

# The Corporate Compliance Role: An Industry Survey from Compliance Solutions

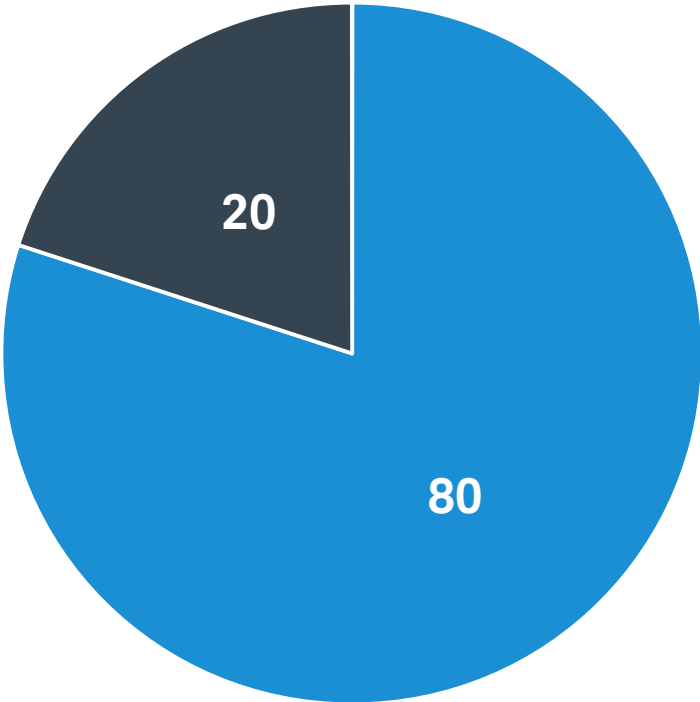
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*charles*  
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# Valued Role: 4 in 5 compliance influencers feel their role in compliance is valued within their firm

