

Mid Atlantic AFP Treasury Compliance



**STRATEGIC
TREASURER**

Consultants in Treasury

Regulations & Compliance In Context

Regulations

- FBAR
- FATCA
- SOX
- Debt Covenants
- Dodd-Frank
- PCI Compliance
- Money Market Reform



Impact

- Reporting
- Controls
- Relationships
- Options
- Technology Systems

Key Premises

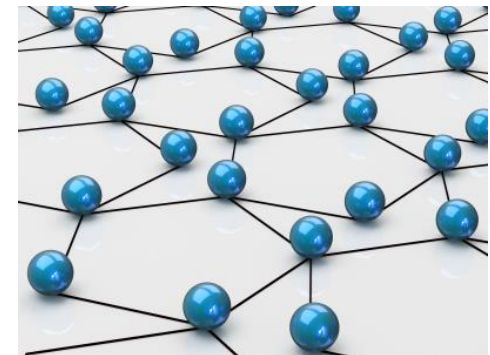
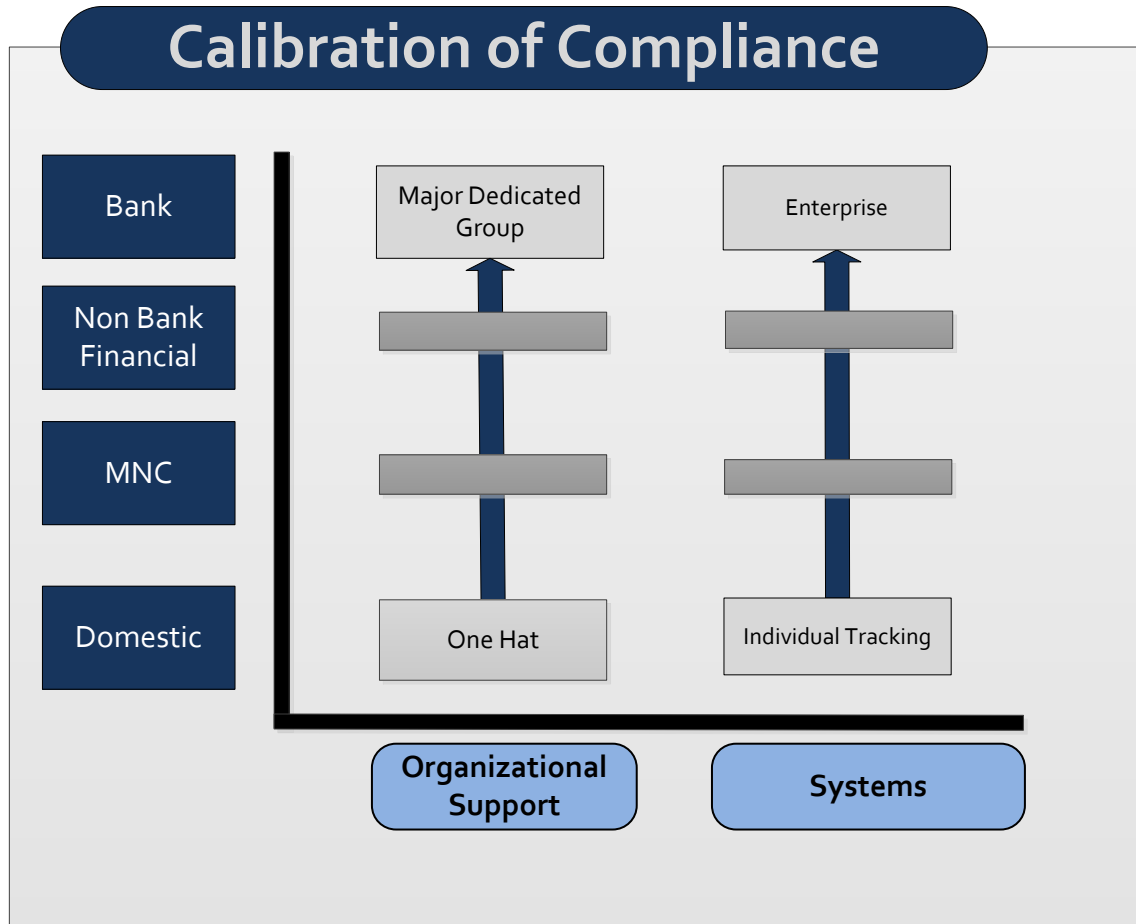


Requirement to calibrate standards or practices

Ongoing change of standards to reflect new demands and expectations.

Standards fall in a range from: excellent to a minimal

Regulations & Compliance In Context



Key Terms

Leading Practice. This term answers the question 'what should we be doing to be a leader'. It necessarily has a realistic bent and adapts based upon the organizational size, level of demand and risk tolerance.

Best Practice. The predominant use of the phrase 'best practice' is meant to describe the one-size fits all definition. If you want to do something that is the best practice, here is how it needs to be done.

World Class. This term is refers to taking a leadership position among those with the highest level of standards and the most pressing of demands.

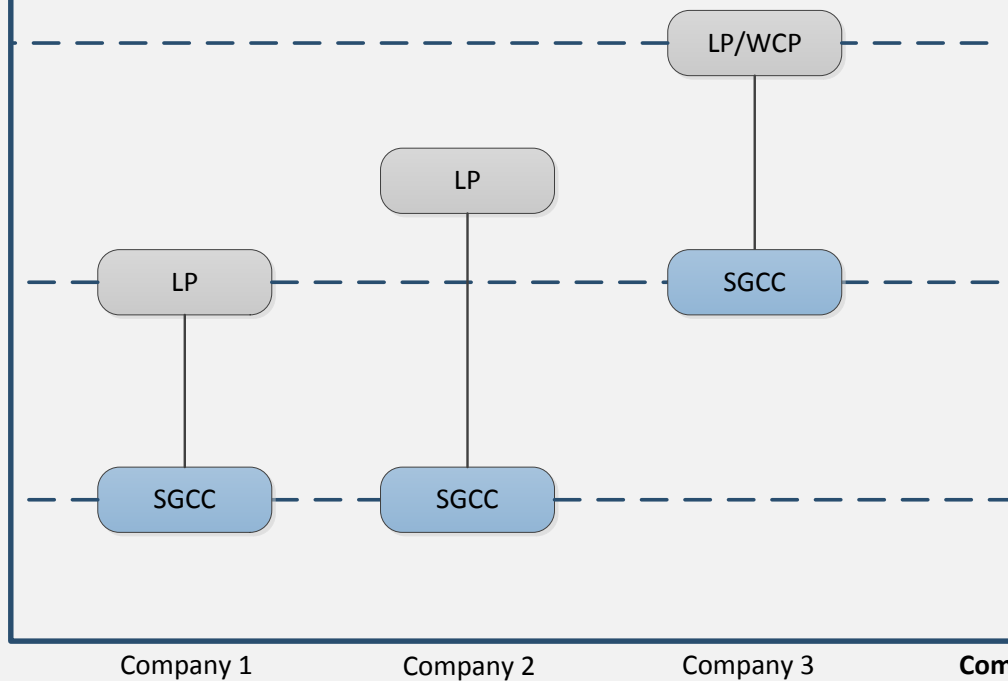
Standard of Good Corporate Conduct. The Standard of Good Corporate Conduct (SGCC) represents the minimum level of care or conduct that most organizations (from small to mid-size organizations up) should maintain.

