



Regulatory Change Management

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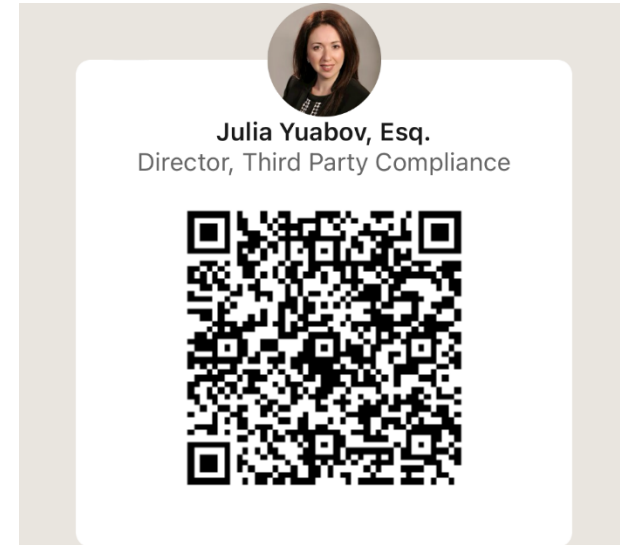
Director, Third Party Compliance



About Me

Julia Yuabov, Esq.

- She / Her / Hers
- Background
 - Attorney admitted to practice in NJ and PA
- Experience
 - Financial Industry
 - Professional Services Industry
- Skills
 - Design and implementation of Third Party Risk Management Programs
 - Regulatory alignment
 - Anti-bribery and corruption program
- Personal
- Interests
- Purpose



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Overview of Regulatory Change Management

Definition

- ❖ Process of identifying, assessing, and implementing changes to federal or state laws, rules, regulations, and guidelines that affect the organization's operations.
- ❖ Involves monitoring and analyzing regulatory developments, understanding their impact on the business, and implementing necessary changes

Terminology

Laws, Rules, Regulations & Guidelines (LRRG) collectively referred to as “regulations”

Purpose

- ❖ Continue compliance
- ❖ Avoid penalties
- ❖ Maintain good reputation
- ❖ Trust with stakeholders

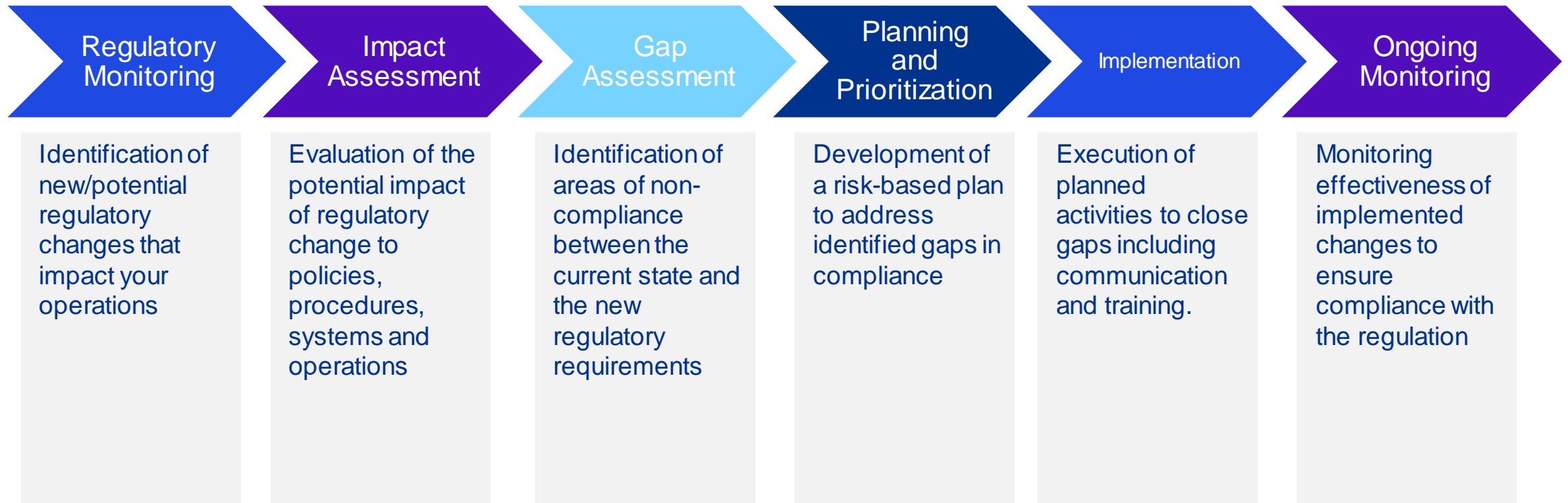
Types of Regulatory Changes

- **New Regulation**
- **Amendments to Existing Regulation**
- **Repeal or Removal of Regulation**
- **Regulatory Guidance or Interpretation**
- **Enforcement Actions or Penalties**
- **International Regulatory Harmonization**

Importance

- **Compliance**
- **Risk Mitigation**
- **Operational Efficiency**
- **Reputation and Trust**
- **Competitive Advantage**
- **Strategic Decision-making**

