Defining the Markets COO Organisation

Armstrong Wolfe Advisory
September 2021

ARMSTRONG WOLFE

MARKET
RESEARCH
VECTORS

Primary Themes

Five **Primary Themes** can be identified from the Market Research which are common across the institutions.

These themes are considered the essential attributes in framing and defining the COO Organization.

They are derived from >175 Observations noted throughout the market research and which contextualize the Primary themes.

Mandate, Accountability and Governance account for >80% of the Observations.

1. The clarity of **Mandate** the COO has been given or invited to establish on behalf of the executive.
2. The **Accountability** of all stakeholder groups and their understanding of the obligations placed on them.
3. **Governance**, the oversight to ensure the effective management of performance, identification and mitigation of risk, and the delivery of change.
4. **Talent,** human capital and the enabling of businesses and functions to succeed in their delivery and providing a platform for employees to grow.
5. **Technology**, the infrastructure and I.T. that underpin delivery across all businesses and functions in support of executing the strategic agenda.

MARKET
RESEARCH
VECTORS

Key Observations

The >175 Observations represent positive and negative attributes within the Primary Themes – **framing what "good" and "sub-optimal" look like.**

Note, not all Observations pertain to all Themes – there is a matrix.

The Observations relate to:

Alignment

Business Cycle

Execution

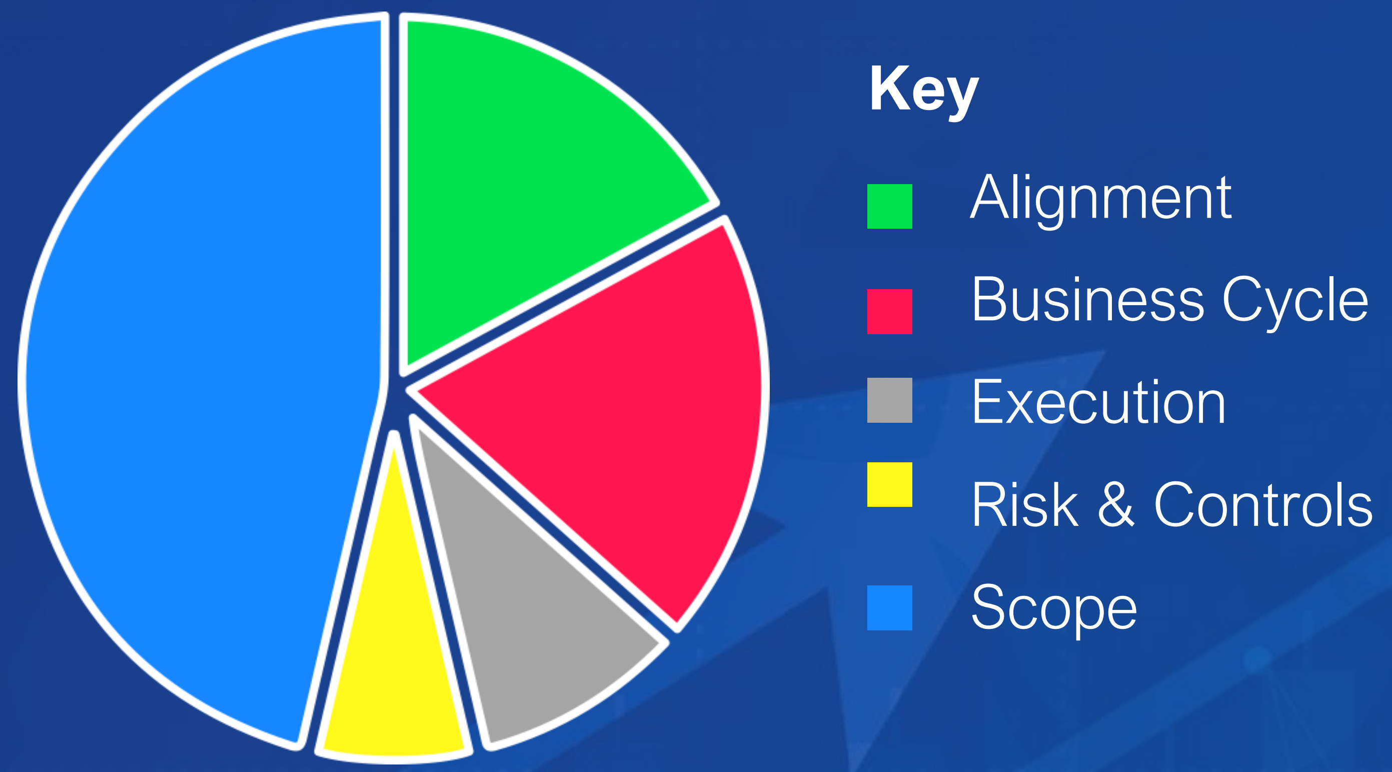
Finance

Productivity

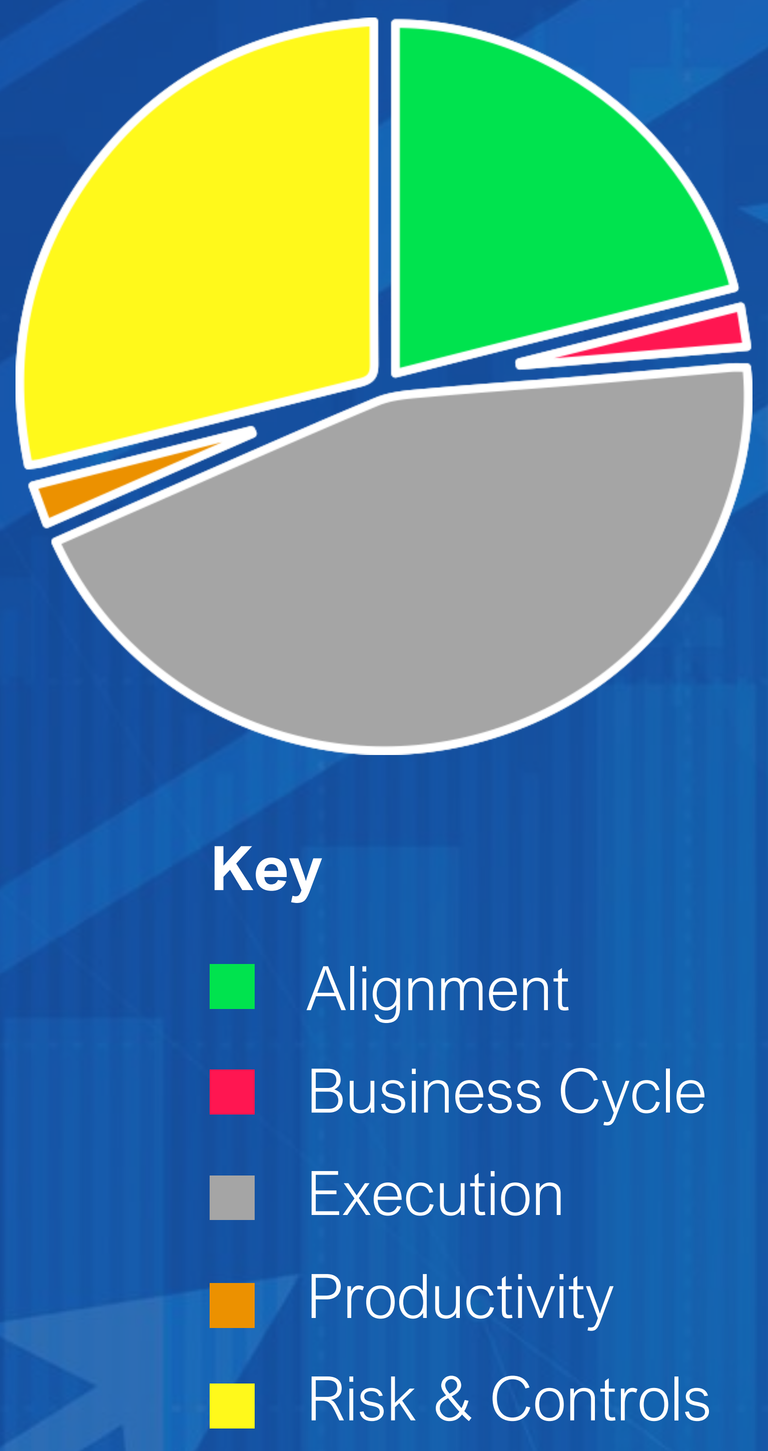
Risk and Controls

Scope

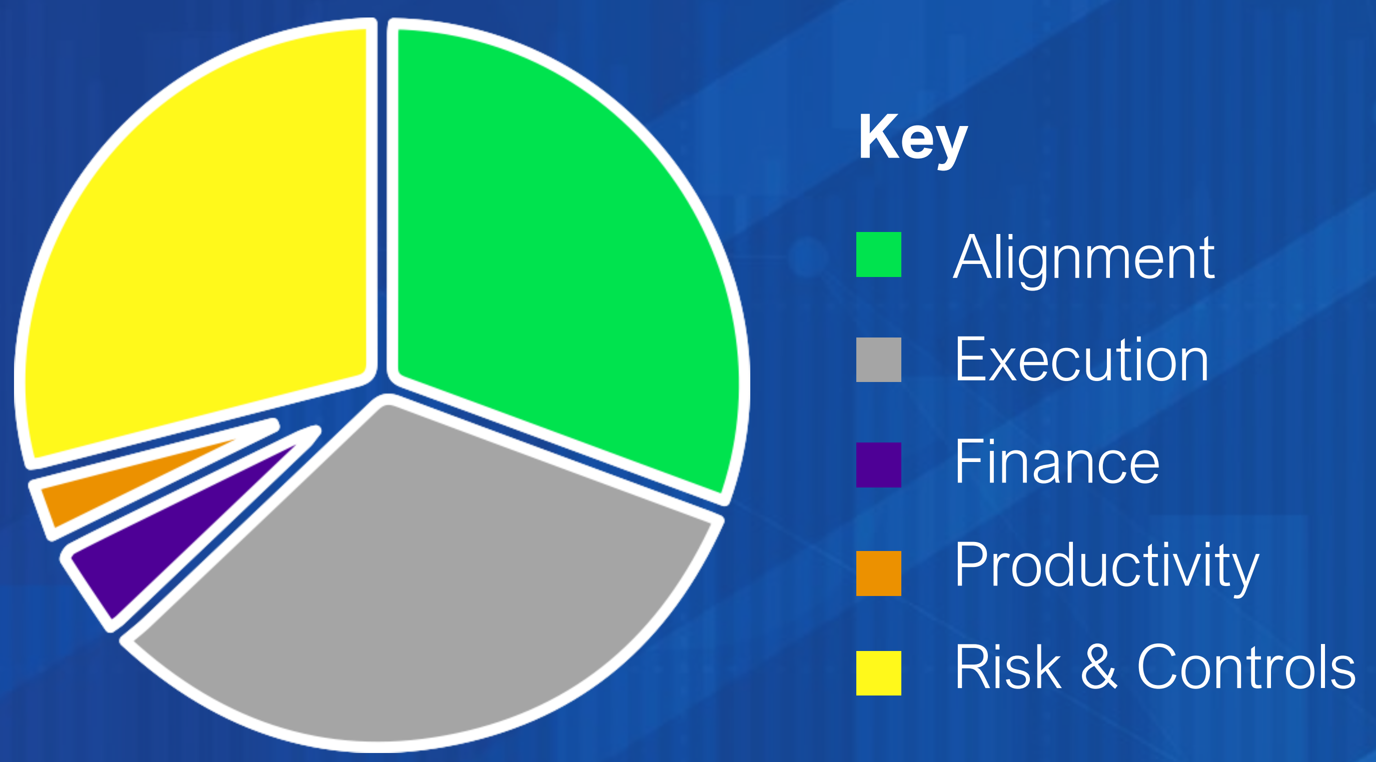
Mandate



Governance



Accountability



MARKET
RESEARCH
VECTORS

Functionality Table

Conclusions or take-aways are designed to enable the COO to perform a benchmarking to its own COO plans and aspirations, and inform the construction and execution of the Target Operating Model.