Operating Principles

Leading Practices View

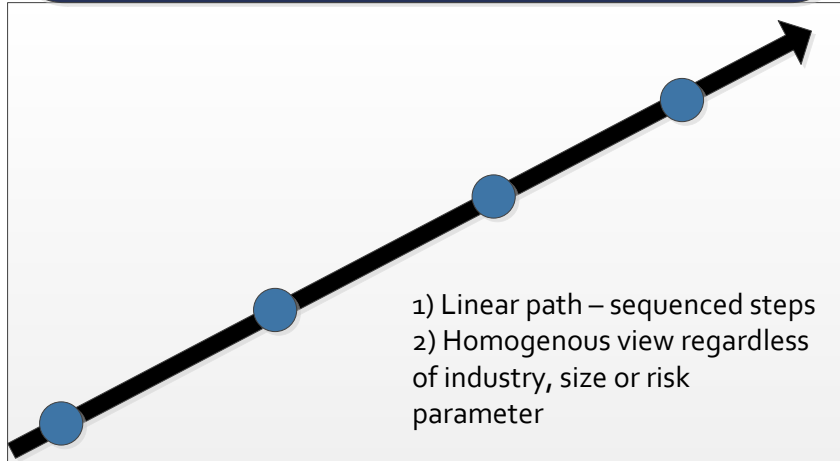
Standards of Good Corporate Conduct, Leading Practice

Level of Practice



Leading vs. Best Practice

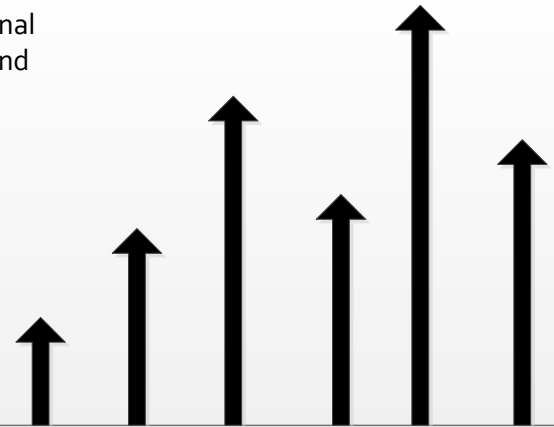
Best Practices Mindset



- An abuse is a view that there is one best practice.
- Reviewing a list of 1,200 Best Practice items from a database...

Leading Practices Mindset

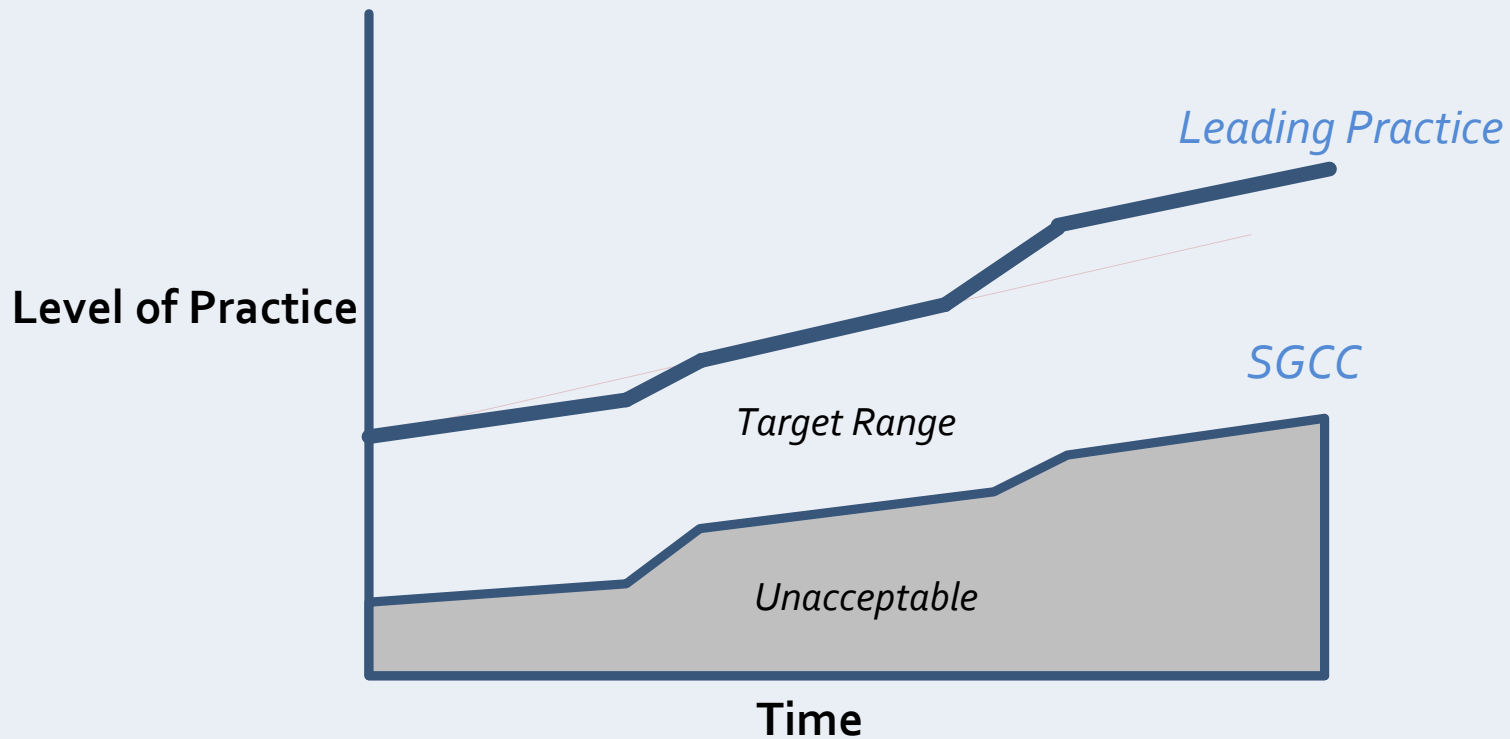
- 1) Multi-Dimensional
2) Customizable and Configurable



