REGULATORY OUTLOOK
DR KLAUS MOOSMAYER AND HANNI ROSENBAUM
THE IMPACT OF THE OECD ANTI-BRIBERY CONVENTION 15 YEARS ON

COMPLIANCE CHALLENGE
ABBOTT MARTIN, LESLIE ALTIZER & VICTOR GAMEZ BARRERA
UNDERSTANDING COMPLIANCE RISK ACROSS EMERGING MARKETS

THE EFFECTIVE PRACTITIONER
SIMON WEBLEY
ETHICAL DUE DILIGENCE IN RECRUITMENT

GOVERNANCE
CLARA MORARU
PROMOTING GENDER EQUALITY IN LUXEMBOURG

OVER THE HORIZON
GILES WILLIAMS
BCBS 239 – ANOTHER TECHNICAL PAPER, OR A FUNDAMENTAL CHALLENGE FOR THE INDUSTRY?

THE ROUND TABLE DEBATE:
MEMBERS OF THE EDITORIAL BOARD
COMPLIANCE: A FUNCTION IN TRANSITION?

SPEAKERS CORNER
ANTHONY SMITH-MEYER
BLOW THE WINDS OF CHANGE: THE CHANGING ROLE OF COMPLIANCE
CONTENTS

05 REGULATORY OUTLOOK
The impact of the OECD Anti-Bribery Convention 15 Years on – BIAC key messages
– K. Moosmayer and H. Rosenbaum

12 COMPLIANCE CHALLENGE
Understanding Compliance Risk Across Emerging Markets
– A. Martin, L. Altizer & V. Gamez Barrera

23 THE EFFECTIVE PRACTITIONER
Ethical Due Diligence in Recruitment
– S. Webley

31 GOVERNANCE
Promoting Gender Equality in Luxembourg
– C. Moraru

43 OVER THE HORIZON
BCBS 239 – another technical paper, or a fundamental challenge for the industry?
Principles for effective risk data aggregation and risk reporting
– G. Williams

56 THE ROUND TABLE DEBATE:
Compliance: A function in transition?

65 SPEAKERS CORNER
Blow the Winds of Change: The Changing Role of Compliance
– A. Smith-Meyer

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<table>
<thead>
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</thead>
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<td></td>
</tr>
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The drivers of culture within an organisation are a significant influence on the size and complexity of the compliance challenge. Corporate culture itself is a function of the people engaged in the firm, how they are led, and the social framework that determines how those individuals interact and influence each other. This issue of the Journal of Business Compliance provides some fascinating insight and inspiration for Compliance, Human Resources and Managers alike; to ponder – preferably together.

In a world where markets in all manner of products are becoming increasingly global, tensions and differing expectations on what constitutes acceptable behaviour across borders generates miscomprehension, doubt and suspicion into the workplace. In our column, Compliance Challenge, this source of cultural tension is explored, and solutions for consolidating global and local interpretations of ethical standards discussed.

Whereas cultural differences across borders might be a readily recognised challenge, talk of the generation gap is usually a topic reserved for family contexts. However, the influence of the changing norms of society on behaviour between generations in the workplace has provided more than enough cause for action as described in our piece on Recruitment in The Effective Practitioner. As our final offering on the subject of managing ethical expectations within the organisation, we are privileged to be able to present the Regulatory Outlook views of the Business and Industry Advisory Committee to the OECD on the impact of its Anti-Bribery Convention, and the future areas of focus that we might expect going forward, impacting as it does all industries.

Dealing with diversity in cultures, requires an openness to listen to differing views and thoughts on values. In our Governance column we give prominence to the subject of gender diversity. The debate on the rights

* Anthony Smith-Meyer is Editor-in-Chief of the Journal of Business Compliance. His biography may be found in the final section of this issue.
or wrongs of quotas are now largely behind us. Irrespective of our views on that subject, it is now a challenge for many to encourage greater diversity, of which one example is gender, but how can this be achieved? In the article, the practical examples of initiatives undertaken in the European melting pot known as the Grand Duchy of Luxembourg, demonstrate a surprising number of effective and doable actions open to government and enterprise alike, which surely must be considered by any organisation seriously committed to the cause.

In Over The Horizon, the spectre of the Basel Committee of Banking Supervisors’ paper on effective data aggregation and risk reporting is considered, raising direct issues for the financial industry, but a topic relevant for any major firm, irrespective of industry. Effective risk reporting in a rapidly changing environment is a cherished objective of risk managers and board directors alike, and one that is starting to exercise influence over the role and expectations placed on Compliance functions in all industries.

