2019 BANKING LAW COMMITTEE MEETING
WASHINGTON, D.C.

In-House General Counsels’ Discussion
January 11, 2019
IN-HOUSE GENERAL COUNSEL'S PANEL

List of Key Issues

January 11, 2019
In-House Legal Department Areas of Focus

• Regulatory compliance
• Litigation
• Contractual arrangements
• Regulatory investigations
• Legal entity structure
Significant Challenges of GCs

• What is “legal” vs. What is “right”
• Ethics, gray areas
• Reputation risk
• Risk management
• Public policy
• Politics
• Communications and media
• Corporate citizenship
• Recruiting and maintaining top talent
• Managing litigation docket
Managing Relationships

• Internal
  • Business leaders
  • Board of directors
  • Peer senior officers, including Finance, Risk and Compliance
  • Bureaucracy

• External
  • Stakeholders
  • Law firms
  • Governments
  • NGOs
  • Media across the globe
Increasing Risks at Banks

- Volume and complexity of regulations
- Data security and protection
- Ensuring compliance with global regulatory requirements
- Reputational risk
- Vendor management and risk of failure of supply chain
- Bribery and corruption
- Trading with emerging markets
- Media risk (including social media)
Key Areas of Supervisory Focus

• Corporate Governance
• Capital and liquidity planning
• Recovery and Resolution planning
• Risks and financial stability management
Heightened Governance Expectations

• Strong internal controls and effective corporate governance
• Focus on fiduciary duties of directors
• Increased expectations on Independent Directors
  • Should have a strong grasp of institutional risks and how senior management is managing such risks
• Higher demand on banks to obtain the necessary resources to be compliant and manage operational risk
Expectations of Banks’ Boards of Directors

• Clear strategy for the company keeping in mind new regulatory requirements
• Set the appropriate corporate culture to maintain compliance
• Ensure effectiveness of internal controls
Legal Department Structure

- Necessity of matrix reporting
- Assuring consistency in hiring standards, technology standards and approaches to key issues
- Outsourcing
- Succession planning
- Global town halls
Selecting Outside Counsel

• Knowledge of law
• Knowledge of recent regulatory changes and how they impact the company
• Effective communicators
• Not hiring a thoroughbred when a draft horse will do
• Limiting hiring to a preferred list