Operating Principles

Leading Practices View

The Changing Level of Practice



Abuse & Misuse

- **Bigger is always Better.** When some people hear the phrase 'best practices' they think 'list'. And, a bigger list is better than a smaller list. Their 'list' balloons into 1300 items that need to be reviewed, item by item, with their client. This ignores industry differences and makes it very hard to focus on the elements or items that should be emphasized. Too much is lost in the detail with this approach.
- **Applied to all.** Best practices sounds like everyone should do it, especially if it really is the best. This can become unintentionally manipulative and inappropriate. Is lockbox a best practice? For this type of firm, at this size? With these alternatives available? This type of misuse avoids the necessary work of applying various practices to a particular firm and situation.
- **End of thoughtful discussion.** This is a best practice, therefore your process or practice is not.

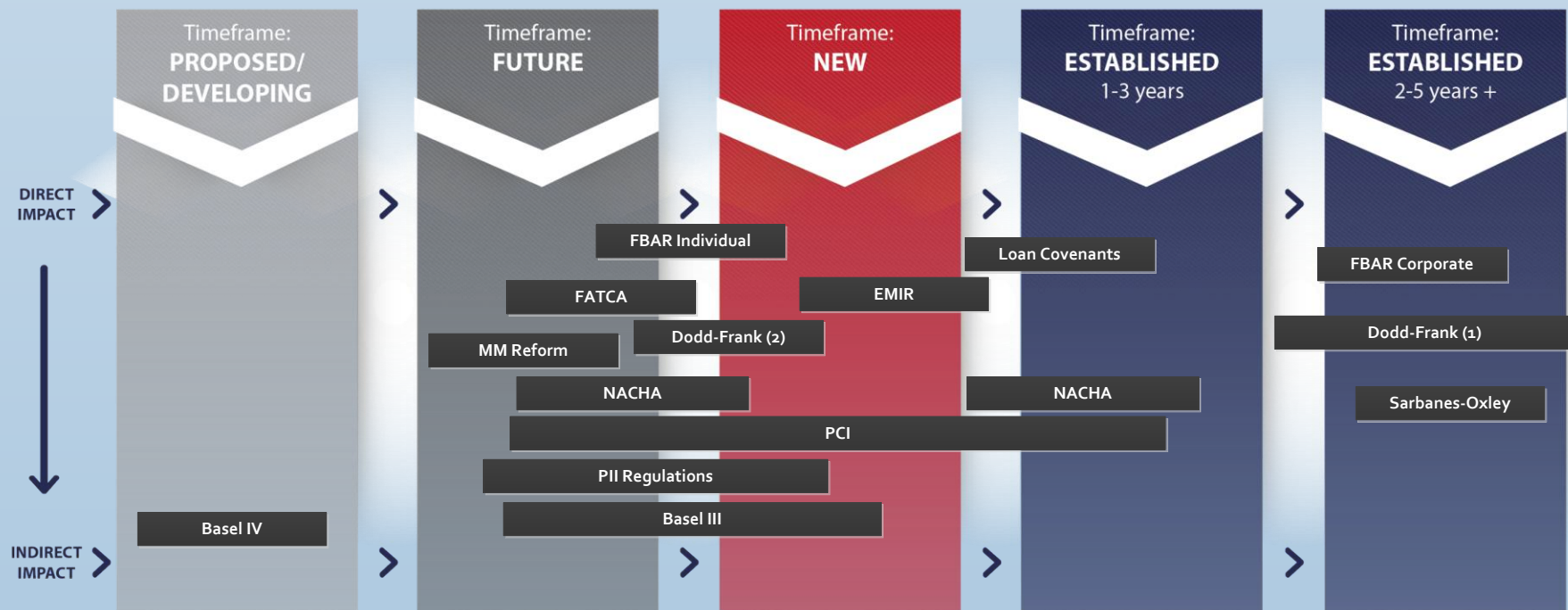


Alligator Closest to the Boat

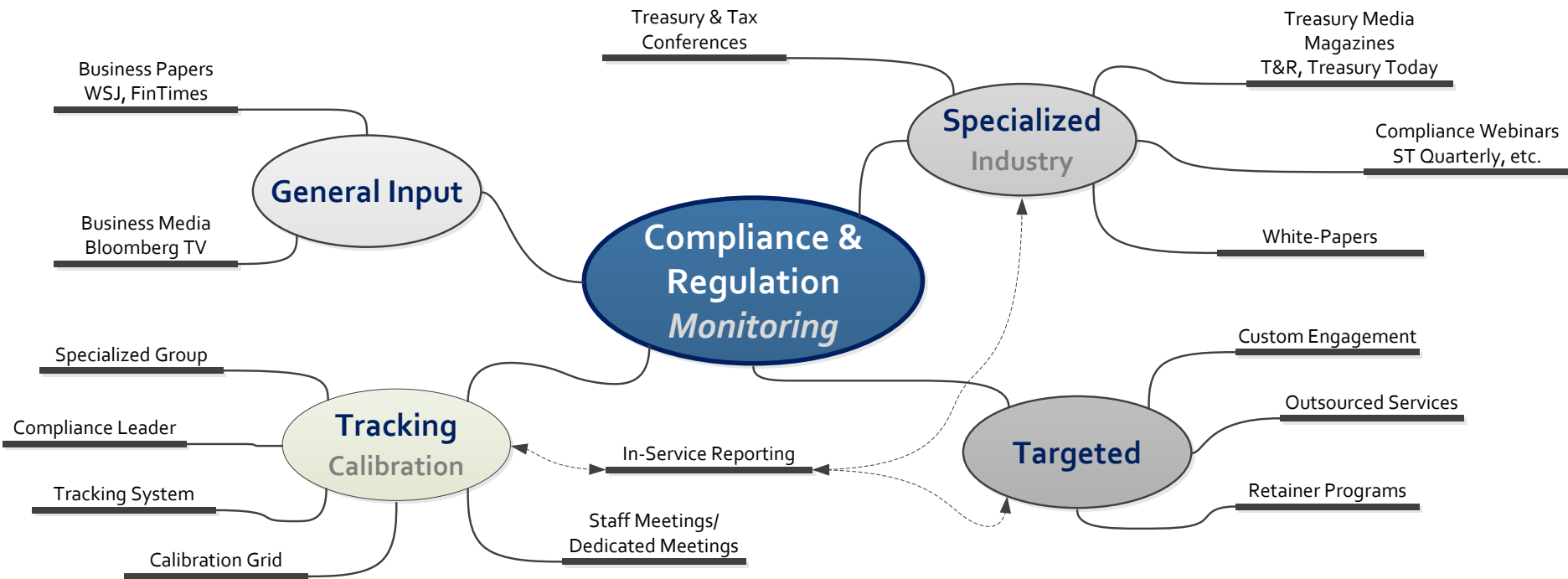
How do we CALIBRATE?