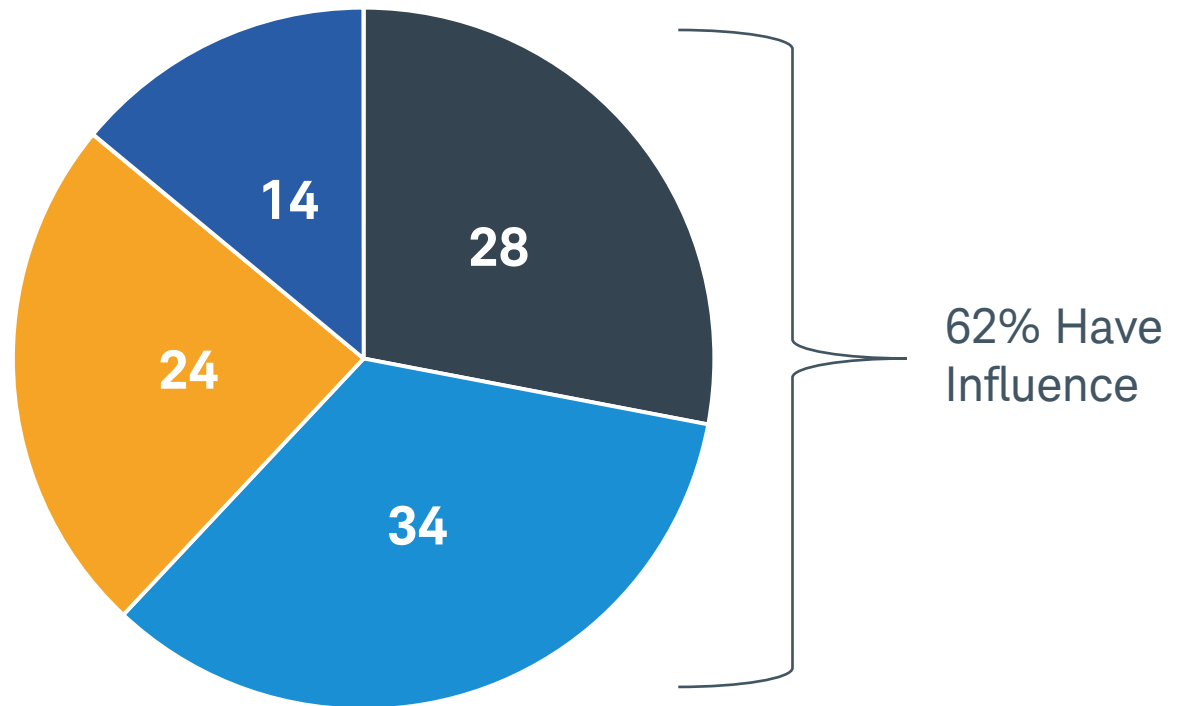


- I feel that my role in compliance is valued within the firm.
- I feel that my role in compliance is not as valued within the firm as it should be.

Q: Which of the following statements is closer to your view?

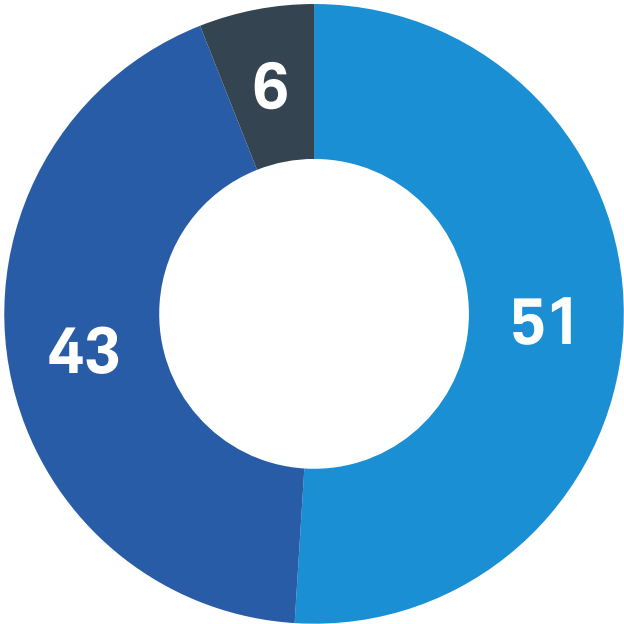
# Strategic Corporate Decisions Influence: 62% of compliance influencers have some or significant influence over corporate decisions

- I have significant influence over strategic corporate decisions
- I have some influence over strategic corporate decisions
- I have little influence over strategic corporate decisions
- I have no influence over strategic corporate decisions



Q: Which of the following best describes how much influence you have over strategic corporate decisions (e.g. new market entry, new product launch, strategic partnerships) in your role?

**Confidence in Compliance Policies:** While half (51%) indicate they are very confident in their employee compliance monitoring policies, nearly as many aren't completely confident in their current system



■ Very Confident   ■ Somewhat Confident   ■ Not Very Confident

Q: How confident are you that your employee compliance monitoring policies are effective in achieving desired results?

