



## THE 5-PART CP86 INSPECTION PREPARATION ADVISORY

We have room for 12 Firms. Bookings can be made by phone [+353 87 391 0379](tel:+353873910379), or by emailing Shannon Eastman, Client Coordinator: [shannon@aquest.ie](mailto:shannon@aquest.ie)

### WHAT FIRMS ARE SAYING ABOUT THE CP86 ADVISORY

"The certainty and clarity we got from Aquest's CP86 Advisory has freed our time, energy and resources to focus on what really matters. The anxiety we are experiencing now has easily dropped by 80%. We are confident and clear on what needs to be done, and should there be an inspection, we're aware of how to do it, so it strengthens the firm's position and improve our experience with the regulator." - Irish ManCo, August 2019

"Do both days. No point *not* doing both days. We took Aquests advice and had both our Senior Legal and Compliance people in the Mock Interview sessions for all 10 of our Leadership Team. It gave us enormous insight across our business, and the Q&A with Daniel throughout the day was priceless. The second 1-day; Firm preparation day was so valuable for our Leadership Team as more than 50% of our clarity, priorities and direction came from here." Irish ManCo, August 2019

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### Background

CP86 is a body of work undertaken by the Central Bank of Ireland concerning fund management company effectiveness. The final package of CP86 measures came into effect on 1 July 2018. In June 2019, the Central Bank commenced a review process to assess how well fund management companies are complying with CP86. This review process will include on-site inspections for a number of Irish authorised fund management companies.

### CP86 Advisory Objectives

#### Short-term:

Bringing you the highest degree of clarity on your situation right now.  
Ensuring you are fully prepared for an on-site inspection by the Central Bank that results in the best possible outcome for your firm.

#### Long-Term:

Establishing your footing, and ongoing relationship with the Central Bank of Ireland is one that demonstrates ongoing improvement.

### CP86 Advisory Outcomes

Companies that complete the *CP86 Inspection Preparation Advisory* will:

1. Know what to expect when the Central Bank performs an inspection
2. Be prepared for and perform better in interviews with the Central Bank



3. Understand the Central Bank's perspective on CP86 and its areas of focus as it pertains to your situation thus ensuring you are effectively prioritising and making the most of your time during this situation
4. Understand where your major areas of weakness are in your documentation and/operations so you can take action meaningful action in advance of an inspection

### **CP86 Advisory Value**

1. *Business Continuity:* Being prepared for an on-site inspection facilitates the highest probability of business continuity with existing clients, new business and industry reputation.
2. *Minimising the likelihood* of costly regulatory fines and damaging public sanctioning.
3. Minimise the stress involved with being subjected to a regulatory inspection.
4. *Optimising Your relationship* with the Central Bank to serve you now while laying the foundation for future interactions
5. Optimising Retention of your staff, support company; productivity, morale and culture by clearly demonstrating management's support for them.
6. *Having an Independent ex-regulator Voice:* To reinforce messages where change is necessary but is being resisted.

### **FACILITATOR, ADVISOR AND CONSULTANT**

#### **Daniel Lawlor, Ex-Regulator, Irish Funds Lawyer, MD at Aquest**

As the former head of the Central Bank's Funds Policy Team, Daniel was involved in designing and drafting investment industry regulatory initiatives in Ireland from 2010 to 2017 as well as being the project lead on CP86. Daniel has an intimate knowledge of CP86 expectations, and the views of the Regulator as they apply to your CP86 situation today.

Before joining the Central Bank, Daniel worked as an investment funds lawyer for 9 years at William Fry, one of Ireland's leading law firms. Today, Daniel Lawlor is MD of Aquest; a boutique firm dedicated to improving your experience with the regulator.

### **THE 5-PHASE CP86 INSPECTION PREPARATION ADVISORY**

#### **Phase 1 - Setting us up for Success**

A 10 point checklist to kick off our *CP86 Inspection Preparation Advisory*.

1. Execute the NDA
2. Execute the Agreement
3. Process Payment
4. Book the dates for the on-site sessions that happen during Phase 2, Phase 4 and Phase 5
5. Share the CP86 intake form for you to complete in advance of Phase 2
6. Receive the questionnaire and supporting documentation you submitted to the CB
7. Share the Leadership Team Bios for all team members
8. Head of Legal, Head of Compliance both in attendance for Phase 4 on-site.
9. Should you receive an Inspection Notice - Forward the Agenda you received to Aquest for an ex-Regulator's POV
10. Confirm the single point of contact Aquest will engage for the coordination of the CP86 Advisory



## **Phase 2 – ‘Lay of the land’ meeting**

**< 1.5hours**

On-site meeting with Daniel Lawlor to discuss your firm’s preparations, understand your primary concerns, explain the inspection process, explore possible and likely outcomes for your firm, agree our next steps together while devising a plan to ensure that your firm uses its preparation time as effectively as possible.

**Outputs include:**

- Concerns clearly articulated and documented as we prepare to analyse and report on your submission to the C
- Ensure clarity for your team on the inspection process
- Devise a bespoke plan that uses your preparation time as efficiently as possible.

## **Phase 3 – Review & Analysis of your CB submission**

Daniel Lawlor will undertake a review of the completed Central Bank questionnaire and supporting documentation, this is the documentation submitted by the fund management company to the Central Bank for the desk-based review. This allows Daniel to build up a very clear picture of the fund management company’s strengths, weaknesses and the likely areas of questioning during an inspection.