CALIBRATION OF ATTENTION



Monitoring the Channels



Discussion

- How should treasury think about compliance?
- What should my team look like? What should they do?
- Where is my weakest link vis a vis my input channels?
- How formal do we need to be in calibrating our compliance issues?



A Current Example of Changing Compliance

FBAR

What is FBAR?

FBAR

Description: Required reporting by companies and individuals of all foreign accounts owned or on which they have signatory authority.

Purpose: Anti-terrorism; anti-money laundering

Key Elements of Importance: Individuals must file for 2010-2015 by June 30, 2016. Companies must provide employees the required information.



Financial Crimes Enforcement Network (FinCEN)

- A bureau of the Department of Treasury
- Director reports to Treasury Undersecretary for Terrorism and Financial Intelligence
- Maintains financial transactions data, analyzing and disseminating data for law enforcement purposes, coordinates with states and other agencies
- Exercises regulatory functions under the Bank Account Secrecy Act of 1970

What's New?

Frequent changes to filing requirements and reporting fields add uncertainty and risk.

*E-filing is now required
for all FBAR submissions*

*Deadline for filing is
extended to June 30,
2016 for the years 2010-
2015*

NEW!

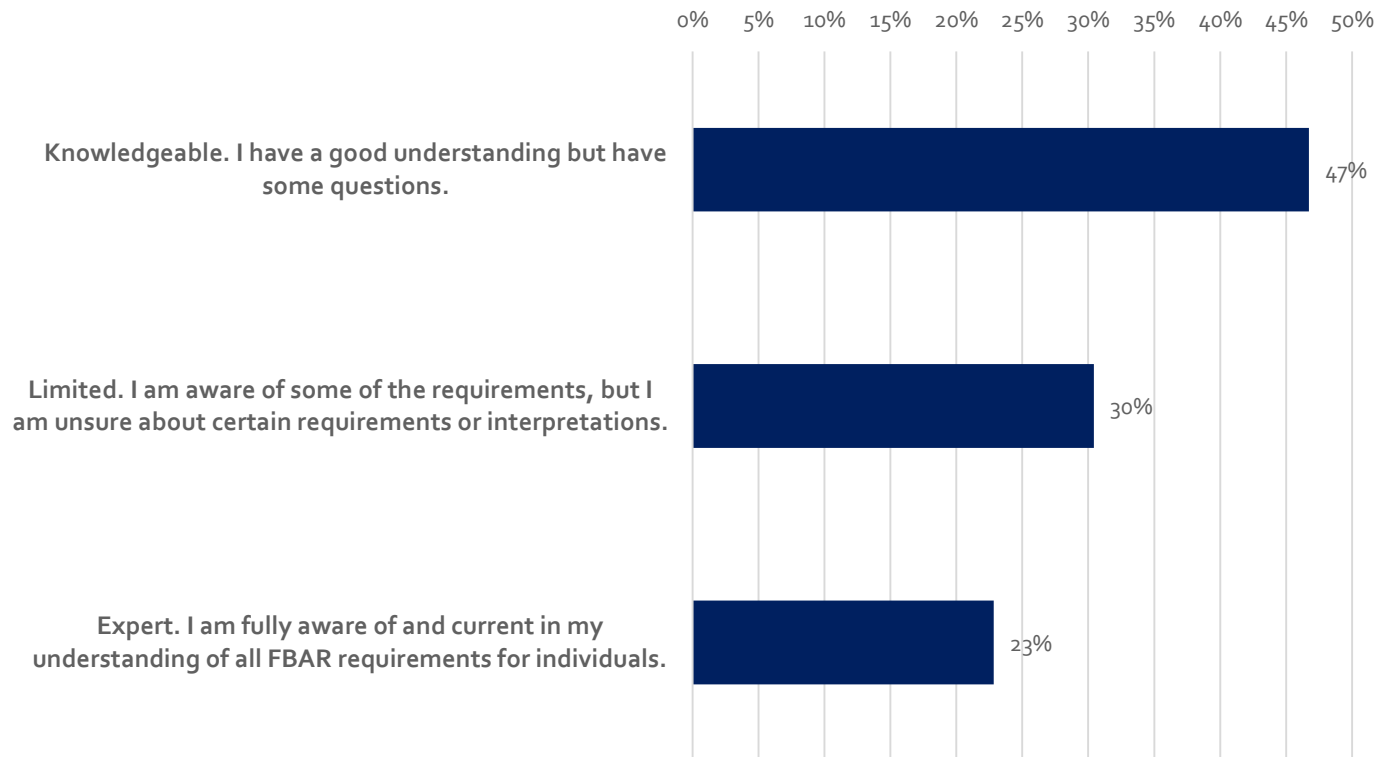
*Multiple filings
permitted: Foreign
account owners &
signatory authority*

