



THE **CASS** ACADEMY

SESSION OUTLINES

SESSION ONE: CASS ARCHITECTURE: KNOWING WHAT YOU NEED TO KNOW

Whether you've been working on CASS compliance for months or years, refreshing your understanding of CASS to ensure your firm is meeting their regulatory obligations is essential. The FRC Client Asset Assurance Standard ('CASS Standard'), the MiFID II changes and revisions to the CASS Standard requires firms to satisfy not just one, but all of these, more encompassing regulations. Session one closes any regulatory knowledge gaps you may have providing you with a deeper, comprehensive, and up to date understanding of the:



- ✓ Spectrum of regulations that are often referred collectively as "CASS"
- ✓ Various regulators and their role in setting standards about protection of clients assets
- ✓ Gaps across your lines of defence that relying on your external audit will leave in your monitoring

By the end of this session, you'll:

- ✓ Diagnose CASS challenges proactively, even if your firm is doing all right—for now
- ✓ Advance your understanding of the regulatory architecture as it applies to Clients AssetsReevaluate your own internal control framework making recommendations to comply with evolving regulations
- ✓ Appreciate the gaps created by a narrowly focused external audit
- ✓ Assess many types of potential CASS regulatory risk to your firm with greater accuracy
- ✓ Deepen your understanding of the FCA's approach to CASS and the application of CASS rules to your firms' business model
- ✓ Appreciate why just focusing on the sourcebook as a body of regulation gets firms into trouble

SESSION TWO: CASS ROLES AND RESPONSIBILITIES

Defining CASS roles and responsibilities across your firm would appear at first straightforward, but it has always been something of a sticking point in firms' who haven't cast the net sufficiently widely when identifying their CASS community, often find themselves unable to ensure the continuous and accurate monitoring of CASS.



In this practical, hands-on session, we support you:

- ✓ Identify and map your key CASS people
- ✓ Map with the aid of templates, your key CASS personnel and how they align to CASS and your firm's structure
- ✓ Strengthen your 3 Lines of Defence (3LoD) work in respect to CASS
- ✓ Understand how CASS governance and the Senior Managers and Certification Regime (SM&CR) align

By the end of this session, you'll:

- ✓ Identify all your CASS key personnel as it relates to your organisational structure
- ✓ Decide with confidence who should have responsibility vs who has accountability for each key CASS control
- ✓ Use our template to build and map from scratch your CASS functions, roles & responsibilities to ensure they continue to correspond to the CASS sourcebook both now and in the future.
- ✓ Enhance your alignment of SMCR and CASS Governance obligations
- ✓ Follow a best practice 3LoD approach for managing CASS risks within your firm

SESSION THREE: GOVERNANCE

In March 2022, the FCA wrote to CEOs, highlighting that CASS failings often have their root causes in poor governance, oversight and a lack of adequate CASS knowledge. But the FCA didn't stop there, though. In the same letter, they warned firms that they would be subject to significant ongoing supervisory engagement on CASS.



PIMFA firms take note. With the regulator continuing to find a range of issues with CASS compliance, this session explores the best practices that your governing body, a defined term in the CASS rule book, and your most senior-level committee must adopt to satisfy FCA expectations.

Key topics in the session include:

- ✓ Who the FCA thinks is your CASS governing body
- ✓ The requirements and expectations of the CASS governing body
- ✓ What can and cannot be delegated by your governance and by your SMF and Certification Function Holder
- ✓ The need for effective supervision and challenge through the chain of command

By the end of this session, you'll:

- ✓ Find out exactly what a robust CASS governance framework looks like for regulated firms.
- ✓ Recognise what your governance and oversight must look like to be compliant
- ✓ How to work with the flexibility within the regulations to find a governance model that is appropriate for your business
- ✓ Understand what makes a highly effective CASS supervision
- ✓ Develop an effective response to the FCA's latest governance expectations
- ✓ Upskill your senior managers CASS knowledge to be ready and able to capably monitor their firms' CASS obligations.
- ✓ Stress test your CASS governance arrangements ensuring they are fit for purpose
- ✓ Improve your governing body effectiveness with clear and fit-for-purpose terms of reference that supports effective challenge

SESSION FOUR: OVERSIGHT

The prevention of CASS risks in your firm requires an effective organisational structure and operating model. For most, if not all, firms, this depends on the 'Three Lines of Defence' model (3LoD). Herein lies the challenge, though. As the CASS risks become much more complex, the 3LoD only works to manage risks where there is transparency and close partnership between the first, second and third lines of defence; only then will you have a holistic view of CASS risks, deliver effective CASS controls and standardise the CASS risk management process.