Process Approach



Regulatory Monitoring

External Responsibility

- Regulatory monitoring is conducted outside of TPRM by a different team such as Compliance, Regulatory and/or Legal departments or an external third party
- Ensure clear and timely lines of communication to the impacted group
- Stakeholders are involved

Internal Responsibility

- Appropriate alerts and subscriptions are set up
- Proactive checking on Regulator's site

Tip:

- Get organized: Create a shared folder for each notification and document the alert
- Create an inventory document that would contain listing of all regulations

JURISDICTION	REGULATOR	REGULATORY GUIDELINE	LINK	DATE	COMMENTS
United States	Department of Justice	Evaluation of Corporate Compliance Programs	DOJ	6/1/2020 Updated March 2023	Last assessed January 2024

Impact Assessment

- Probability – likelihood of event occurring
- Severity
 - Reputational risk
 - Loss of clients
 - Financial risk
 - Loss to revenue
 - Human capital
 - Operational risk –
 - Disruption of services and processes
 - Slowed progress and strategic priority
- Risk-based approach to address further based on resources and capacity

Tip:

- Document and communicate results of Impact Assessment to leadership and stakeholders

Example:

		IMPACT 1: Missing a Law Requirement		
		HIGH (SANCTION > 10,000 \$)	MEDIUM (10,000 \$ < SANCTION < 10,000 \$)	HIGH (SANCTION < 10,000 \$)
IMPACT 2: # OF CUSTOMERS	HIGH (CUSTOMERS > 1,000)	HIGH	HIGH	MEDIUM
	MEDIUM (100 < CUSTOMERS < 1,000)	HIGH	MEDIUM	LOW
	LOW (CUSTOMERS < 100)	MEDIUM	LOW	LOW

Gap Assessment

- Assessment of current control environment and identification of gaps in the process to meet the new regulatory requirement
- Engage stakeholders

Tip:

- Use Excel spreadsheet to create an assessment
- Document conversation, supporting documents received

REGULATORY REQUIREMENT	COMPLIANCE	CONTROL IN PLACE	SUPPORTING DOCUMENT	REMEDATION PLAN IN PLACE	FUNCTION OWNER	EXECUTIVE OWNER
	Compliant	Yes	Policies Procedures	N/A		
	Partial Gap					
	Gap	No				

Planning & Prioritization

- Creation of Remediation Plans / Project plans to resolve gaps and partial gaps from the Gap Assessment
- Assign roles and responsibilities
- Gather industry best practices and benchmark against peers

Tip:

➤ Filter for “Partial Gap” or “Gap” in the Assessment, then sort Excerpts by the Function Owner to create individual Remediation Plans

REGULATORY EXCERPT	SUMMARY / THEME	REMEDIATION PLAN	TARGET DATE	DEPENDENCY	STATUS	COMPLETION

Implementation

1. Communicate the remediation plan to all stakeholders
2. Establish project mechanisms to monitor and control the project's progress
 - Status meetings, progress reports, tracking of milestones and deadlines
3. Execute action items on the remediation plan
 - Assign new controls, where needed
4. Communicate the new process to stakeholders
5. Train impacted individuals on the new process

Tip:

- Document all changes and appropriate approvals
- Host periodic meetings with Function Owners to gather status updates

Ongoing Monitoring

- Conduct target reviews on the implemented remediation plan to ensure controls designed are effective and process is in compliance with the regulatory requirement
- New process may need additional enhancements

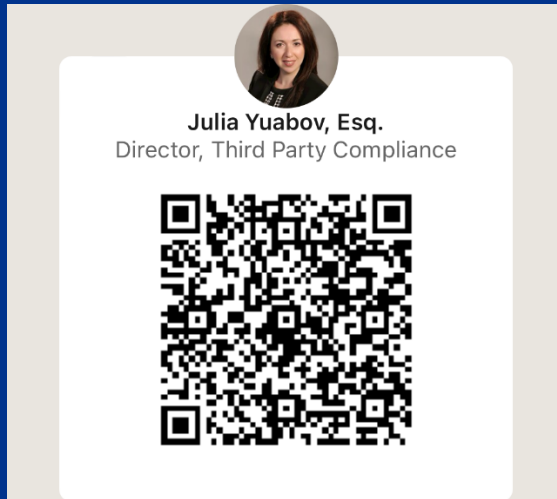
Tip:

- Perform a target review on a regulatory change 4-6 months after implementation and again 1 year after implementation
- Document reviews and findings

Challenges

- ❑ Complex regulatory landscape
 - Constantly evolving; hard to keep abreast
- ❑ Inadequate Resources
- ❑ Budget
 - Ex: external experts need
- ❑ Lack of collaboration
- ❑ Lack of adequate communication
- ❑ Resistance to Change
 - Fear of unknown
- ❑ Inadequate Technology
 - Outdated compliance management system technology; unable to streamline process of tracking, analyzing and implementing regulatory changes
 - Regulatory intelligence platforms

Questions?



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Thank you