Common areas of responsibility within the Business COO Function that we have evidenced during this research, include:

- **Strategy**
- **Sales analytics and strategy**
- **1st Line Controls**
- **Budgeting**
- **Front Office**
- **Trade Support**
- **Product COOs**
- **Quantitive Analytics**
- **Market Infrastructure / Regulatory Change**
- **Transformation / Change**
- **FinTech / Innovation**
- **Operations / Settlement**

ARMSTRONG WOLFE

MARKET RESEARCH VECTORS

Segregated or integrated

Segregated or integrated

(see pre-report organisational commentary)

An over-riding percentage (90% +) of Markets franchises have moved to a centralised COO /business management model since 2016:

- **Regulatory objectivity:** draws a line of objectivity between the business and its COO, communicated to the regulators as a key control.
- **Prioritisation:** ability to prioritise as and when required - especially relevant to deliver Markets-wide regulatory and transformation demands.
- **Emerging risks:** enhances the ability to manage and consider emerging non-financial risks and threat, e.g. cyber.
- **Optimisation:** enables the business to move unfettered towards optimisation e.g. controls, surveillance, middle office and operations.
- **CEO messaging:** enables the COO to control and deliver consistent messaging on behalf of the CEO into the business.
- **Cost management:** establishes a consistent framework for compensation and reward within business management.
- **Career management:** enhances productivity and retention by managing business management head count as an integrated corporate asset.
- **Talent acquisition:** enhanced opportunities for career advancement enables the COO to attract the best talent (internal or external) into business management.

ARMSTRONG WOLFE

Key Take-Aways

1. The COO is part of the Markets (Business) Executive team, and therefore has a key role in key **in evaluating and implementing business strategies and initiatives, including:**

- Innovation and competitive differentiation,
- Product proposition and delivery,
- Client segmentation, geographic participation,
- Cost management, productivity and efficiency,
- Transformation and change, across the enterprise.

2. **For the COO, creating alignment,** wherever possible, to the business lines and with the key stakeholder groups of the C-suite, **positively influences sustainability** for the COO function **– but it must be developed and embedded as a discipline across and down the function, not just by the COO.**

3. **The COO has a wide-ranging set of responsibilities, it is key that there is a strong and consistent focus on operational risk, resilience plans, regulatory and supervisory obligations – Protect the business**

4. **Issues will materialise - an unwelcome event that arises because of slippage in these areas can have a long-lasting impact, both for the firm, and the function itself.**

- **It could well lead to a reset of the mandate,**
- **The COO function can become an easy target.**

ARMSTRONG WOLFE

Key Take-Aways

5. **Change and Transformation are major focus areas.** Effective programs are driven from the Business and the COO, and feature clear standards**,** realistic objectives, agile project managers, reporting transparency and **rapid** risk escalation.

- **Increasing end-to-end influence and/or ownership of processes is a key success criteria.**
- **Teams will either possess or have access to SME knowledge of local market nuances / regulations / systems.**

6. **A robust Data Strategy is a must-have** – preferably one that considers enterprise needs. Establishing a "golden source" or "single point of truth" in terms of raw data and reporting across the enterprise has many applications and efficiency benefits.

- **It remains one of the single biggest challenges that firms are grappling with.**
- **But solving for it can create a behemoth, it need not be.**

7. **Too much effort is consumed trying to reconcile and interpret different data, taxonomy and risk views – this impacts the ability to invest time to consider the emerging risk and threat landscape.**

- **Many firms struggle with this – it leads to a reactionary, event led approach to the management of risk - Need to be looking ahead to consider what might be around the corner.**

8. **There must be a forward-looking efficiency strategy** to consider off / near shoring optionality, to structurally lower costs and improve efficiency.

- **This is not purely a task for Operations**, and should be considered for all functions, including the 2nd line, where duplication and inefficiency is often evident.
- **Best practice is evidenced where COOs have consciously invested to scale up and build out capability, embedded practices, and then right-sized teams** – right sizing is often event driven, and not forward planned – **be agile and lead on this.**