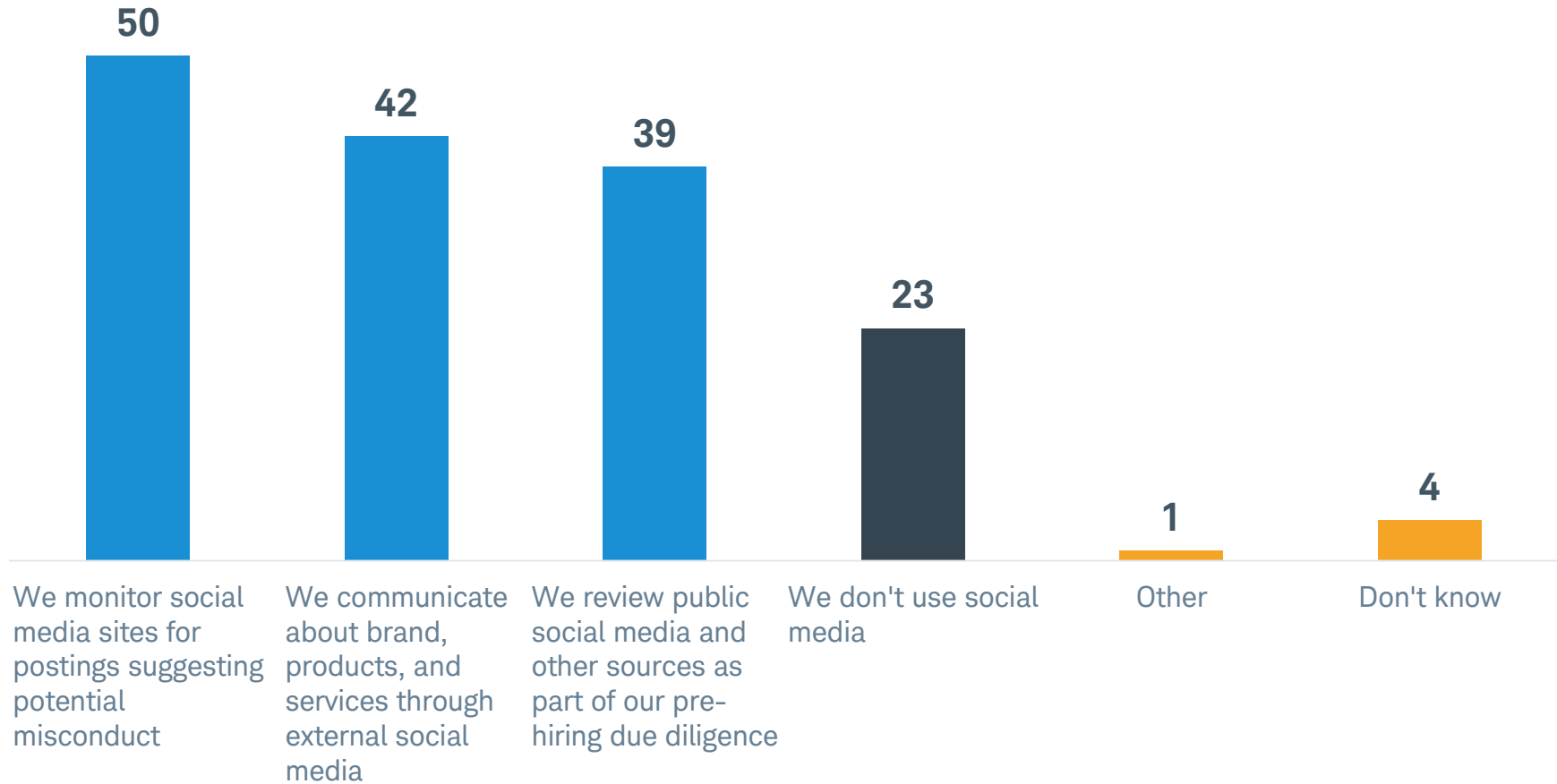
# Hours Consumed by Employee Surveillance:

On average, compliance officers spend approximately 11 hours per week monitoring and surveilling their employees personal brokerage accounts