*Availability of 3rd party
filers to take risk of filing
changes*

FBAR & BAM

Survey Results

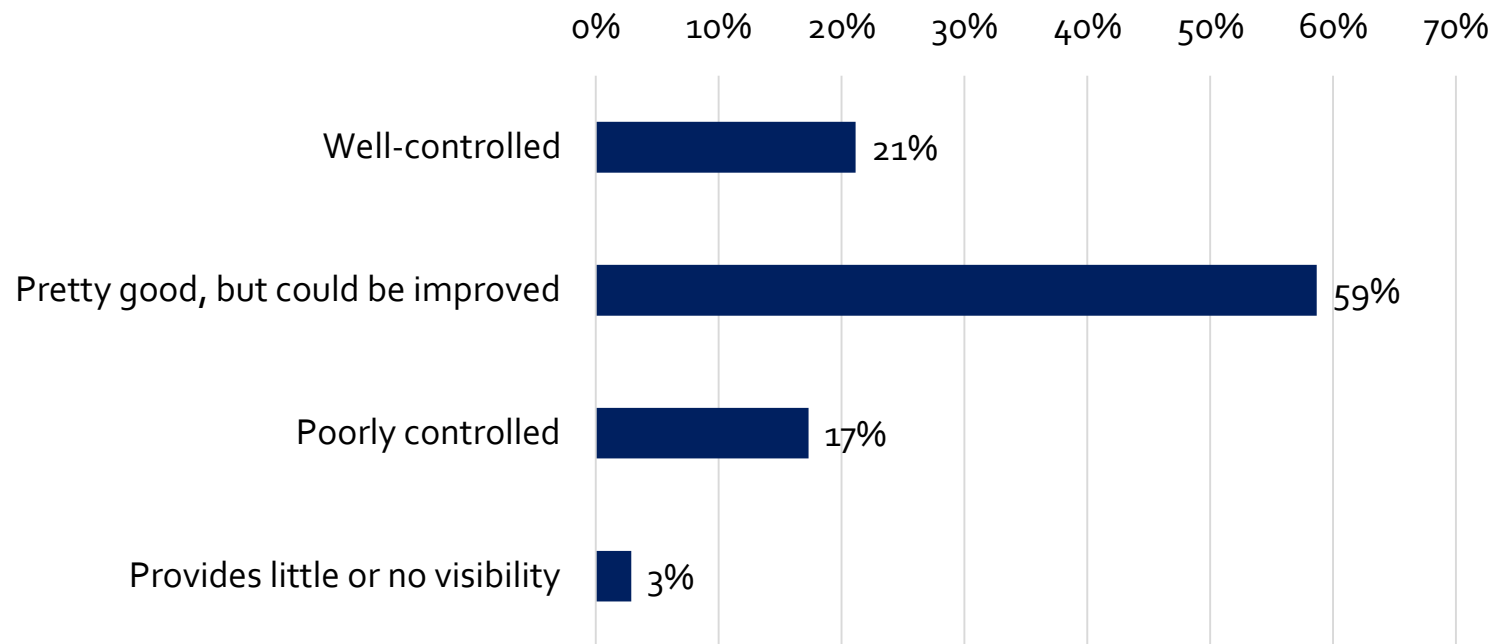
Please rate your knowledge of the FBAR requirements for reporting to employees who are signers on foreign subsidiary bank accounts?



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

BAM Controls

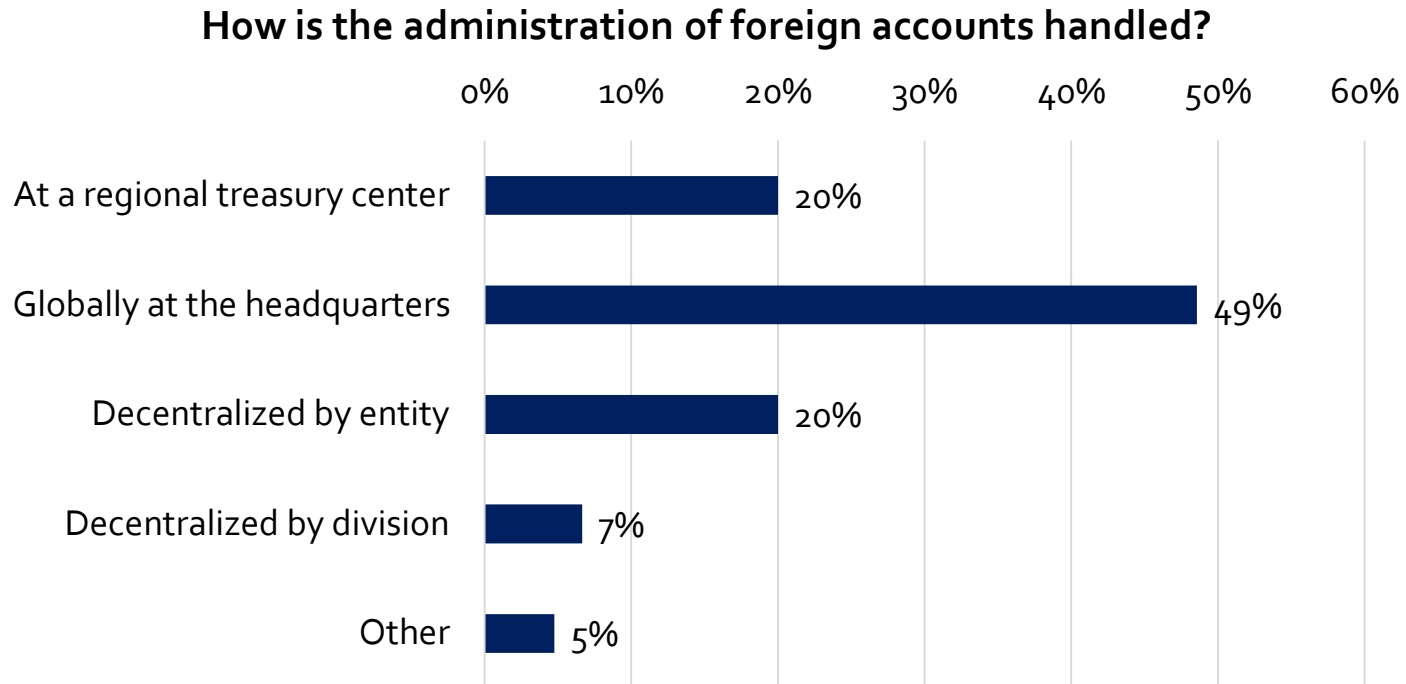
Do you feel your tracking system for bank account administration is:



In 2014 Well-Controlled equaled 28%

Strategic Treasurer. "FBAR & BAM" Survey. 2015.