In Speakers Corner the views of a number of Divisional and Group Heads of Compliance are consolidated to ask questions as to how the function is changing in light of such prospects, and of the risks of regulatory and management priorities impacting what might be considered by many as the prime focus of compliance officers; namely the prevention of behavioural misconduct. This important question on the role of the compliance function, and its place in the internal control framework of organisations is further pursued by a new feature, Round Table – where topics are debated amongst a diverse group of experts. In this column, the first of its kind in this Journal, the panel consists of a number of our own Editors candidly sharing their personal opinions, and sometimes surprising observations.

Five years after the crisis of 2008/09, the influence of lessons learned continues to change the nature and dynamics of our governance, compliance and ethical framework. We hope that this issue will provide you, our readers, with ideas and inspiration to marshal the implications and possibilities for your institutions.
The Business and Industry Advisory Committee (BIAC)\(^1\) to the Organization for Economic Co-operation and Development (OECD) is an independent international business association devoted to advising policy makers at OECD and related fora on the many diversified issues that relate to global markets and to the world economy. Officially recognized since its founding in 1962 as being representative of the OECD business community, BIAC promotes the interests of business by engaging and advising policy makers on a broad range of policy issues. The anti-corruption agenda, including implications for business, is high on OECD’s and BIAC’s agenda. This high-level activity carries significant impact and is therefore of material interest to all actors in the field. BIAC has had a task force on anti-bribery and corruption since 1997, and played an instrumental role in the creation and implementation of the landmark OECD Anti-Bribery Convention. The BIAC Task Force, which is chaired by Dr. Klaus Moosmayer, supports the OECD efforts to fight bribery and corruption and provides regular input to the implementation of the Convention as well as to other OECD activities dealing with anti-corruption, compliance and integrity. The following paper outlining the Committee’s strategic focus going forward, was submitted on behalf of BIAC to the OECD “Roundtable on the Impact of the OECD Anti-Bribery Convention 15 Years On”, which took place in Paris on 11 December 2013. This review of current thinking and focus of the Roundtable, offer practitioners a rare “fly on the wall” experience as governments, the private sector, and civil society discuss the impact the Anti-Bribery Convention has had since its entry into force in 1999, as well as what should be done to ensure the Convention’s continued relevance going forward.

\* Dr Klaus Moosmayer is Chief Compliance Officer of Siemens AG, Chair of the BIAC Task Force on Anti-Bribery/Corruption and an Editor of this Journal. Hanni Rosenbaum is Senior Policy Manager at BIAC, Paris.

1 www.biac.org
In an increasingly global world, an absence of uniformity of culture and standards of integrity across borders, jurisdictions and subsidiaries has become a significant risk factor for firms. This is evident in areas of anti-money laundering and corruption in particular, whilst impacting other topics such as the cross-border implications of privacy laws and competitive practices. Research and experience has shown that misconduct is often more prevalent and corporate visibility low in emerging markets than in many of the major OECD countries. The best way to minimize risk under these conditions is to turn to your employees for help, making sure that they feel comfortable speaking up. And the best way to increase their comfort may vary according to local norms. In this article, Abbott Martin, Leslie Altizer and Victor Gamez Barrera report on the results of research that highlights the differing tendencies to business conduct in varying regions around the world and explain how Compliance officers must support business expansion in emerging markets as a consequence.

The Global Picture: Misconduct Around the World
The global view is just a starting point—but at that altitude, the scope of the challenge is already clear. According to CEB’s recent RiskClarity survey\(^1\) of more than 250,000 employees from more than 24 international firms, the percentage of employees around the world who believed they witnessed actual wrongdoing jumped to 14.6% in 2012 (an 11.6% increase from the year before).

That 14.6% incorporates a litany of bad behaviours: 9.1% of all employees reported having first hand knowledge of harassment; 6.3% of all employees observed a conflict of interest; and 1.4% of all employees saw an incident of

\(^{1}\) http://www.executiveboard.com
What is the main driver of a good corporate culture? One might conclude that it is the people operating within it? We, and other Journals, have published endless numbers of articles discussing how to create the “right” environment, how to generate trust, encourage debate and deep understanding of the consequences of one’s actions. We all seek to ensure that the culture of the organisation promotes appropriate and ethical business conduct. Our approach however is greatly influenced by our own experiences. The existence of convention, role models and ethical standards communicated through formal training programmes and by observable example. However, times are changing. The globalised organisation is becoming more common-place than ever before, and the generation gap is, according to recent research, become an alarmingly real challenge. In this article, Simon Webley explains the potential dangers of such diversity, and explains how to deal with this particular issue; in this instance at the very first point of contact with the employee: The job interview.