ARMSTRONG WOLFE

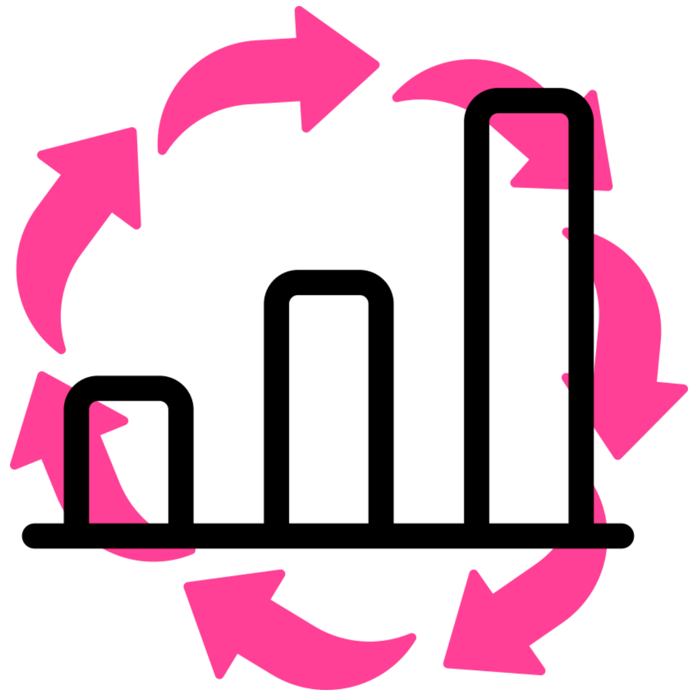
PRIMARY THEME

Mandate

Key Observations related to **ALIGNMENT**, **SCOPE** and

BUSINESS CYCLE

Business Cycle



- For the banks historically, **the shape and structure of the COO organization has been directly correlated to the Business cycle.**
- The last 15 years have clearly exhibited cycles of high growth, M&A, regulatory remediation, and restructuring. The COO mandate has been defined by these cycles, **resulting in COO models which have changed every few years**
- Given the required alignment to the Head of Business, it is natural that significant leadership changes invariably result in a COO organizational change.
- To call out specifically the impact of regulatory remediation, it is not uncommon for the **COO mandate to be almost entirely consumed on remediation** at the expense of all other priorities
- Deep business alignment, ownership of driving transformation, and applying technology pragmatically are all levers to help create a COO organization that can sustain through multiple business cycles

ARMSTRONG WOLFE

PRIMARY THEME

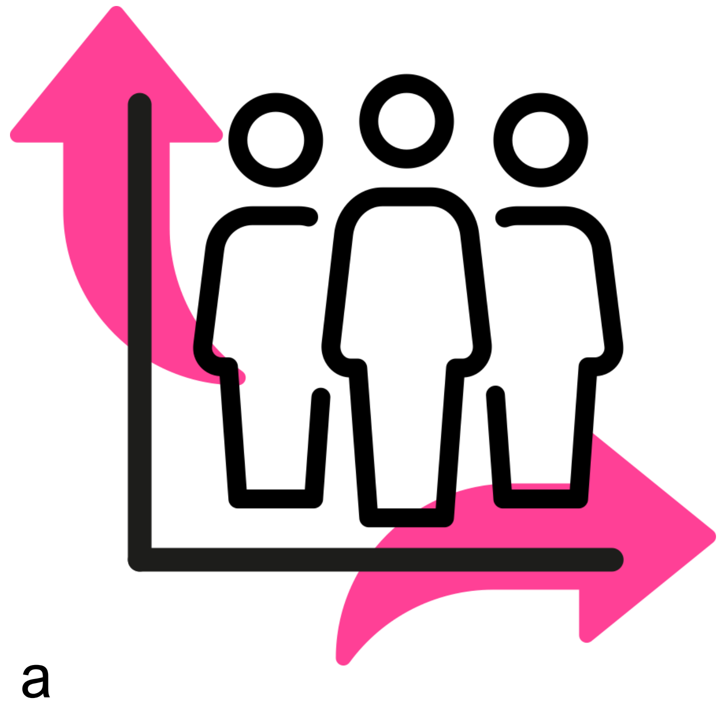
Mandate

Mandate is a Primary Theme that is consistently referenced

Mandate is contextualized by Key Observations related to **ALIGNMENT, SCOPE** and

BUSINESS CYCLE

Alignment



- **Business alignment throughout the COO organization is critical** to demonstrating a commercial value to the Business and enabling a balanced approach to decision making. Alignment applies equally from BMs to Controls to Operations, and others which may be perceived as "farther" from the Business. **More alignment is better as a best practice.**
- Transparency of services provided to **specific** Business Lines is of maximum importance, directly impacting budgeting, performance management, and also allowing for new and expanded opportunities created from the Business strategies through trust of understanding.
- The emergence of the COO Function has largely been born from Businesses suffering from centralized, intransparent services, and therefore of questionable value. We observe this trend in examples such as separating BMs from Finance Departments, or Middle Office from Operations Departments, and various other evolutions.
- Empowerment of the COO (within the Business and facing Stakeholders) is drawn from clear alignment to the Business Leadership, its strategies and challenges. Prior experience in the Business (including direct Business support) is key to establishing credibility leading to empowerment.
- **Key is that even with deemed Shared Services, organization alignment to the business lines is most effective from a COO perspective. Often COOs are highly occupied with explaining costs and value of shared services.**

ARMSTRONG WOLFE

PRIMARY THEME

Mandate

Key Observations related to **ALIGNMENT, SCOPE** and **BUSINESS CYCLE**

Scope 1 of 2

- Many firms have made the strong point that the scope of the COO Function emerges from Business and Enterprise **need.**
- Scope is incrementally expanded based on track record of success and building trust. It came gradually.
- In addition to alignment drivers, **scope increases were implemented as a result of circumstances requiring higher level of SME** and business-related experiences. Examples include rogue trading incidents and regulatory remediations, and controls development (incl. testing, QA, etc.)
- In general, it is not the history of the Business COO function to be born primarily from a strategic perspective. Conversely, **history points to rationalization of "large" COO orgs**, which often has emerged to cover gaps across the enterprise.
- **As a strategic principle shared services would likely not be within the COO.**
- **COOs continue shifting from a reactionary design to a strategic model, which is critical to meeting the Business and Risk Management challenges going forward. However, establishing a fully aligned, value creating portfolio of services PLUS managing shared services (scale/process focused) would be a unique approach from a Markets perspective.**
- **It is key that the ultimate scope determined for the COO org is in full alignment with Business AND Group Management** (see next slide)**.**