0 to 5	59
6 to 10	15
11 to 15	5
16 to 20	5
More than 20	16
Mean	11

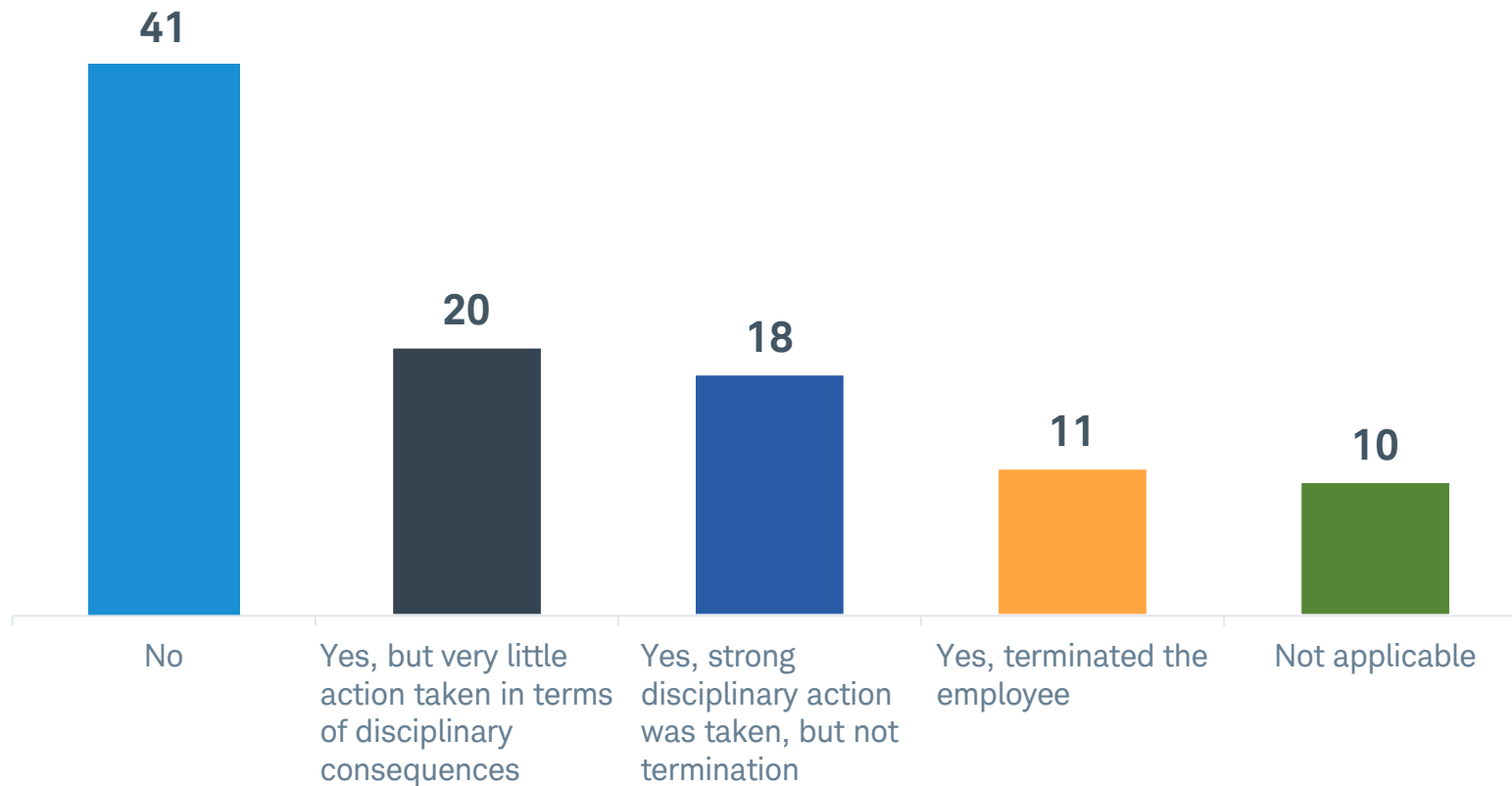
Q: In an average week, how many people hours are consumed by monitoring and surveillance of your employees' personal brokerage accounts? This should include the hours contributed by all people involved in the compliance program in a typical week.

# Social Media: Half of firms monitor social media for postings suggesting potential misconduct



Q: In which of the following ways does your firm use social media? Please select all that apply.

# Code of Ethics: 49% have taken action against an employee for failure to follow the firm's Code of Ethics, 11% resulted in termination



Q: In the past 12 months, has your firm taken action against an employee for failure to follow the firm's Code of Ethics?