When Revd Paul Flowers, then Chairman of Co-op bank, was disgraced last year, there was public outcry. “How Did Flowers Bloom at Co-op Bank?”', punned the BBC’s Robert Peston1, pointing out that ‘The Crystal Methodist' had no banking experience, and yet became chairman of the Co-operative Bank – a bank with £50bn of assets, £36bn of customer deposits and 4.7 million customers. Aside from the gaps in his CV, it was his alleged abuse of expenses at a company whose very brand is based on ethical principles, which was a behaviour certainly at total odds with a company like the Co-op.

The extreme example of Reverend Flowers aside, the topic of the proper

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* Simon Webley is Research Director at the Institute of Business Ethics, London.
The EU Commission proposal for the introduction of quotas for representation of the under-represented gender (in most cases, women) in 2012, and its adoption by the EU Parliament in 2013 has generated much debate. In this respect, the initiative of Viviane Reding, EU Commissioner from Luxembourg and VP of the EU Commission for Justice, Fundamental Rights and Citizenship, has been a tremendous PR success. The topic of gender equality in the workforce is getting increasingly popular in Luxembourg, as it is throughout Europe and is even extending into the USA. Numerous conferences, seminars and initiatives have been launched / organised by diverse institutions and companies as a result. Although the actual quota target is modest (40% by 2020: not of the Board, but of Independent Directors of listed companies) and there is no requirement for sanction in the event of failure to comply, there is now an acceptance that organisations, public and private, have to consider the diversity on their Boards, even amongst their executive ranks, from perspectives of reputation and brand recognition, if not from a purely economic performance consideration. It matters not if you, your colleagues, or your organisation support the imposition of quotas – what is now important is what to do about it. If one accepts that improvements are needed, then it is time to take the initiative. In this article, Clara Moraru explains the Luxembourg experience and thereby delivers an outline of possible measures available to government and civil organisations alike.

* Clara Moraru is Founder and CEO of the Luxembourg Inspiring Wo-Men Business Club, an initiative of Group Moraru sarl, which created in 2009 offering visibility to, and honouring female and male role models from Luxembourg and the Greater Region. See: [http://www.inspiringwo-men.eu](http://www.inspiringwo-men.eu)
We live in an automated world. So many tasks are completed based on chip technology, miniature computers exercising pre-programmed actions in response to triggers coded into them. We sometimes baulk at the suggestion of new applications such as the self-driven car, but once we become accustomed to their presence, we take them for granted and focus on other matters. What appears to work due to the lack of evidence to the contrary, risks being relegated to the “if it ain’t broke, don’t fix it” level of priority. The financial crisis has focused on many causes, such as leadership, governance, shareholder capitalism and even ethics. Alongside the assertions of institutions being too big to fail, there has increasingly been made reference to organisations “too big to manage”. In this article, Giles Williams reviews and informs us on the most recent recommendations emanating from the Basel Committee of Banking Supervisors on just one of the essential enablers of effective and comprehensive management of, in particular large and complex, organisations: The generation and use of adequate and appropriate information. The challenge of ensuring an information flow that is both “fit-for-purpose” and that keeps boards and senior management dynamically engaged in a process of continuous improvement and change, is one that faces all organisations. Financial institutions now face a hard task of responding to these lessons learned; others have the opportunity to avoid those self-same weaknesses and mistakes being repeated in their own organisations.

One key observation from the financial crisis was that when the going got tough, neither banks nor supervisors could access the information that they needed quickly enough to understand where the risks and issues were. Suddenly a spotlight

* Giles Williams leads KPMG’s Financial Services Regulatory Centre of Excellence for the EMA region.
THE ROUND TABLE DEBATE:
COMPLIANCE:
A FUNCTION IN TRANSITION?

Chair: Sharon Ward, Panelists: Scott Killingsworth; Pedro Montoya; Anthony Smith-Meyer & Nico Zwikker

Welcome to the Journal of Business Compliance Round Table. This is an opportunity to gather highly experienced thought leaders to discuss questions raised by the compliance community, to consider evolving trends in the field and to identify topics for the future.

