

Chapter 13

Anti-bribery and corruption systems and controls in investment banks (2012)

13.1 Introduction

13.1.1 **Who should read this chapter?** This chapter is relevant, and its statements of good and poor practice apply to:

- investment banks and firms carrying on investment banking or similar activities in the UK;
- all other firms who are subject to our financial crime rules in ■ SYSC 3.2.6R or ■ 6.1.1R; and
- electronic money institutions and payment institutions within our supervisory scope.

■ FCTR 13.3.5G and ■ FCTR 13.3.6G only apply to firms or institutions who use third parties to win business.

13.1.2 In March 2012, the *FSA* published the findings of its review of investment banks' anti-bribery and corruption systems and controls. The *FSA* visited 15 investment banks and firms carrying on investment banking or similar activities in the UK to assess how they were managing bribery and corruption risk. Although this report focused on investment banking, its findings are relevant to other sectors.

13.1.3 The *FSA* found that although some investment banks had completed a great deal of work to implement effective anti-bribery and corruption controls in the months preceding its visit, the majority of them had more work to do and some firms' systems and controls fell short of its regulatory requirements. Weaknesses related in particular to: many firms' limited understanding of the applicable legal and regulatory regimes, incomplete or inadequate bribery and corruption risk assessments; lack of senior management oversight; and failure to monitor the effective implementation of, and compliance with, anti-bribery and corruption policies and procedures.

13.1.4 The contents of this report are reflected in ■ FCG 6 (Bribery and corruption).