ARMSTRONG WOLFE

PRIMARY THEME

Mandate

Key Observations related to **ALIGNMENT**, **SCOPE** and **BUSINESS CYCLE**

Scope 2 of 2

- In some cases, **the COO is competing to be in the succession planning for the Business Head(s).** This has raised concerns about potential conflicts or overlaps between the CEO and the COO. Understanding succession plans can help resolve conflicts or set expectations.
- This observation ventures further in saying that the **Business COO Scope (and therefore the empowerment) should be defined by the Enterprise/Corporate Management.**
  - Facilitates strong alignment with the Center, but can create conflicts with Business alignment and priorities.
  - This approach would more appropriately apply at the Regional COO Enterprise Level, where the role is empowered usually to either significantly restructure Functions or be the face of the Head Office in its commitment to resolve local Regulatory issues.
- 2 major US Banks experiencing severe Regulatory challenges have reflected that the COO scope and mandate is framed and checked from the Group/Enterprise direction. The "business value" behind the COO office is a secondary (or maybe even tertiary) consideration in the overall approach.
- Extending the scope of the Business COO org. to expand beyond Markets manage CIB-wide or other enterprise-wide services requires clear transparency of budgets and mandate. An operating risk underpinning this model is the shift of focus from high-end SME value-add to more of a scale and automation management focus.

PRIMARY THEME

Accountability

Accountability is contextualized by Key Observations related to **ALIGNMENT, RISK AND CONTROLS** and **EXECUTION**

Alignment

- Not surprisingly alignment features prominently within the Accountability theme. **Holding a direct "service provider" accountable to the business is a major element in demonstrating commercial value-add.**
  - Firms continue to have significant elements of their service cost base that are not business-aligned, therefore perceived as intransparent and reduced commercial value.
- The feedback is consistent that the **COO and especially the Business Management teams are often the "continuity factor"**, which is derived from alignment. FO production teams are more vulnerable to defection and/or creating team interruptions**.**
  - Effective and aligned support from COO and BMs act as a "glue" to maintain stability.
  - The COO organisation offers the compendium of business knowledge for new business heads and managers across the entire platform to leverage.
- **COO alignment across the regions is intuitively important, but not a given**. Objective is to develop the international footprint in line with central standards and processes and is a key success criteria. The challenge is that many regions are in effect a "bank within a bank", with local obligations and requirements, where an accepted level of autonomy **and therefore accountability is** adopted**.**
- Best practice is **driving towards common management of Operations and Technology Functions.**
  - Operations alignment with the Business is viewed as well-established and working well.

PRIMARY THEME

Accountability

Accountability is contextualized by Key Observations related to **ALIGNMENT, RISK AND CONTROLS** and **EXECUTION**

Risk and Controls

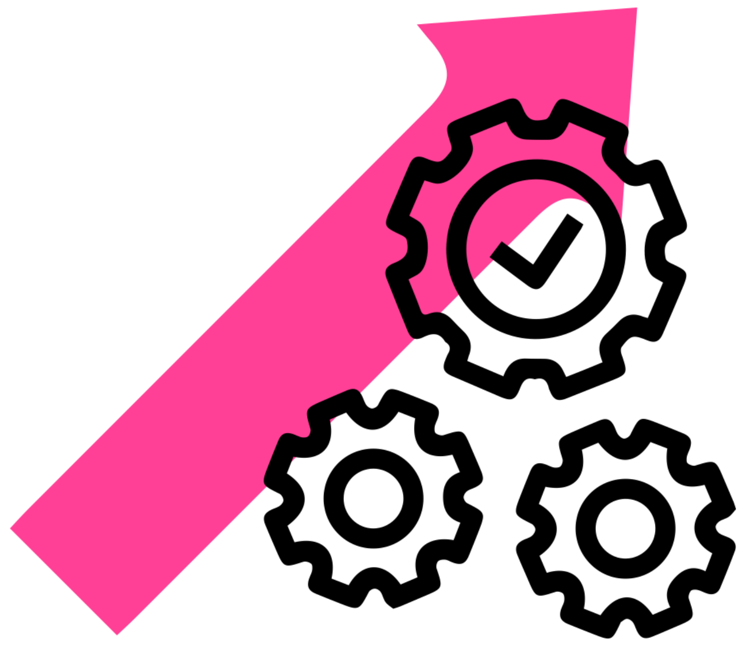
- 1LOD Controls Organizations are uniquely shaped to the organization. Some feature supervision delegations and controls execution, where others focus on controls design, testing, and documentation. **The former is commercial** and most leverages the Business leaders, if they are willing to pay for it. The latter can be opaque and susceptible to duplicating tasks with the 2LOD.
- As Shared Services always feature elements of Business-specific support, it is best practice for the Business to ensure clear mechanisms for transferring information efficiently back and forth with Shared Services. **This is a proactive design** – if left to its own devices, there will be inefficiencies and compromised governance (i.e. Vendor Mgmt, KYC, Surveillance).
- Business 1LOD Controls Orgs are best placed within the COO Department. Separation increases operating complexities that often are inefficient and potentially feature conflicting priorities.
- It is best practice to document end-to-end control inventories (incl. 2LOD controls) mapped to one non-financial risk taxonomy. This enables fully aligned and sustainable 1LOD/2LOD risk assessment processes, with clear control ownership.
  - When things "go wrong", having the same controls and process inventories across 1LOD/2LOD allows for objective troubleshooting and assessment. **The "unknown" when analyzing an event can create mistrust and escalations.**
  - The COO must help overcome the headwinds of 2LOD risk avoidance by making **controls and risk assessments as transparent and updated as possible.**
- Accurate and detailed data is key to creating a strong risk and control framework. The COO has a large role to play in developing and delivering complete data to Supervisors, and for further operational processing. Developing efficient and reconciled data end-to-end is a primary lever for cost savings, reporting efficiencies and objective risk analyses.