Today we are looking at the consequences of one of the most basic drivers of compliance activities in organisations – the behaviour of public authorities in enforcement actions.

Has anything changed? If so, what? And to what effect? Has Compliance established its identity; or is its destiny that of one always responding to outside forces of business development and regulatory response? This was the challenge Sharon Ward, Associate Editor of the Journal and Chair of the Round Table, threw out to our panel.

Sharon Ward: There are many who speak of the “regulatory tsunami” since the financial crisis. How do you perceive that the enforcement activities of regulators and government prosecutors has changed, in frequency or character since the financial crisis?

Nico Zwikker: I have the impression that in 2013 and continuing now in 2014, you can see a clear trend towards greater enforcement by regulators and other governmental agencies. You can see this in financial markets where SEC, DOJ, FCA, SFO, Competition authorities and...
Is it genuinely all change in the compliance field? The recent changes of the compliance guard discussed in this article certainly highlight shifts in expectations of the function. Since the financial crisis of 2008, we have seen a steady and definite adjustment in the attitude of regulators – and thus in businesses – towards an emphasis on verifiable and documented compliance with rules and requirements, with inevitable consequences for those in the compliance role. In this we have seen a return to the priorities of the early days of the function and lessening focus on its advisory and support activities as a partner to the business. The function has always needed to balance its roles as advisor and policeman, its contribution to the former becoming increasingly apparent as the function matured, however are we now coming full circle with the role returning predominantly to its monitoring and reporting roots? Anthony Smith-Meyer’s discussions with a number of senior compliance professionals who have recently departed their roles would certainly suggest so. The consequences for the function of compliance and for those who work within it are significant and serious, but these also carry a warning for both regulators and businesses leaders alike. Read on for an insight into how the compliance function and its role within business is currently viewed within the financial sector and an assessment of the consequences that might apply across all sectors and geographies …

Background
In his article – Ethics and Compliance: Birth of a Profession, Keith Darcy found a correlation over time between an increasing personal accountability of company directors and executives for the actions of its staff, and a growing realisation of the need for a dedicated compliance function to establish greater awareness of regulatory compliance and control

* Anthony Smith-Meyer is Editor-in-Chief of the Journal of Business Compliance.
1 Journal of Business Compliance, June 2013.
EDITORIAL BOARD

EDITOR-IN-CHIEF

Anthony Smith-Meyer left mainstream banking to establish a career as a specialist within Governance and Compliance matters. He is Editor-in-Chief of the new Journal of Business Compliance and is an Adjunct Professor and lecturer of International Business and Management at the European Campus of Miami University, Ohio. Previously a member of the Group Executive Committee of Compliance and Control at BNP Paribas, Anthony has been extensively involved with Compliance matters since 2003, when he established the Compliance Department for Merchant Banking at Fortis Bank, assuming responsibility for their Group Compliance function in October 2008. Anthony’s career spans over three decades working for UK, North American, Scandinavian, Benelux and French institutions in a wide range of activities including relationship driven corporate and correspondent banking, as well as product area trading room activities, structured, asset and project finance. Anthony served as Chairman of the European Securitisation Forum during 2003/04. Anthony holds the UK Institute of Directors Diploma in Corporate Direction and is certified as a qualified Director by the Institut Luxembourgeois des Administrateurs; the Luxembourg Institute of Directors, where he regularly instructs on the subject of Governance and Director Responsibilities.
Andrew Buckhurst is the Compliance and Ethics Officer for RTL Group, Europe’s largest media company. He combines his compliance activities with that of Head of Investor Relations. Andrew is responsible for the management of the Groups’ ethics and compliance programme which entails reporting to the Group’s Audit Committee and the Group’s Corporate Compliance Committee, which is made up of senior management. He is responsible for the development and implementation of the Group’s Code of Conduct and co-ordinates the Group’s approach towards related policies and procedures. As compliance officer, Andrew is responsible for the handling and resolution of all the whistle-blowing and other code of conduct violations across the Group. Andrew has a degree in Accounting and Finance and is a member of the Institute of Chartered Accountants in England & Wales (ICAEW).