## **Phase 4 as a 1-Day On-site - Choose Mock Day, or Firm Prep Day**

Daniel Lawlor will spend a full day on-site with up to 8 members of your leadership team. There are 2 options on how to structure your 1-day:

**Option 1 - Prepare with Mock Interviews:** Full Briefing, x6 1-to-1 Mock Interviews, Comprehensive Feedback

**Option 2 - Prepare your Firm’s Priorities in the current timeframe available:** Half day workshop on the issues you have, should you receive an inspection, Half Day CP86 Solution workshop, CP86 Overview of Timelines and Priorities

## **Stage 4 as a 2-day On-site - Including both; Mock Interviews AND Firm Preparation**

Daniel Lawlor will spend two full days on-site with up to 8 members of your leadership team.

**1-day Preparing with Mock Interviews:** Full Briefing, x6 1-to-1 Mock Interviews, Comprehensive Feedback

**1-day Preparing your Firm’s Priorities:** Half day workshop on the issues you have, should you receive an inspection, Half Day CP86 Solution workshop, CP86 Overview of Timelines and Priorities

## **Full Details of the 1-day on-site ‘Prepare with Mock Interviews’ schedule:**

### **BRIEFING SESSION**

1-hour briefing session on CP86 to Designated Persons and Directors to cover:



- Background and rationale for CP86
- Brief summary of key contents of CP86
- PRISM and the Central Bank's approach to supervision and inspections
- The Central Bank's CP86 inspection process and areas of focus

### MOCK INTERVIEWS

- Up to x8 one-to-one 'mock' interviews lasting 30 minutes each with Designated Persons and Directors. This process is conducted by Daniel Lawlor assuming the active role of a Central Bank inspector.

### SPECIFIC FEEDBACK

- Wrap-up session providing:
  - Feedback on interviews, what interviewees did well and what must be worked on
  - Observations on CP86-related areas that the Central Bank might focus further on with the fund management company
  - Observations on general legal and regulatory matters that the Central Bank might probe further on with the fund management company

### Full details of the 1-day On-site: Prepare your Firm Priorities - agenda

3hr interactive session on CP86 review process to cover:

- CP86
  - Context for CP86 inspections
    - Fund manco ecosystem
    - Post CP86 developments
  - CP86 areas of focus for your firm specifically
    - Overarching themes
- Regulator mindset when conducting inspections with your firm in light of your submission
- How inspections are conducted in practice and then specifically what you can expect based on your submission.
  - How regulatory inspections fit into the PRISM model of supervision
  - Types of inspections
  - Inspection process
  - Outcome
  - Likely output from CP86 review process
  - Next steps
- Practicalities of preparing for an inspection
  - Pitfalls and common mistakes
  - Tips based on your submission to the Central Bank of Ireland
- Fund Management Company and CP86
  - Overarching impressions following review of the fund management company's documentation
  - Any significant/obvious gaps identified in CP86 compliance
  - Areas that the Central Bank is likely to raise focus
  - Approach of peers



- Interactive Q&As throughout the session

2.5hr workshop to:

- Tease out any areas of weakness issued identified in the interactive session and brainstorm how these can be addressed; and
- Discuss how the Designated Persons, Directors and Organisational Effectiveness role are carrying out their roles in practice, while understanding the regulatory expectations around how these roles should be carried out and address any concerns or issues arising

**Phase 5 - This is a bonus session should you find yourself receiving an on-site inspection.**

**On-site support during a Central Bank inspection**

<1.5hr on-site Inspection Session

Daniel Lawlor will join you and up to 8 members of your leadership team to provide you with the following during a Central Bank inspection:

1. Review the Agenda that the Central Bank issued your firm to provide you with an Ex-Regulator's point of view on what the agenda means for your firm.
2. Quality Check your answers to the 3 questions that concern your firm most.
3. Provide you with a clear overview of the *Practicalities of the Inspection* day.
4. Share the Aquest experience to date of the CP86 inspections taking place, and what those insights mean for your firm.

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#### **INVESTMENT**



The CP86 Inspection Preparation Advisory start at 15k. We will provide you with a written quote. Please note that we have room for 12 firms only. We are working on a first come, first served basis.

Individual quotes are provided based on the following:

1. Number of Funds you manage
2. Whether you are a Third Party Fund Manager
3. The no. of pages you submitted to the Central Bank of Ireland
4. Size of your leadership wanting to attend - this service allows for 8
5. Number of Mock Interviews wanted - this service allows for up to 6.
6. The Central Bank of Ireland submission, the price quoted assumes we can review the CB submission remotely. [EG. you will forward us a copy of the CB, once our mutual NDA has been executed. If we are required to review the CB documentation on-site, a fee of €2900/day will be applied w/ a 3-day minimum. Our preference during this demanding time is remote review of the submission.]
7. The number of Answers you want Aquest to review during an inspection - Advisory Service allows for 3 only.

## REFUNDS & CANCELLATIONS

We do not provide refunds.

In the unlikely event that you need to cancel, we will do our best to rebook your dates with another firm, and if we are successful, you will receive 50% of your fees back. If we are unable to rebook the dates with another firm, no refund, in part or in full, will be made. Given the very unusual circumstances, it will be very difficult to move dates around once they have been confirmed by both Aquest and your firm.

## TERMS

1. Full Payment for your CP86 Inspection Preparation ADVISORY is required at the time of booking.
2. A Single Point of Contact within your Firm will be required to liaise with Aquest in order to coordinate the CP86 Inspection Preparation ADVISORY for your firm.
3. We strongly encourage all firms participating in our CP86 ADVISORY, to have both their Head of Legal and their Head of Compliance in attendance for the entire Mock Interview sessions.
4. We have room for 12 participants only.