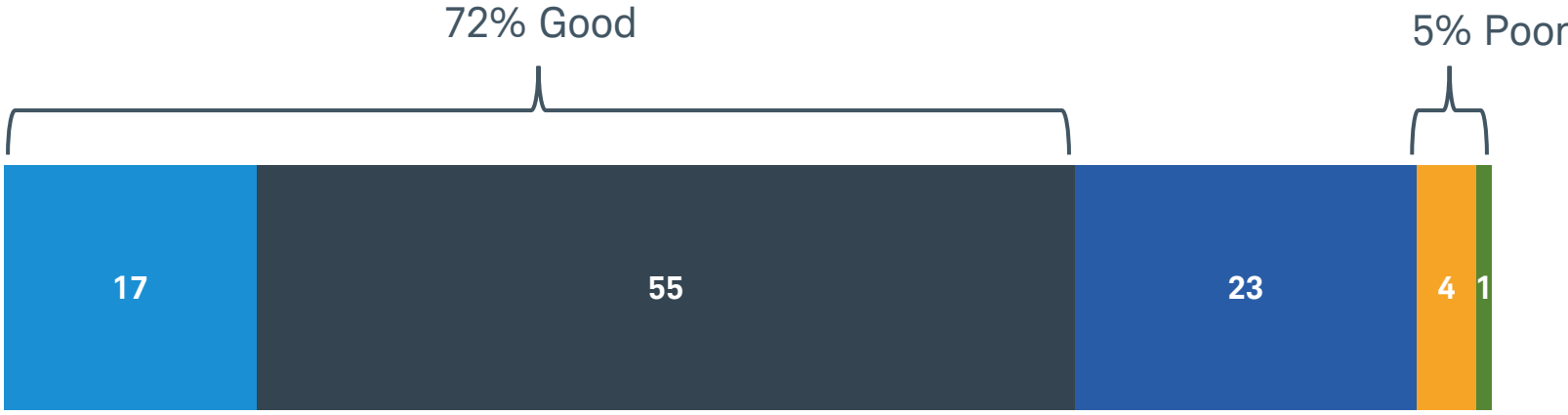
# Personal Leadership and Professional Development: The average amount of time respondents spent on their own development in the past year is about 1 week

Less than 10	20
10 to 19	17
20 to 50	38
More than 50	25
Mean	43.09
Median	25

Q: How many hours would you estimate you've spent on your own personal leadership and professional development in the past 12 months?



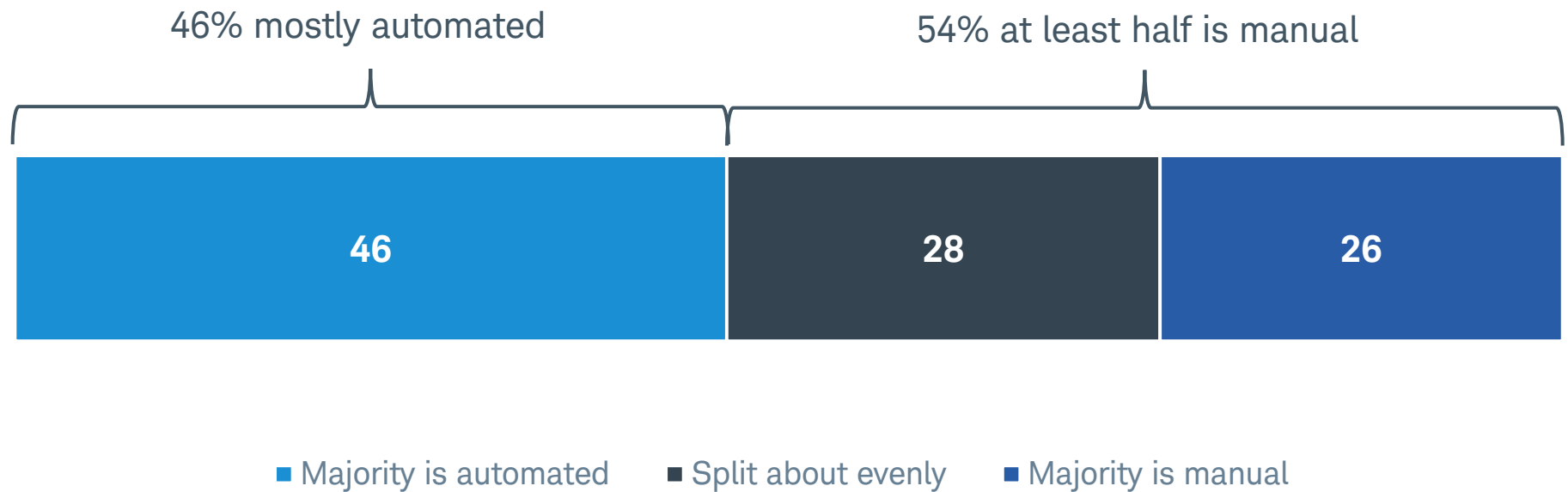
# Compliance Training: Only 17% labeled their training program as “Very Good”



■ Very Good ■ Good ■ Acceptable ■ Poor ■ Very Poor

Q: How would you rate your firm on compliance training?

