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Whistleblowers and Compliance Programs

The CFTC and the SEC have final rules on whistleblowers and these rules merit bank compliance departments to consider their own compliance programs to insure that the proper incentives exist to encourage employees to make timely and complete disclosures of improper activities to compliance. Non-compliance personnel often identify significant issues before the compliance department could be aware of the issues.

Both the CFTC and the SEC encourage whistleblowers to report their concerns to their company compliance offices before making any disclosures to the government. They also will penalize whistleblowers who try and frustrate internal compliance. Does your whistleblower plan have similar incentives?

The SEC and CFTC have a four-month period for whistleblowers to act within to obtain the benefits of their disclosures. Does your plan have any timetable to act within?

Have you reconsidered the mechanisms your bank has in place to encourage reporting and make it easy and secure? If your plan creates roadblocks for employees it is not effective.

When is the last time that compliance sent out materials on self-reporting? Have you scheduled any training for employees on the importance of internal reporting?

What does your Code of Conduct or internal Ethics Guide say about self-reporting?

We think examiners will be doing some further evaluations of whistleblowers programs and protections at banks.