



BIS Compliance Charter

I. Introduction

This Charter describes the guiding principles for managing compliance at the Bank for International Settlements. The BIS is committed to ensuring that the activities of the institution and its staff are conducted in accordance with all applicable laws and regulations, all relevant internal rules, policies and procedures, and the highest ethical standards (“compliance laws, rules and standards”).

II. Responsibilities for compliance

The Staff Regulations require members of staff to maintain the highest standards of conduct both at and outside the Bank. This obligation brings with it a responsibility on the part of all staff to act honestly and with integrity, and to observe the letter and spirit of all internal rules, policies, procedures and ethical standards relevant to their activities. The scope and content of this responsibility is described in more detail in the Staff Code of Conduct and related policies and procedures.

Specific compliance responsibilities are shared as follows:

- The BIS Board of Directors is responsible for overseeing the management of compliance at the Bank.
- Management is responsible for managing compliance at the Bank, in particular ensuring that:
 - compliance laws, rules and standards are followed;
 - the Compliance and Operational Risk Unit is promptly informed of any compliance incidents; and
 - appropriate action is taken if compliance incidents occur.
- The Compliance and Operational Risk Unit assists Management in identifying and assessing potential compliance issues, guides and educates staff on compliance laws, rules and standards, and performs a monitoring and reporting role.
- The Legal Service has primary responsibility for identifying and interpreting compliance laws, rules and standards, and for providing assistance in drafting related policies and procedures.
- Risk Control maintains, analyses and monitors the Bank’s financial risk limits (credit risk, market risk and liquidity risk) and develops methods to measure these risks.
- Internal Audit reviews the adequacy of controls established to ensure compliance with policies, plans, procedures and business objectives, in accordance with the Internal Audit Charter.



III. Compliance and Operational Risk Committee

A Compliance and Operational Risk Committee (“CORCO”), chaired by the Deputy General Manager and comprising members from across the Bank, shall provide a forum for considering important compliance matters and shall inform or advise the Executive Committee of the Bank as appropriate. CORCO shall also ensure that compliance matters are coordinated within the Bank. The terms of reference for CORCO shall be approved by the General Manager on the advice of the Executive Committee.

IV. The Compliance and Operational Risk Unit

In addition to its other responsibilities, the Compliance and Operational Risk Unit (“CORU”) assists Management in ensuring that all activities of the BIS and its staff are conducted in conformity with compliance laws, rules and standards.

A. Specific compliance responsibilities of CORU

CORU shall have the following specific compliance responsibilities:

- assist Management in identifying and assessing potential compliance issues;
- in cooperation with the Legal Service and relevant units, provide guidance and advice to Management and staff on compliance laws, rules and standards;
- assist Management in educating staff on compliance and ethics matters, and act as a contact point within the Bank for compliance and ethics queries from staff members;
- assess the appropriateness of the Bank’s compliance-related policies and procedures, promptly follow up any identified deficiencies and, where necessary, formulate proposals for amendments; and
- monitor compliance by:
 - performing sufficient and representative compliance testing, including spot checks; and
 - making enquiries into compliance incidents, and carrying out further investigations as appropriate.

The Head of Compliance and Operational Risk (“HCOR”) shall report on a regular basis to the Deputy General Manager on compliance matters. The reports should summarise:

- the compliance testing that has taken place during the reporting period;
- any material compliance incidents during the reporting period and the actions taken to address these incidents; and
- the status of outstanding action plans.

In addition to this regular reporting, HCOR shall promptly inform the General Manager through the Deputy General Manager of any serious compliance incident of which he/she becomes aware.



B. Independence and accountability

CORU is independent from the business activities of the Bank and is managed by HCOR, who reports directly to the Deputy General Manager. HCOR shall also submit an annual report to the Audit Committee on the compliance-related activities of CORU. HCOR shall meet with the Audit Committee at least once a year and shall have a right of direct access to the Audit Committee on compliance matters.

CORU staff shall not be placed in a position where there is a possible conflict between their compliance responsibilities and any other responsibilities they may have. Staff members who have responsibilities other than solely for CORU (eg staff with designated compliance responsibilities in the Bank's Representative Offices) should report directly to HCOR on compliance matters.

C. Authority

To carry out their compliance responsibilities effectively, CORU staff:

- (1) may enter all areas of the Bank and have access to any documents and records considered necessary for the performance of these responsibilities; and
- (2) shall have the right to require all members of Management and staff promptly to supply such information and explanations as may be needed.

The Head of CORU shall have the right to attend as observer any meeting as he/she deems appropriate.

D. Standards

As regards their compliance responsibilities, CORU staff shall keep abreast of sound compliance practices and in particular take into account the recommendations of the Basel Committee on Banking Supervision on compliance-related issues.

V. Relationship among Bank units

In addition to the specific collaboration through CORCO, CORU and other relevant services and units, in particular the Legal Service, Risk Control and Internal Audit, shall make ongoing efforts to ensure good coordination and close and continued cooperation.

CORU shall seek legal and interpretative advice from the Legal Service on compliance matters, in particular through regular bilateral meetings. As necessary, the Legal Service may arrange for consultation with external experts. The Legal Service retains primary responsibility for relations with public authorities and is involved in responding to external compliance-related inquiries.

To the same extent as other units of the Bank, the activities of CORU are subject to periodic review by Internal Audit.



VI. Implementation

This Charter was approved by the Board of Directors on 9 May 2005 (Resolution no 5176), and was revised on 8 January 2007 (Resolution no 5273). Management is authorised to establish more detailed policies, procedures and guidance consistent with the provisions of this Charter, as appropriate.