# Employee Compliance Surveillance: Half (54%) of compliance influencers are still using some form of manual compliance surveillance



Q: Which of the following best describes the method in which your firm implements compliance employee surveillance?

**Employee Personal Trading Surveillance:** While the majority say less than half of personal trading surveillance relies upon on manual review of paper statements, 21% are still primarily dependent on manual review

Less than 10%	47
10-24%	13
25-49%	13
50-74%	3
75% or more	18
Don't know	6

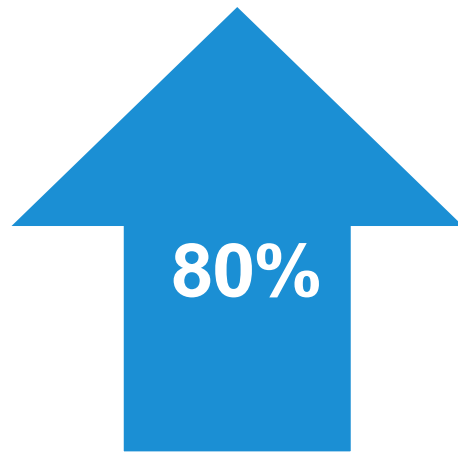
Q: What percentage of your employee personal trading account surveillance relies upon the manual review of paper statements and confirmations?

# Time Allocation For Collecting Data: About 1 in 3 compliance influencers spend a disproportionate amount of time collecting data rather than analyzing it

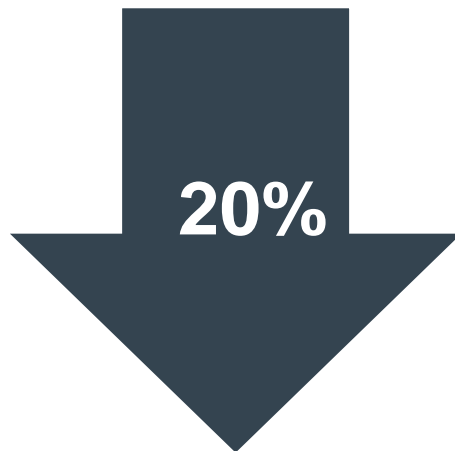


Q: Which of the following is closer to your view?

# Confidence in Compliance Technology: 4 in 5 of those who utilize automated compliance surveillance are confident in their technological solutions