ARMSTRONG WOLFE

PRIMARY THEME

Accountability

Accountability is contextualized by Key Observations related to **ALIGNMENT, RISK AND CONTROLS** and **EXECUTION**



Execution

- Any Function that is held accountable to the business directly or one step removed should have a reporting into the Business risk owners. These reporting lines are most often into the COO Department.
  - The current "truth" is that it is not reasonable to expect that the second line, or Functions, will be taking on more responsibility and accountability. In addition, control processes are generally too complex.
- **The Business COO will be absorbing expanding risk, supervision, process and controls responsibilities**, and must be positioned to effectively manage and allocate resources.
- Successful regulatory programs feature the **COO/Business driving and managing the programs**, including creating an effective dialogue across Regions, ensuring alignment with global and local requirements and leveraging global processes. Once an approach is signed off centrally, then can execute locally wherever possible.
- Successful execution of services within the COO to the Business is a function of the quality and longevity of staff. **Low turnover, high SME knowledge, full alignment to Business all significantly contribute to sustainable, quality execution.**
- Near-shoring locations are more advanced featuring strong capabilities in performing controls and project management. In addition to the cost advantages, the strategic COO approach needs to feature this strategy as a key pillar.
- End-to-end ownership of processes is preferred to create transformation. This has been successful with Operations, Middle Office, but less proven with AML, KYC and Vendor Risk Management.
- Most COOs have expressed a strong desire to deconstruct and then redesign processes across first and second lines of defense. Too many processes are "broken" featuring accountability confusion, duplication, poor tools, inefficient data flows.

ARMSTRONG WOLFE

PRIMARY THEME

Governance

Accountability is contextualized by Key Observations related to **ALIGNMENT, RISK AND CONTROLS** and **EXECUTION**

Alignment

- **It is important that strong lines of engagement are established between the businesses and all functions** - they will come together throughout the business cycle, to consider business strategy, planning for the implementation of key investment or change programs, and responding to events which will need a **coordinated** response – **the COO is a key driver for the dialogue and collaboration to occur**.
- Connectivity and the relationship between the COO and the business is the most natural partnership to develop, **the relationship with 2nd line functions, including risk and compliance, can be harder to cultivate**, especially where those roles have a strong vertical reporting line to their own function. There are completely different incentives.
- **Firms have struggled in establishing that alignment**, it can occur in pockets but is often relationship and personality driven which is not sustainable. **Tension will manifest itself, often when considering and interpreting risk, prioritization, or investment decisions and will be more acute during changes in the business cycle**, when cost or regulatory pressures come to the fore.
- **This is overcome where the COO sets the tone in engaging across their 2nd line peers**, and business management teams establish the same dialogue with their own peers. **This enables a greater understanding of their respective priorities and for increased alignment to a common purpose.**
- **We have seen good practices established in the level of engagement** between COOs outside the formal committee structures, for example, quarterly updates on key topics such as regulatory updates, with a hard cascade by the business to their own teams, **which demonstrates ownership of the topic, and reinforces trust in them from the 2nd line.**

ARMSTRONG WOLFE

PRIMARY THEME

Governance

Accountability is contextualized by Key Observations related to **ALIGNMENT, RISK AND CONTROLS** and **EXECUTION**

Risk and Controls

- **There are challenges in the 3 Lines of Defence model, and if not addressed they will impact the effectiveness of the governance model and the cost of compliance.** **These stem from differing interpretations and application of the role of the respective functions and leads to duplicative processes across controls and assurance activities.**

- **Most banks have a big challenge around data and risk MI** and trying to reconcile the different views of risk, largely due to legacy systems, lack of an enterprise level data strategy, and lack of a common risk taxonomy. In conjunction with duplicative processes introduced by the 2nd line, **it leads to less effective and prompt decision making**.

- **Prior reviews of this, indicated that a large number of COOs (70%)** are not fully aware of the breadth and depth of risk information available, did not fully understand how it was collated or analysed, and **did not have full confidence in it**.

- **Distance across the 1^{st,} 2nd and 3rd lines can be too wide** - there needs to be alignment and clarity on the respective obligations in the design and execution of controls, and the application of assurance and audit reviews, while allowing **for independent** challenge. **It is important to avoid processes that are not accretive in enhancing the assessment of residual risk, in line with the firm's risk appetite.**

- The COO and/or Business Management teams are key members and will sometimes chair forums that span non-financial risks, product strategy, transformation and investment programs. **By the nature of the COO role, they can become default owner or Chair, where there is no agreement on who should lead. This will often result in spending a disproportionate amount of time outside of their mandate** and in assuming responsibility for areas where they are not accountable.

ARMSTRONG WOLFE

PRIMARY THEME

Governance

Accountability is contextualized by Key Observations related to **ALIGNMENT, RISK AND CONTROLS** and **EXECUTION**

Execution

- **The COO needs to effectively plan and communicate with all lines of defence. This must be part of bridging organizational silos and driving towards a set of responsible outcomes and transparent / debated views of risk, copacetic with the 2LOD mandate.**

- **Often issues that might sit with Legal, Risk or Compliance are not solely theirs to solve**, and underlying resolution could reside with other functions, for example Operations. **The COO is often the most appropriate function to translate that challenge into an appropriate set of actions.**

- **Governance models operate on a spectrum**, from strong regions with a product overlay, to strong global products that drive from the centre, that allow varying degrees of autonomy. While larger firms have tended to aim for the latter, **it is important to understand the market nuances of the regions, and to assess where more levels of autonomy might be required.**

- **Effective models ensure strong alignment and a high degree of connectivity between the Group and Regions**. This is important for more remote locations, ie Asia, even if they operate in a steady state, with a **"perceived"** simple mandate. A high level of engagement is established, often with a quarterly face to face meeting. **Senior roles in more remote locations have tended to be led by individuals with strong affinity to the Group and Head Office culture, while also being highly credible in front of local regulators.**

- **Best practice has been evidenced in firms trying to standardise and consolidate risk reporting packs,** to cater for different business and entity views, and to try and minimise some of the re-work that is required to align differing system reporting outputs, though it remains an area of challenge for many firms.