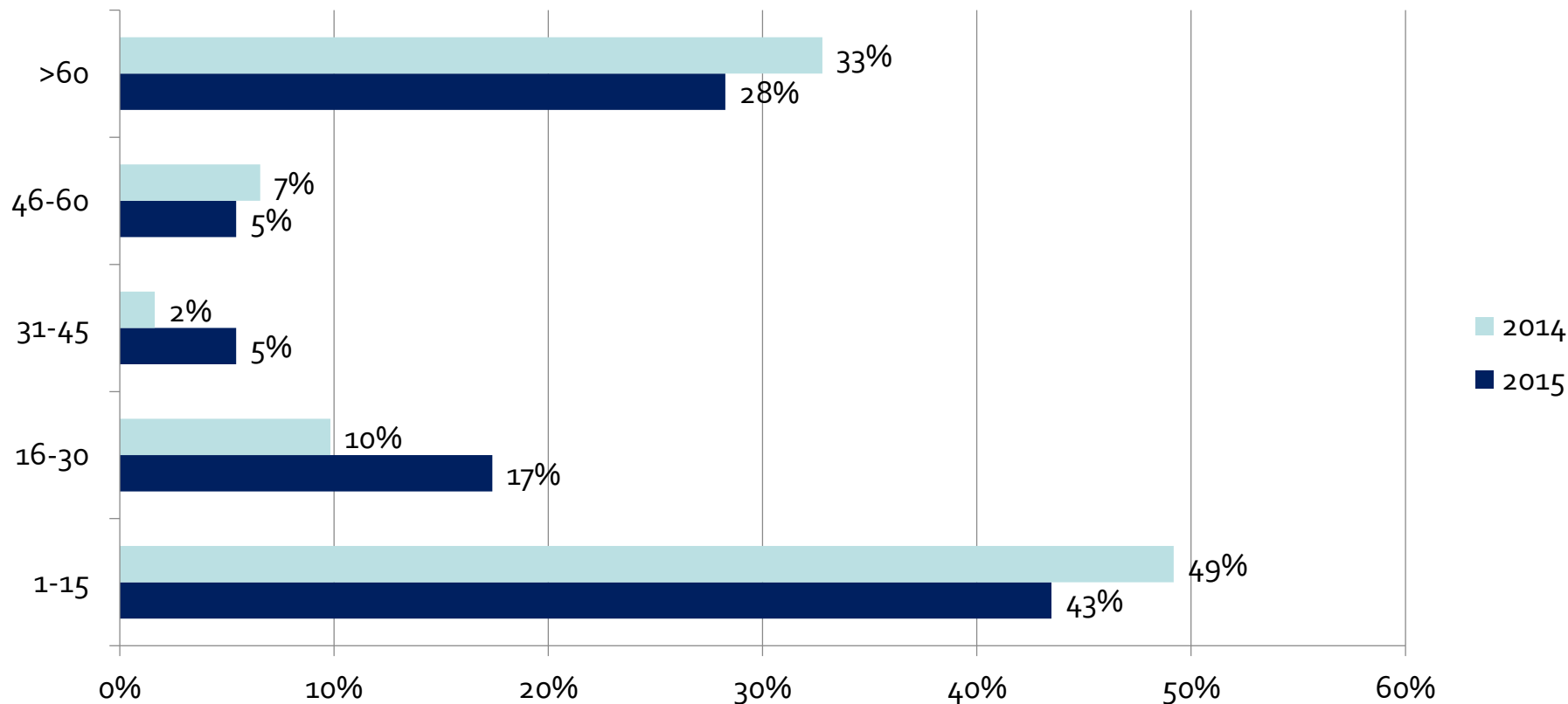
Administration of Foreign Accounts



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

Bank Accounts with U.S. Signers

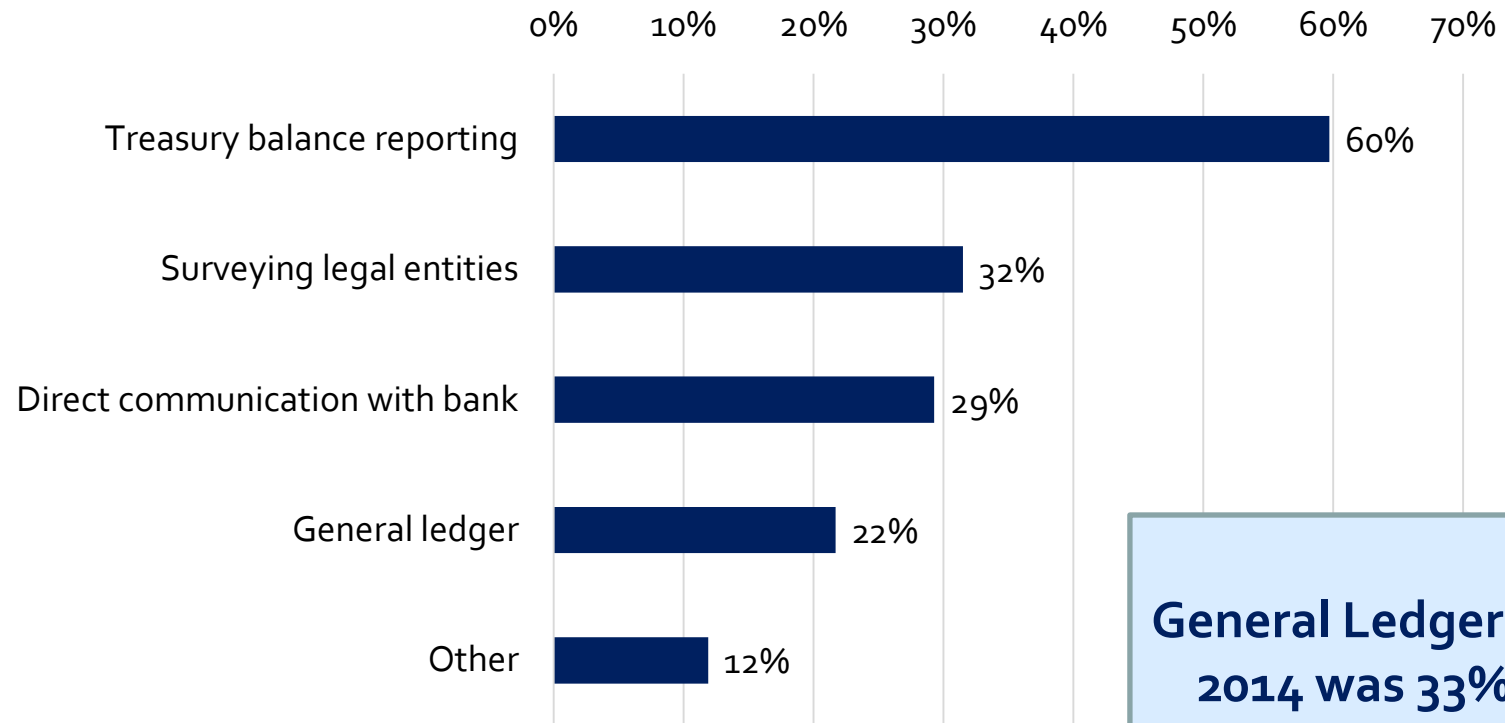
How many bank accounts of foreign subsidiaries have either a signer or individual who may initiate or approve wires who are either a US citizen or a resident Alien in the US?