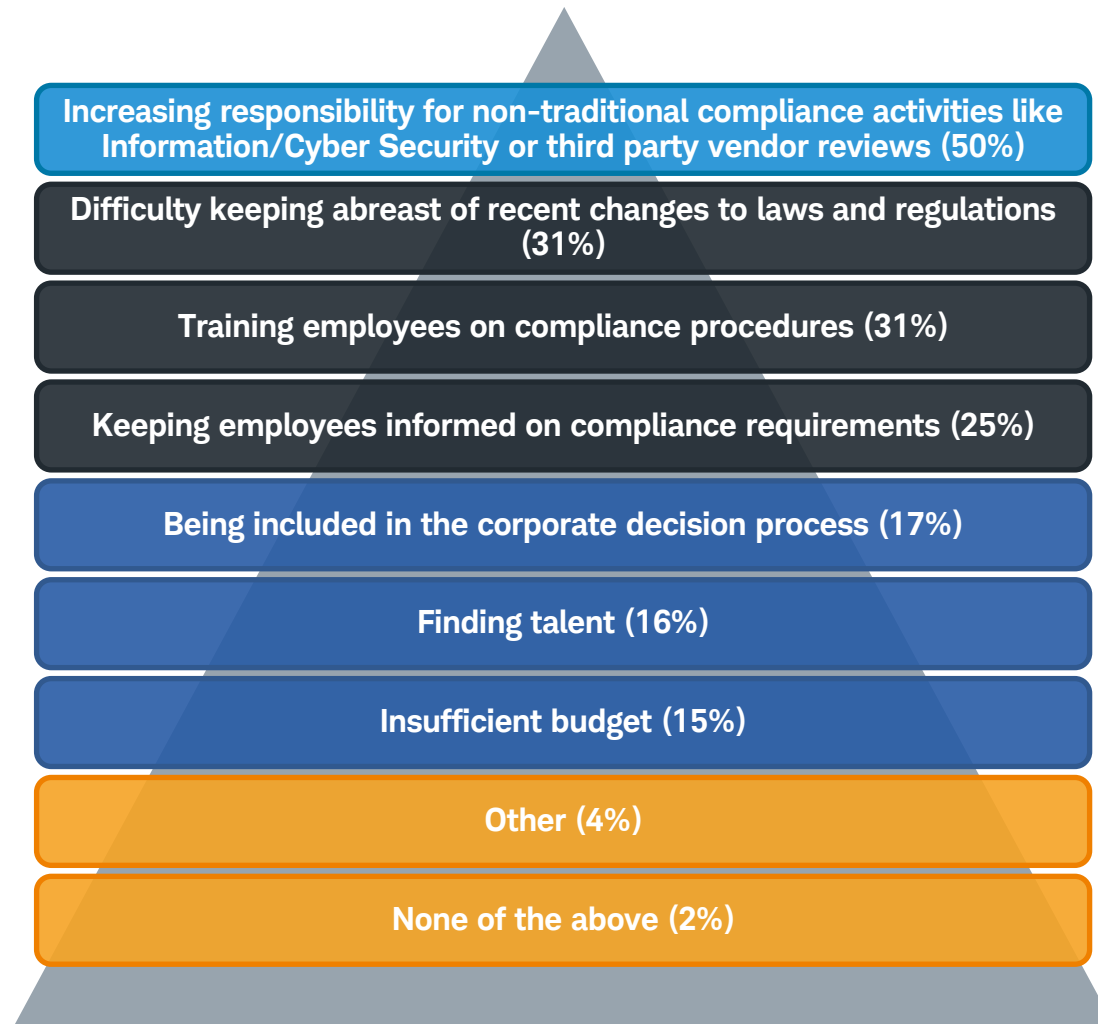
I am confident in our compliance technology solutions and their ability to support my automated compliance needs.



I lack confidence in our compliance technology solutions, and feel they would benefit from improvement.

Q: Which of the following is closer to your view?

