



FACULTY OF LAW
Te Kauhanganui Tātai Ture

Regulating for non-financial risk: an evaluation of regulatory initiatives in the UK and Australia

Recently we have observed a shift in the focus of financial regulation as carried out by regulators in the UK and Australia, towards an explicit focus on regulating to improve the treatment of non-financial risk (NFR) in financial firms. NFR has been described as encompassing operational risk, compliance risk and conduct risk. This new focus emerged from the financial crisis of 2007–8 and subsequent conduct scandals in wholesale and consumer financial markets. We observe that, as part of this shift in focus, the regulatory agencies are increasingly intervening *ex ante* in four elements of financial firms' governance: purpose, culture, accountability and remuneration. The shift in focus has been accompanied by a growing appetite, on the part of regulators, to intervene in what might be described as the 'sociological' attributes of financial institutions. This includes organisational culture and values, and the internal governance and management practices within financial firms that shape and realise them. This shift in focus to regulating for NFR has implications for the design and practice of financial regulation that are yet to be explored. We aim to clarify the nature of the interventions, the expectations associated with them, and their implications for supervision and enforcement from the perspective of regulators and regulated firms.

Iain MacNeil holds the Alexander Stone Chair of Commercial Law at the School of Law of the University of Glasgow. He is a graduate of the Universities of Glasgow (LLB) and Edinburgh (PhD). Iain's primary academic interest and expertise lies in corporate governance and financial regulation. He has published widely—in particular he has explored the interaction between public and private law in this sphere, as well as the influence of international standards. His current research is focused on legal, regulatory and ethical responses to misconduct in financial markets. In 2012 Iain served as a special adviser to the House of Lords EU Committee for their investigation into MiFID II (the EU legislative framework for financial markets). He is currently Senior Adviser on a Directorate-General for Financial

Stability, Financial Services and Capital Markets Union commissioned project examining national compliance with EU financial sector Directives.

This event is CPD compatible.

When:

5.30pm – 6.30pm
Tuesday 10 March 2020

Where:

Lecture Theatre 4 (GBLT4)
Old Government Buildings
55 Lambton Quay
Wellington

[Register](#)

Please register by Friday 6 March 2020.

With support from

- **The Corporate and Financial Law Reading Group at Victoria University of Wellington**
- **The Banking and Financial Services Law Association**
- **The New Zealand Association for Comparative Law**

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