Mark Compton is a partner in the Financial Services Regulatory & Enforcement practice of the London office, where he advises on UK and EU financial services legislation and enforcement. In addition, Mark counsels clients on anti-money laundering and anti-bribery legislation and systems and controls, and economic sanctions. Alongside banks and other financial services firms the clients he advises include multinational energy trading and exploration companies and engineering companies. Prior to joining Mayer Brown in 2011, Mark worked for BP plc for over six years as the senior financial services and regulatory lawyer, covering also their commodity trading division. Mark’s work also advised on matters related to physical commodity and emissions allowance trading, internal investigations, import licenses and more. Mark also spent over five years at the FSA where he worked in the Enforcement Division on market abuse and Listing Rule breaches amongst other areas.
**Scott Killingsworth** is a partner in the Atlanta, Georgia office of the international law firm Bryan Cave LLP. As a business lawyer, he is focused on governance and strategy formulation, corporate compliance program design and implementation, and transactions such as intellectual property licensing and protection; strategic alliances; and mergers and acquisitions. A 2013 Burton Distinguished Legal Writing Award honoree, Scott has a long standing interest in both the writing and publication of authoritative works in the area of corporate governance and regulatory compliance. He has served on the Editorial Boards of E-Commerce Law Report, Technology Transactions, the International Journal of e-Business Strategy Management and Intellectual Property Counselor, and as Contributing Editor to a Matthew Bender treatise on the legal duties of corporate boards of directors. He is a regular speaker and facilitator at governance and compliance events in the USA and has been honored by inclusion in the Ethisphere Institute’s 2013 list of “Attorneys Who Matter” in ethics and compliance. Scott currently serves on the Boards of the Center for Ethics and Corporate Responsibility and the Georgetown Corporate Counsel Institute. Having published numerous articles dealing with corporate law, compliance and ethics programs, technology law, and legal history, his work has been cited in law reviews from Stanford, Harvard, Northwestern, Berkeley, and Vanderbilt, among others, in several textbooks and legal reference works, and in an opinion of the Supreme Court of Canada.

**Sonja Lohse** is presently the Head of Group Compliance in Nordea Bank. After finishing her law studies at the University of Helsinki she started her banking career. She has held numerous positions within Nordea Group and was 2001 appointed Head of Group Compliance with the assignment to build the compliance function in Nordea. Since 1999 she has been involved in many European working and expert groups appointed by the EU Commission or European FSAs and she is since 2007 the chairman of the EBF Financial Markets Committee.
Pedro Montoya was appointed Group Chief Compliance Officer by the Board of Directors of EADS in October 2008. Under the authority of the Board’s Audit Committee, he designed and set up the newly created Corporate Compliance Office. Reporting to the Group CEO, he leads the EADS Ethics and Compliance Program with 140 full time employees. Pedro graduated in his home town from the Universidad Complutense of Madrid and obtained his Master in Laws by the Instituto de Empresa. He started his career in 1986 in Procter & Gamble and 4 years later joined the Spanish Aerospace Group CASA where he became General Counsel and Company Secretary. Upon the formation of EADS in 2000, when he actively participated to the contribution of the Spanish assets, Pedro joined the Corporate Legal Department as VP Head of Contracts, Litigation and Intellectual Property. Before his appointment as Group CCO, he served three years as General Counsel EADS International.

Dr. Klaus Moosmayer is since January 2014 the Chief Compliance Officer of Siemens AG. He is leading the global Compliance Organization of Siemens and reports to the General Counsel of Siemens and the Board of Management. Before his recent nomination he served since 2007 in several top management positions of the Siemens Compliance Organization and had a leading role in developing the new Siemens Compliance Program in the course of the last years. Before entering the Siemens Legal Department 2000 he was in private practice as a lawyer. Klaus has published extensively to Compliance and white collar crime topics – including Compliance and Anti-Corruption Manuals for companies – and speaks frequently on national and international conferences on Compliance topics. In November 2013 Klaus was elected as the new Anti-Corruption Chair of the Business and Industry Advisory Committee to the OECD (BIAC).
Dr. Prof. Dr. jur. Mark Pieth completed his PhD in criminal law and criminal procedure at the University of Basel. After an extensive time abroad, including the Max Planck Institute for Criminal Law and Criminology in Germany and the Cambridge Institute of Criminology in the United Kingdom, Mark practiced for a time as a barrister, before he completed his post-doctoral thesis on sanctioning and other aspects of criminology. From 1989 to 1993, Mark was Head of Section – Economic and Organised Crime at the Swiss Federal Office of Justice (Ministry of Justice and Police), whilst also serving as Member of the Financial Action Task Force on Money Laundering (FATF) and Chair of an intergovernmental expert group charged by the United Nations with determining the extent of the illicit traffic in drugs. Mark’s work at the international level has continued through to the present, including chairing the OECD Working Group on Bribery in International Business Transactions, and co-initiating the Wolfsberg AML Banking Initiative; and as a Member of the Independent Inquiry Committee into the Iraq Oil-for-Food Programme and the Integrity Advisory Board of The World Bank Group (IAB).