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

Data Gathering Methods

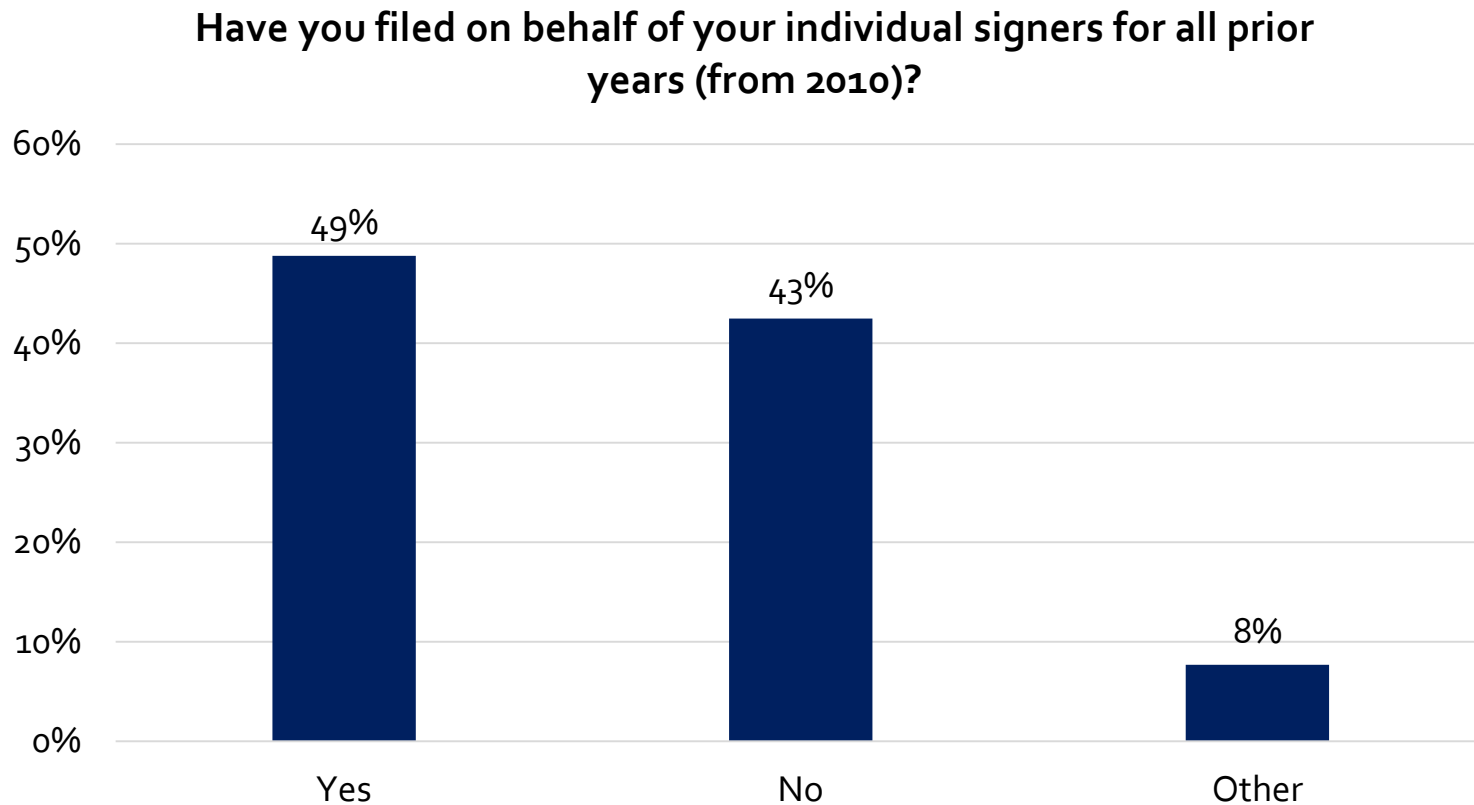
If you haven't collected the data yet, how will you be handling the data gathering? (Check all that apply)



