
2	Ownership Assigation	<ul style="list-style-type: none"> Based on discussion and inputs from potential stakeholders, RAU team assigns a key stakeholder as the owner of regulation 	3 working days
3	Regulatory Gap Assessment	<ul style="list-style-type: none"> Key stakeholder will take the lead in performing gap assessment as per a gap assessment templated (GAT), provided by RAU If any obligation from notice pertains to another department, RAU and key stakeholder will coordinate assigning ownership of each obligation (as process or risk owner) With support from RAU, key stakeholder is required to liaise with such other departments to complete the GAT and Prepare Management Action Plan (MAP) for non/partially compliant notices within extra 5 working days 	15 working days + 5 working days
4	Ownership Disputes	<ul style="list-style-type: none"> In case of disputes, Head of RAU will have a right to assign the ownership of regulation (identification of key stakeholder) or obligation (impacted units) to most suitable stakeholder to ensure compliance In case of further disagreement around ownerships, Head of RAU will raise a matter with relevant global heads to accept the ownerships 	5 working days
5	Logging issue/action in GRC	<ul style="list-style-type: none"> If the ownerships remains unresolved 5 working days after raising a matter with respective global heads, RAU will seek approval from Global Head of Compliance (GHOC) to directly log an issue and corrective action(s) to most suitable stakeholder in GRC system After obtaining GHOC approval RAU will communicate final decision with ORM to log an issue / action in GRC without an option to reject issue / actions 	5 working days
6	Reporting to CCC	<ul style="list-style-type: none"> In line with the CCC Charter, each CCC member will present critical issues with corrective action progress report concerning his area 	As per CCC timelines

Step 1: Regulatory Gap Assessment Approach (4/9)

1. Dissemination of Notices by Regulatory Affairs Unit (RAU)	RAU will circulate notice within 2 working days, unless extension approved by Head of RAU for large size notices or provided by regulator
	Notice will be summarized for potential key stakeholders for ownership confirmation, and action required noted in the dissemination e-mail.
	RAU will identify all regulatory requirements from the Notice and circulate gap assessment template (GAT) to key stakeholder for assessing compliance status for all obligations (refer to Annexure 1 along with the guidance Tab)
	RAU will assign key stakeholder – business unit who will take a lead in performing gap assessment (usually BORM)
	RAU will monitor agreed timelines and report any delay to relevant Global Heads, Compliance BRCC and eventually CCC. Incident will be reported in GRC
	In case of any disputes, for example in terms of ownership of regulation – identification of key stakeholder, Global Head of Compliance or Head of Regulatory Affairs will have a right to assign the ownership of regulation to most suitable key stakeholder

Step 2: Regulatory Gap Assessment Approach (5/9)

2. Gap Assessment Template (GAT) – Requirements from key stakeholder	Key stakeholder must self-assess compliance status for all obligations of the Notice within 15 working days (with strong focus on regulation effective immediately/within weeks) or <u>timeline stipulated by regulatory authorities for large regulations</u>
	If any obligation is relevant to another department, key stakeholder is required to liaise with such departments to complete the GAT
	Liaise with the respective Business Units, identify and map processes and controls for applicable regulatory obligations
	Identify and assess risks arising from non-compliance with obligations and per guidance provided in GAT (please refer to Guidelines provided in GAT in the appendix I)
	Raise any issues / challenges in completing the GAT to Senior Management for resolution, including presentation to CCC
	In case of any exception for regulatory obligation, the exception should be agreed between compliance and business before coming to any conclusion
	Provide relevant updates on GAT progress to RAU within agreed timelines

Step 3: Regulatory Gap Assessment Approach (6/9)

3. Gap Assessment Template (GAT) – Management Action Plan (MAP)	For partially/non-compliant obligations key stakeholder will be given 5 extra working days to prepare Management Action Plan (MAP)
	For each non/partially compliant obligation, key stakeholder is responsible for the design and implementation of MAP to address the identified gaps, including liaising with other stakeholders for their inputs
	The MAP should be in line with the timelines, expectations given from regulator to fully comply with regulatory requirements in the form of date by when action will be completed, and therefore subject obligation will become fully compliant
	The MAP should clearly state what the management / responsible person will be doing to address the weakness noted
	The MAP should include Owner - responsible person for completing the action(s) for every gap and responsible person for verifying that the action has been properly addressed
	Further guidance is provided in GAT (see Annexure 1) and will be amended from time to time as required

Step 4: Regulatory Gap Assessment Approach (7/9)

4. Management Action Plan (MAP) - Treatment of overdue MAPs	If MAP includes any action item or deliverable scheduled beyond due date for compliance with Notice, action owner must obtain approvals from respective Global Head and Head of RAU
	Approval request should include explanation for not being able to comply with obligation within timelines provided by regulator and action taken to mitigate the issue (e.g. dependency on system changes, third party vendor, etc.)
	RAU will monitor progress and in case of delay escalate the matter to GHOC for further escalation to CCC and/or BAC.
	In line with the CCC Charter, each CCC member will present critical issues with corrective action progress report concerning his area
	This step should be completed within 45 calendar days from the publication of notice
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Step 5: Regulatory Gap Assessment Approach (8/9)

5. Extension request to fully comply with any obligation – notification to regulator	Post approval from respective Global Head and Head of RAU to defer compliance with obligation(s), key stakeholder will prepare a draft communication letter for submission to regulator
	Letter to regulator should include detailed explanation on why bank is not in position to comply with requirements of the Notice within given timelines and elaborate on management action plan propose timelines
	GCD-RAU will review the proposed correspondence and provide inputs for changes, if any
	Global Head of Department will sign the letter, which will be submitted by GCD - RAU to regulator
	Issue will be created in GRC for tracking and monitoring along with all supporting documentation

Step 6: Regulatory Gap Assessment Approach (9/9)



<div>6.</div> <div>RAU review of GAT</div>	RAU will review GAT for completeness within 10 working days from submission by key stakeholders
	For obligations which are assessed as compliant, RAU will take a sample of up to 30% obligations but not less than 10% depending on the complexity and coverage
	In case of any disagreement with the assessment provided RAU will log an issue in GRC for corrective action(s) by key stakeholder
	Head of RAU will provide an official sign-off confirming completeness of each GAT
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Thank You

