

Remote and hybrid working expectations

Following the lifting of COVID-19 restrictions, businesses are now adjusting to 'new normal' working arrangements, either remote working, working in the office or a hybrid model. On 11th October, the FCA **released** its expectations for firms who have moved to remote or hybrid models of work, so that they can continue to meet their regulatory responsibilities.

Newgate's Managing Director, **Matthew Hazell** (MH), discusses with our Head of Financial Crime, **Joe French** (JF), what firms will need to do to ensure they remain in line with the FCA's expectations on remote or hybrid working.

MH Joe, as Newgate has been back to in the office for a couple of months now, how are you finding the new hybrid approach to working?

JF Being back in the office has certainly showed the benefits in-person collaboration can have, from quickly updating the team on a piece of regulatory news, to helping knowledge share with the Junior Consultants and new joiners. We have also seen more cafés and pubs open as the weeks have gone on, however, with the trains getting busier it is certainly nice to have the ability to work from home for a couple days a week — especially so I can practise my golf!

MH The FCA recently assessed their expectations in ensuring regulatory compliance with new working models, could you tell us more about this?

JF Indeed. The FCA has released their expectations for firms in a hybrid working future, this is to ensure they can plan and meet their regulatory priorities. The FCA wants to ensure that new working arrangements do not impact a firm's ability to comply with the FCA's objectives. For example, protection of consumers, integrity of the market and prevention of financial crime. In practice this means firms should be able to meet their threshold conditions for regulated

activities, ensure the financial services register is up to date; for instance, with their principal place of business address, and have sufficient oversight of its functions, notably outsourced functions, suitable for a remote working model.

MH What should firms be doing to comply with this?

JF Firms will need to have a satisfactory plan in place which is reviewed before making any temporary arrangements permanent and periodically thereafter. The plan should identify how the firm will be compliant with FCA rules, regulatory standards and obligations. Specifically, this should cover areas such as the firm's appropriate governance structure, maintaining the firm's culture of compliance, making necessary updates to policies to mitigate new and potential AML, data protection and cyber risks, and how systems and controls and IT functionality — such as call recording, trade surveillance and record keeping — will be implemented.

Furthermore, the plan should highlight the practicalities of the firm's remote working arrangements by considering any operational and legal risks which could be present, for example cases of employees remote



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working abroad. Lastly, the FCA stressed the importance of culture, diversity, inclusion and employee wellbeing, the plan should thus ensure this has been considered when implementing a permanent hybrid or remote working model.

MH What is a key take away for employees about working from home?

JF The FCA has a right to access firm's sites, records and employees; this includes the power the FCA has to visit any location where work is performed, business is carried out and employees are based (including residential addresses), for any regulatory purpose.

Firms should notify employees about the FCA's right of access and that employees should be prepared for potential FCA visits at their home.

MH There seems to be quite a lot there...

JF Regulation never sleeps. Fortunately, Newgate can help firms with the following expectations from the FCA and help navigate through the regulatory environment of hybrid and remote working. We have compliance procedures in place for firms to adopt and compliance monitoring frameworks.

Please contact your Newgate Consultant on 0203 696 8750 if you need assistance on any matters raised in this newsletter.



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About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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