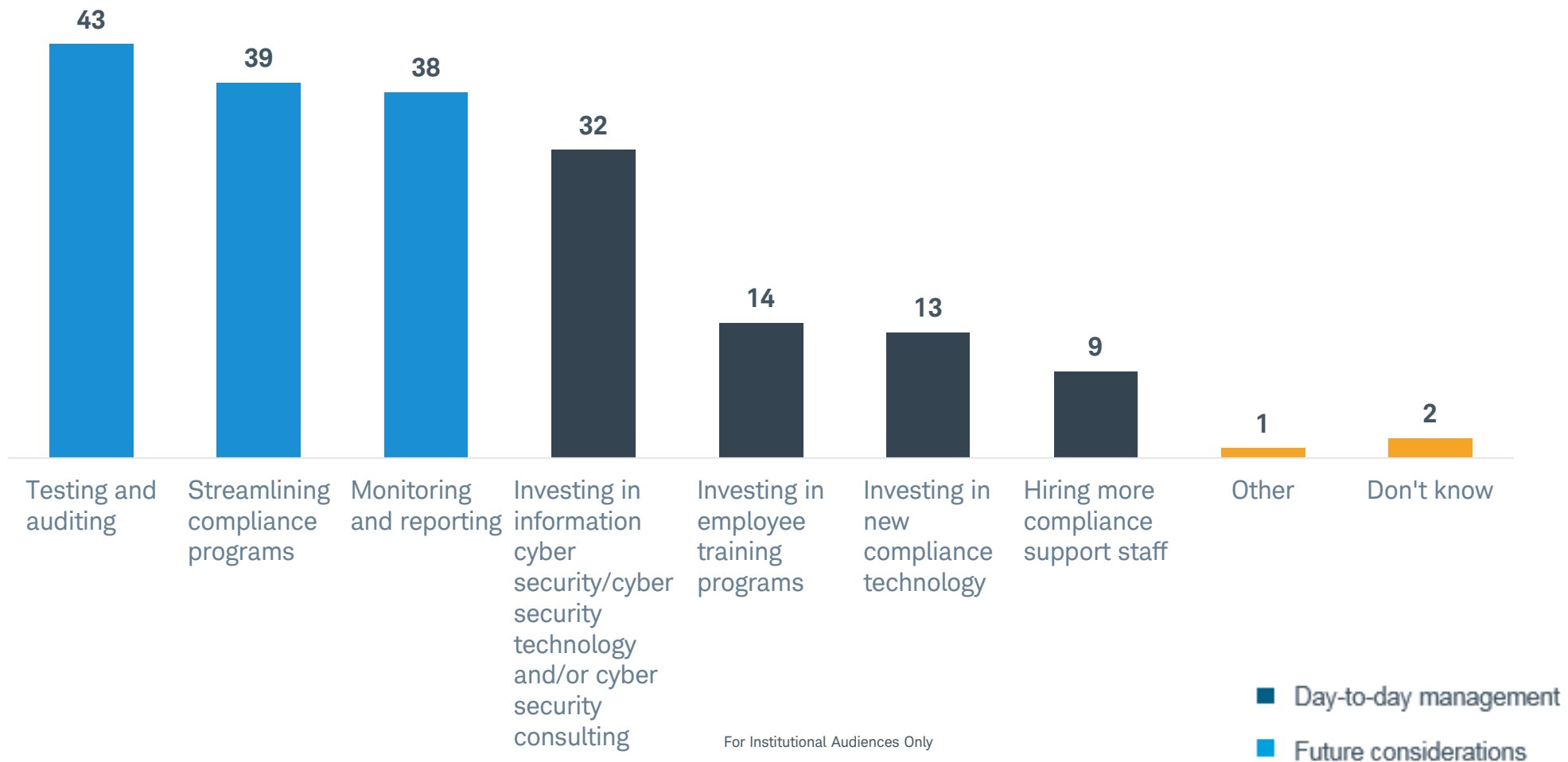
**Challenges:** Compliance influencers say increasing responsibility for non-traditional compliance activities is the biggest challenge, but keeping up with and communicating regulatory changes is also a sizeable concern



Q: Please choose which of the following challenges are the top two most difficult to address as they pertain to your compliance program.

# Priorities: New expansions (investing and hiring) are generally a lower priority than refining current practices and programs

- But, cyber security is nearly as high priority as improving day-to-day compliance activities, and is the top priority in terms of future investment



Q: In your role, which two of the following are your highest priorities over the next 6-18 months?

# About the Study

From August 12th through August 26th 2015, Penn Schoen Berland (PSB) conducted 134 online surveys among compliance influencers. Compliance influencers consist of individuals who work in financial services or at a firm affiliated with money management who have influence over decisions regarding compliance issues within their organization. Interviews came from both the Schwab-managed database and from a PSB-provided panel sample and for this study Schwab looked at aggregate results from both sample sources.

## Disclosure

Compliance Solutions consists of Schwab Designated Brokerage Services (*DBS*), a division of Charles Schwab & Co., Inc. (“Schwab”), and Schwab Compliance Technologies, Inc. (“SchwabCT”), formerly Compliance11, Inc. Schwab Designated Brokerage Services provides brokerage solutions for corporate clients who monitor their employees’ securities activity. SchwabCT provides technology solutions for corporate clients to help facilitate their compliance technology program implementation. Schwab Compliance Technologies, Inc. and Charles Schwab & Co., Inc. are separate but affiliated entities, and each is a subsidiary of The Charles Schwab Corporation. (1115-6842)

Compliance Solutions, Charles Schwab & Co., Inc. and Schwab Compliance Technologies, Inc. are unaffiliated with Penn Schoen Berland.

\*Note: All survey respondents self-identified as having influence over compliance issue decisions within their firm