PRIMARY THEME

Talent

Talent is contextualized by Key Observations related to **ALIGNMENT, BENCH STRENGTH** and **RISK AND CONTROLS**

Alignment

- **COOs typically bring a complementary set of skills to that of the CEO or Business Head**, which augments the overall understanding and capability of the function. While there might be some dependency on the phase of the business cycle in terms of required skill sets for the COO, there tends to be a strong set of disciplines across risk, controls, governance, and execution.

- In matrix or functionally silo'd businesses, **it is often the COO that has the responsibility to manage and read across other stakeholder groups, especially in the 2nd line, to ensure there is a holistic understanding of the primary issues and concerns which potentially could impact delivery.** Effective COOs and BM teams are adept at managing these relationship challenges, which is a unique skill to have but one that needs continual development, as many of the individuals in those stakeholder roles, and the skills required, will change during the cycle.

- **Domain product expertise is often a given when hiring for new talent,** and we have seen COOs place more emphasis on engagement skills and the ability to foster effective relationships to ensure strong delivery and alignment with business and the key stakeholder groups across Risk, Compliance and Operations.

- We have seen good practice where this alignment extends to staff employed in off / near shore centers that support the COO function.

- **We have evidenced concern where the profiles of the COO are perceived to clash with other key members of the C-suite, particularly when it comes to potential succession planning or career aspiration.**

ARMSTRONG WOLFE

PRIMARY THEME

Talent

Talent is contextualized by Key Observations related to **ALIGNMENT, BENCH STRENGTH** and **RISK AND CONTROLS**

Bench Strength

- **What makes for an effective COO and Business Management function, is the depth of talent available both within the team and across all key functional stakeholder groups.** Challenges have been evident in most organisations, the most notable of which are as follows.
- **In newly formed, or teams with a fresh mandate, the depth of talent has not been sufficient** to allow the COO to focus on the material part of their strategic agenda and has required them having to become more involved in day-to-day activities than envisaged. **The most effective COO teams operate with a high degree of autonomy in BAU.**
- **Teams built with one specific mandate, for example regulatory remediation or cost management, do not automatically translate to one where a new mandate is established**, for example, growth - where more subject matter expertise might be required on business advisory, or in support of client engagement.
- **Teams where the mandate has extended to operations, have found challenges trying to establish a change mindset**, often where staff have had a longer tenure in role, where there might be concerns around job security, and legacy issues around morale and engagement.
- **Strong centralised operating models where decisions are taken globally, can be constrained where execution or delivery is dependent on regional or in-country teams** that do not report into the Group COO or BM teams. Conversely local teams that do not have the expertise required will typically result in cost or project over runs on more complex programs of work, for example regulatory or system change.
- **Businesses undergoing significant change which have sought to increase their depth of talent by up-tiering** and hiring new subject matter expertise, for example Fraud, Record Keeping, Third Party Risk etc, but **have challenges embedding those roles within the function, especially where their own operating model and mandate is in flux.**

ARMSTRONG WOLFE

PRIMARY THEME

Talent

Talent is contextualized by Key Observations related to **ALIGNMENT**, **BENCH STRENGTH** and **RISK AND CONTROLS**

Risk and Controls

- **COOs recognise the importance of establishing the right depth of challenge across the end-to-end ecosystem that supports the business, even if that extends beyond their immediate mandate**, for example into supervision, controls, compliance.