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

**General Ledger in
2014 was 33%**

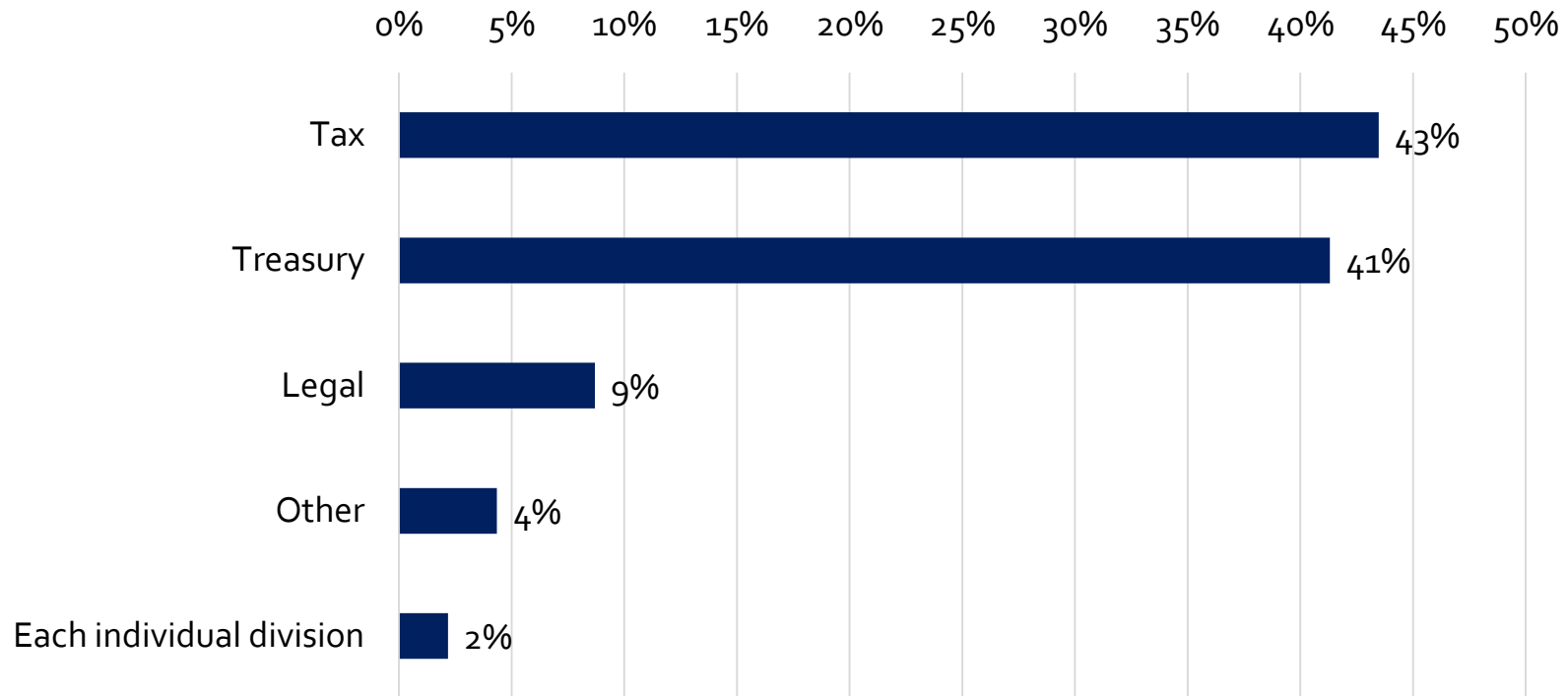
Filing For Prior Years



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

Communicating FBAR Requirements

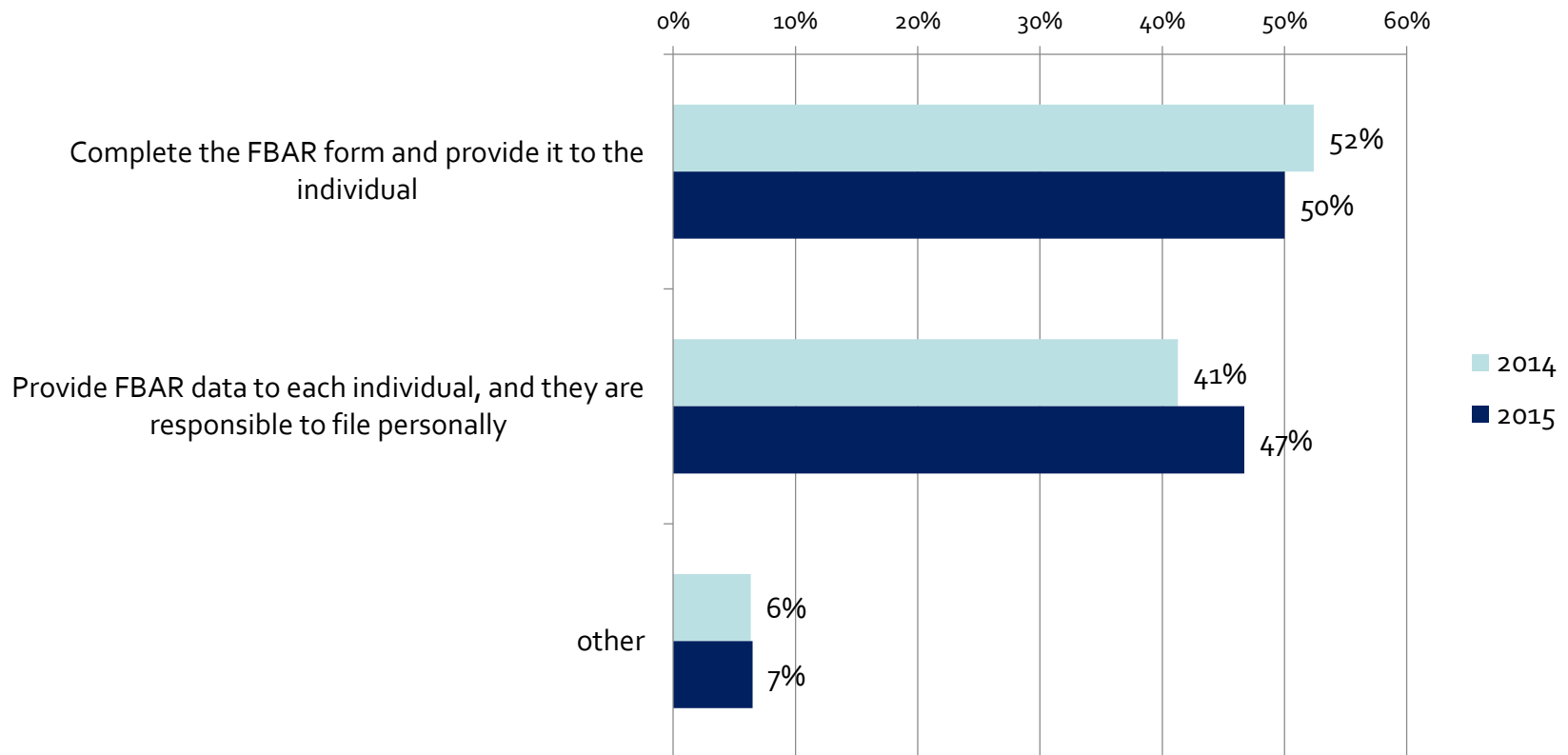
Who is responsible in your organization for communicating the FBAR requirements to individuals for purposes of FBAR reporting?



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

FBAR Data to Individuals

How do you provide the FBAR data to individuals?



Strategic Treasurer. "FBAR & BAM" Survey. 2015.

FBAR Action plan

Still need to implement FBAR?

- Develop a plan for preparedness
 - Assess the sources for your data and the reliability of your sources
 - Bank account information, bank addresses, account numbers, signers, balance information
 - Involve tax, legal, and HR
 - Determine rational time line for collecting data and validating it
 - Determine responsibility roles for collection, communication and filing

Already implemented FBAR?

- Take the opportunity to improve processes and reduce risk
 - Consider methods to improve your processes
 - Move toward more automated processes
 - Consider policy on signers or more headquarters oversight
 - Potentially consider reducing the number of US Citizens on foreign accounts

Speaker Contact Information

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For more FBAR & BAM updates:

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