Nico Zwikker started his career as a lawyer at the Amsterdam bar and went on to the banking industry where he has been active for the past twenty five years. During this period Nico has held a number of senior positions as a lawyer, and as risk and commercial manager, but for the past six years he has held the position of head of compliance at a number of international financial institutions, the last being ABN Amro following the nationalisation and integration of the Netherlands assets of Fortis and ABN Amro. Nico’s experience in compliance, reputation and regulatory risk management overarch a wide range of businesses and business risk profiles, from the retail and private banking end of the spectrum. During the course of his career, Nico has embarked on a stake holder management approach in dealing with regulators including national regulators and a significant number of foreign regulators, and has gained experience in the fast developing regulatory banking and securities landscape. He was one of the founding fathers of the Netherlands Association for Compliance Officers and chaired the association for a number of years. Nico teaches at the Vrije Universiteit in Amsterdam and at the Netherlands Institute for the Banking and Securities Industry. He is a regular contributor to industry conferences and publications.
EDITORIAL TEAM

■ Adrienne Chang is a former management consultant with Booz Allen Hamilton, a global management and strategy consulting firm. Previously based in Washington, DC, Adrienne advised U.S. domestic and foreign government ministries undergoing large-scale regulatory change and organizational restructuring to better improve service delivery to its citizenry. Specializing in organizational strategy and redesign, she worked with public sector clients primarily in the areas of governance, business process improvement and reengineering, performance measurement, change management, and strategic communications. With ten years in the management consulting industry, Adrienne has also worked with international accounting and consulting firms Arthur Andersen and Grant Thornton, providing advisory services to public sector clients in the areas of government regulation and international development. She most recently finished a one-year position at the U.S. Embassy in Luxembourg, where she served as the personal assistant to the American Ambassador to Luxembourg. Adrienne received her Master’s degree in international relations and public policy from Columbia University, in New York City.

■ A regulatory compliance specialist, Sharon Ward is the Chief Examiner for Compliance at the International Compliance Association (ICA) and a regular tutor/contributing author for International Compliance Trainings (ICT) professional education programmes, both in the UK and worldwide. She is also involved in a number of compliance related projects, including the development and delivery of the Financial Services Compliance Module of the Chartered Banker MBA at Bangor Business School, for which she is currently the Module Director. A former senior compliance practitioner in the UK, as a member of the senior management team Sharon played an integral role in ICA’s – and ICT’s development. Sharon has been involved in key initiatives within the industry over a number of years and served as Chair of the Midlands Region for the Compliance Institute in the UK where she was also a member of its Professional Education Board. A Fellow of the ICA, Sharon is also a Fellow of the Chartered Institute of Educational Assessors and holds an MSc in Financial Regulation & Compliance Management from London Guildhall University. Sharon is currently undertaking doctoral studies at Bristol University.
CONTENTS

05 REGULATORY OUTLOOK
The Impact of the OECD Anti-Bribery Convention 15 Years on – BIAC key messages
– K. Moosmayer and H. Rosenbaum

12 COMPLIANCE CHALLENGE
Understanding Compliance Risk Across Emerging Markets
– A. Martin, L. Altizer & V. Gamez Barrera

23 THE EFFECTIVE PRACTITIONER
Ethical Due Diligence in Recruitment
– S. Webley

31 GOVERNANCE
Promoting Gender Equality in Luxembourg
– C. Moraru

43 OVER THE HORIZON
BCBS 239 – another technical paper, or a fundamental challenge for the industry?
Principles for effective risk data aggregation and risk reporting
– G. Williams

56 THE ROUND TABLE DEBATE:
Compliance: A function in transition?
– S. Ward, S. Kilginnsworth, P. Montoya, A. Smith-Meyer & N. Zwicker

65 SPEAKERS CORNER
Blow the Winds of Change: The Changing Role of Compliance
– A. Smith-Meyer
REGULATORY OUTLOOK
DR KLAUS MOOSMAYER AND HANNI ROSENBAUM
THE IMPACT OF THE OECD ANTI-BRIBERY CONVENTION 15 YEARS ON

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ABBOTT MARTIN, LESLIE ALTIZER & VICTOR GAMEZ BARRERA
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