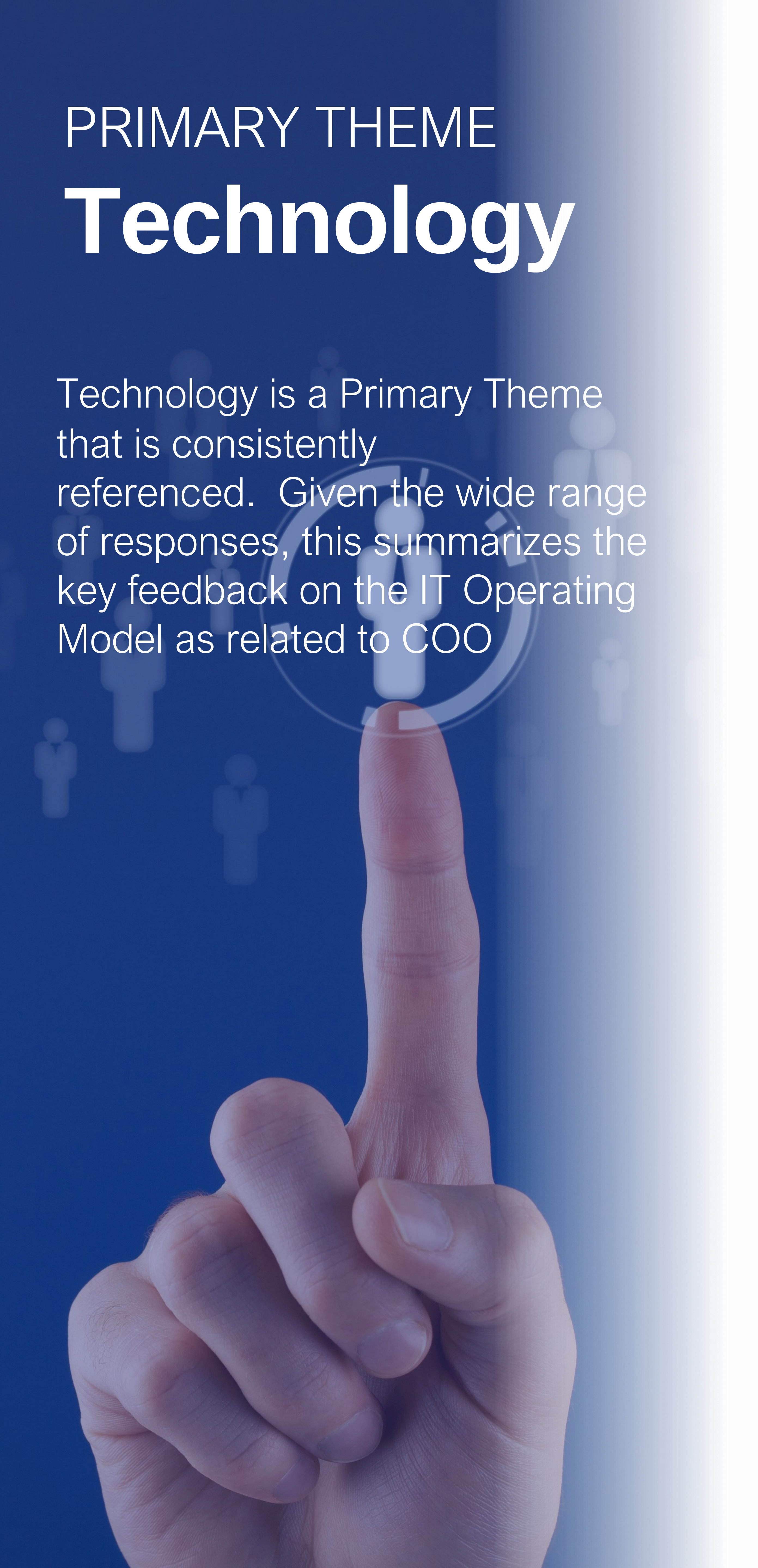
- **There is a common concern that the skill sets across the 2nd and 3rd line, are not always as strong in terms of subject matter expertise.** This creates risk where the 2nd line don't know what to demand from the 1st line and are not able to constructively challenge, but it can also result in inefficiency where duplicative processes are then established by them, and to layer check upon check of control activity conducted by the 1st line. This "tick-box" approach is not uncommon, but will not deliver a robust control environment.

- **Compensation can be an inhibitor to attracting talent into some 2nd line roles.** In more mature and quantitative disciplines (Market Risk, Credit Risk) talent pools are greater and the compensation more competitive, but this is not always the case across operational risk management. **The COO has to put forward the requirements of the business and the support that is required to ensure there is an independent and competent challenge from the 2nd line.**

- **Most 2nd line functions have seen sizeable investment in the last 5-6 years,** in response to the last financial crisis and built out new capability in areas such as KYC/CDD, AML etc, **there is a common view that having established those disciplines, which have often required new controls to be executed in the 1st line, that there is now an imbalance in resources between 1st and 2nd line.** Most firms we have spoken to believe that the imbalance needs correction, and that it can be self-funded, by reallocating excess capacity in the 2nd line.

PRIMARY THEME

Technology



Technology is a Primary Theme that is consistently referenced. Given the wide range of responses, this summarizes the key feedback on the IT Operating Model as related to COO

- **Prototype but not Production** – Represents COO best practice when transforming processes and systems, COO to provide SME but do not take on the activity post the design phase.
- **The COO is applying technology and driving outcomes by aggressively implementing automation and process re-engineering.** COOs are best positioned to observe inefficiencies in processes, and the opportunities for transformation.
  - Creating sustainable transformation means that the COO needs to dedicate the right level of expertise.
  - Having this formalized accountability spurs adaptation and efficiency to minimize cost
  - Re-engineering is a significant efficiency lever when optimizing controls and supervisory processes.
- **Data Management is now a critical priority for the COO.** Getting the data correct from the front generally falls under COO responsibility. The data is the "single point of truth" and is persisted downstream for all other functions to consume.
  - Changes can be implemented more accurately and efficiently as requirements evolve.
  - Can implement self-service for data extraction across the enterprise.
- **Increasing strategic and operational engagement with the Markets and Group e-commerce and quantitative teams;** Leverage market reach, advisory, skill sets, and budget (potentially).

PRIMARY THEME

Technology

Technology is a Primary Theme that is consistently referenced. Given the wide range of responses, this summarizes the key feedback related to the IT Operating Model as related to COO

- **E-Markets are mostly driven as a business line, and not directly within COO.** The head of E-Markets will drive and sponsor certain initiatives that are "common" across multiple business lines and will support other business line-specific initiatives.

- COO-managed E-Markets activities will principally involve providing SME on initiatives, volume/cost MIS, managing Trade/Sales Support activities such as client enablement, static data limit maintenance, access rights, user functional requirements, testing.

- **Drive IT resource planning.** Significant pressure on aspects of remediation and regulatory projects increasingly create the need to arbitrate across business initiatives, which the COO is best placed to make business judgements balanced with the assessment of risk.

ARMSTRONG WOLFE

PRIMARY THEME

Other Operating Model Observations

- Capital, Risk and Liquidity function in the 1LOD generally works well within COO.
- Caution to not create a shadow risk organization which will be unsustainable in the long run.
- A 1LOD Risk Function can structure and manage delegated sub-limits within existing business line risk envelopes
- Key to advising on structured trades and overall balance sheet/regulatory capital management

ARMSTRONG WOLFE

Maurice Evlyn-Bufton
maurice.evlyn-bufton@armstrongwolfe.com

Tim Williams
t.williams@armstrongwolfe.com

Find us on LinkedIn - Armstrong Wolfe

www.armstrongwolfe.com