This session is divided into two parts. In part one we explain the common pitfalls firms face in establishing their overarching CASS frameworks, and how you can avoid them. Part two of the session brings together CASS auditors to share their most recent CASS audit findings and what small – medium sized firms should be doing differently in 2023.

Key topics in the session include:

- ✓ Reviewing the different roles and responsibilities of each line in the 3LoD model
- ✓ Recognising the role external Audit has to play in your compliance to CASS rules
- ✓ How you can improve your 3LoD model to anticipate, prioritise and mitigate CASS risks
- ✓ Ensuring that your 3LoD continues to evolve to meet the needs of a dynamically changing business
- ✓ Maintain the first line of compliance defence – what does good look like?
- ✓ The need and nature of an external Audit
- ✓ How to prepare for a successful CASS audit and get the best value for money
- ✓ Why the 3LoD has to go beyond that external audit

MEET THE AUDITORS

To support you interpret the CASS rules and develop a CASS control environment that is fit for purpose, this session includes a discussion with the Financial Reporting Council (FRC) or a CASS Audit firm. Within the discussion we cover recent hot topics, common industry CASS audit issues and other themes identified by you or the PIMFA CASS working group. You will leave with actionable insights to prepare for your upcoming CASS audit knowing what to expect from your CASS auditor.

By the end of this session, you'll:

- ✓ Identify areas requiring strengthening in your firms' three lines of defence model
- ✓ Develop a framework for the ongoing monitoring and assessing CASS controls
- ✓ Be scoping CASS reviews for each of the 3LoD
- ✓ Adopt in your next audit, key lessons learnt from recent CASS audits
- ✓ Review and discuss with CASS auditors what to expect from your 2023 CASS audit
- ✓ How to select the right CASS auditor for your firm
- ✓ How to get more value from your external auditor
- ✓ Identify when and how you should challenge your auditor on CASS audit findings.



SESSION FIVE: DEVELOPING A ROBUST CASS CULTURE

Most audit, risk, and compliance leaders know that successful CASS compliance starts and ends with a culture that embeds the expected behaviours from the front line up to board level. Yet, many are unsure of how exactly to create this environment – one where everyone, across all functions, knows how to ensure client money and assets are dealt with correctly, protecting the customer, the firm and the market.



In this session, you will understand how getting information to flow well amongst your CASS community will enhance your overall CASS compliance and culture.

Key topics in the session include:

- ✓ The different types of information that needs to flow through your CASS community e.g. MI, low order issues
- ✓ The types of information held by each actor in your CASS Community and why that needs sharing
- ✓ Best practice for MI packs
- ✓ Best practice for sharing information amongst your CASS community
- ✓ The view from the board: Live discussion with a CASS Board member

By the end of this session, you'll:

- ✓ Understand why encouraging people to share their experiences leads to earlier and more effective breach management
- ✓ Implement enhancements to your CASS governance MI packs
- ✓ Maintain better internal networks which are more CASS aware

SESSION SIX: ISSUE MANAGEMENT

When CASS is involved, things rarely go smoothly and according to plan. So, what can you do when something goes wrong? How can you ensure that minor CASS issues don't grow out of sight, and root causes of issues are correctly identified?

By working through examples of common CASS breaches, you'll learn how to, from initial discovery and review to closure and delivery of a remediation activity, a proven approach for conducting CASS breach management in your own firm.



Key topics in the session include:

- ✓ Notifications versus Principle 11
- ✓ How you engage the FCA
- ✓ What the FCA will want you to be telling them
- ✓ How that all changes if there is an insolvency or the risk of insolvency is growing

THE REGULATORS PERSPECTIVE

Having a firm grasp of the FCA's approach to CASS supervision in 2023 is critical for your firm's ongoing compliance to CASS rules. As part of this session, you will understand how regulators use and interpret CASS audits, handle breach reporting and escalate poor quality reporting.

By the end of this session, you'll:

- ✓ How to assess any CASS related incidents and oversee any necessary remedial actions
- ✓ Understand what additional steps your firm can take to reduce the severity of issues and breaches
- ✓ Grasp what happens in the event of insolvency or growing risk of insolvency
- ✓ Understand why the FCA needs you to be talking to them in certain situations
- ✓ Know how to meet the regulator's key CASS concerns in 2023
- ✓ Identify and assess the issues that could lead to a CASS s.166 notice
- ✓ Learn how respond to key questions the FCA will expect you to answer





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