

## Communication

Brussels, 2 July 2019

Référence: NBB\_2019\_15

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### **Expectations regarding the content of the statutory governing body's report on the assessment of the compliance function**

#### Scope

*Credit institutions, stockbroking firms, insurance companies and reinsurance companies.*

#### Summary/Objectives

*This Communication outlines the Bank's expectations regarding the content of the statutory governing body's report on the assessment of the compliance function and provides a template to this effect to be used by the institutions in future.*

Dear Sir,

Dear Madam,

Communication NBB\_2018\_05 of 8 February 2018 reminds the institutions of their legal obligation to provide the supervisor annually with the statutory governing body's report on the assessment of the compliance function and determines the manner in which this report is to be submitted.

In order to ensure the quality of this assessment and to make the institutions' practices converge, the Bank wishes to specify its minimum expectations regarding the content of the assessment, without introducing any new obligations.

In particular, the assessment of the compliance function by the statutory governing body should consist of three parts:

1. A description of the methodology used, i.e. the documentation and the process underlying the assessment.
2. The actual assessment of the compliance function, based on the principles of the compliance circular.
3. The conclusion by the statutory governing body and any follow-up to be provided.

Practically, the Bank developed the attached templates (one for the banking and stockbroking sector and one for the insurance and reinsurance sector), which specify the expectations for each part of the assessment (in italics). From now on, institutions should complete these templates annually and submit it to the Bank via the secure communication platform eCorporate.

For the insurance and reinsurance sector, the attached report as from 2020 replaces section 4.3. "Compliance" of the scheme of the chapter "Governance system" of the Regular Supervisory Report (RSR) annexed to the overarching circular on the governance system NBB\_2016\_31. The attached report is therefore an integral part of the RSR, even though it must be submitted separately and may be updated at a different frequency than the RSR<sup>1</sup>.

A copy of this communication will be sent to your institution's accredited statutory auditor(s).

Yours faithfully,

Pierre WUNSCH  
Governor

*Annex 1: Template report by the statutory governing body on the assessment of the compliance function for the banking sector.*

*Annex 2: Template report by the statutory governing body on the assessment of the compliance function for the insurance sector.*

<sup>1</sup> Significant insurance and reinsurance undertakings must submit both reports annually. Less significant insurance and reinsurance undertakings must submit the RSR every three years and the attached report every year.