

# Compliance with the Full Financial Type of Operation Holding Group under the Circumstance of Supervision and Integration

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**Abstract:** With the advancement of the construction of a country under the rule of law, financial enterprises are facing a serious legal environment. For example, the new regulatory policies and the introduction of the new laws and regulations, that the legislation, supervision and the penalties are all very rigid which can provide reference for corporate compliance management. However, from the perspective of the full financial business group, the increasingly prominent compliance are risks to the state management departments which need to develop more comprehensive prevention laws and regulations. Drawing on domestic and international experience, as such we will further strengthen compliance management and play an important role in financial supervision to create a good environment for the enterprise development.

## 1. Introduction

Under the background of economic globalization, the financial industry of various countries has developed rapidly and creating huge production benefits and output value, also providing high-quality financial services for the development of regional economy. However, from the perspective of the full financial business group, the increasingly prominent compliance risks of the state management departments need to develop more comprehensive prevention laws and regulations and effectively control the development of the financial industry to further reduce potential financial risks. On February 10, 2015, the National Development and Reform Commission imposed a fine of 6.008 billion yuan (nearly 1 billion US dollars) on the monopolistic behavior of Qualcomm's abuse of market dominance to exclude and restrict competition. In 2018, US financial regulators imposed severe penalties on Goldman Sachs' violations in the foreign exchange process. In July 2019, the People's Bank of China issued the "Trial Measures for Supervision and Management of Financial Holding Companies (Draft for Comment)", adhered to the principle of problem-oriented, followed the principle of macro-prudential supervision, further improved the existing financial management system, and clarified financial control. The company's access standards adopt a penetrating supervision method, which plays an important role in regulating the development of financial mixed industry, maintaining financial market order, effectively preventing and controlling financial risks, and improving financial service capabilities.

## 2. Compliance and compliance management

Compliance, in a broad sense, generally refers to the general compliance of business management activities and all employees with all applicable laws and regulations, system regulations and professional conduct. In a narrow sense, it focuses on corporate external business activities, specifically refers to the compliance of enterprises with laws and regulations on anti-commercial bribery, anti-interest transfer, anti-monopoly and anti-unfair competition. Compliance management is the development and implementation of a compliance management system, the establishment and implementation of a compliance management mechanism to prevent and control compliance risks. Compliance management is the bottom line management, compliance requirements are higher than economic interests; it is the management of corporate behavior, emphasizing the unity of "knowing" and "going" and ensuring that management measures are in place. Compliance management is the responsibility of all employees of the entire enterprise to

share responsibility and have all the characteristics. All management departments need to strictly follow the compliance management procedures, strictly follow the national regulations, identify, manage and handle compliance risks, and report in a timely manner in conjunction with the reporting route. In the process of fulfilling the compliance management function, it is necessary to conduct regular evaluations in conjunction with the internal audit department.

### **3. Establish a local financial control platform compliance management system**

#### **3.1. Clear management framework**

##### **3.1.1. Vertical management**

Vertical management mainly adopts hierarchical management. First of all, in the process of managing the local financial control platform, the regulatory authorities need to organize compliance supervision and inspection work, establish a corresponding group reporting platform, actively accept reports, investigations and accountability, and establish a group compliance file management mechanism for the future. Conducting compliance checks creates good conditions. In view of the actual situation within the group, a sound group compliance management information platform was established to further strengthen the compliance culture construction and to guide the compliance management of subsidiaries.

Secondly, local financial control platform subsidiaries must strictly implement the rules and regulations of the compliance management system formulated by the Group, clarify management authority, do daily compliance training and evaluation, strengthen the organization and management of compliance files, and organize major issues. Review the work, report the major compliance issues and daily management to the group in a timely manner; establish a self-reporting platform according to the group management requirements, timely investigate and collect evidence and accountability for the emergence of compliance issues; actively organize internal compliance audit of subsidiaries And compliance testing work.

##### **3.1.2. Horizontal management**

Horizontal management is mainly to clearly define the division of labor and to jointly manage it. First, the compliance department mainly plays the role of comprehensive management, formulates a sound management system, evaluates and warns the group's operational compliance risks, organizes daily compliance training, does a good job in registration reports, and strengthens compliance file management; Important matters of compliance review, daily compliance consulting services, and useful guidance for internal compliance management. Second, the discipline inspectors mainly play the role of supervision, accepting the reported violations, in accordance with the provisions of the group, do a good job in the investigation of violations, and investigate the responsibility of the responsible person. Third, the audit department mainly plays the role of auditing, focusing on the compliance audit of the group's operation and management, and timely developing non-compliance issues. Fourth, human resources mainly play the role of compliance training. The human resources department needs to develop a scientific and reasonable training plan, and then strengthen the assessment, and then use the results of compliance evaluation as the basis for personnel appointment and removal and reward and punishment. Fifth, external consulting agencies mainly play the role of risk assessment and the external consulting organizations need to assess the group's compliance risks, rigorously review the compliance process and perform a good job in internal control testing so to help the Group's compliance operations.

#### **3.2. Improve management mechanism**

The local financial control platform should adhere to the principle of prevention first, carry out precautions against risks, strengthen the control of the entire process, do a good job of violating the rules, and establish a management mechanism that combines prevention and punishment. First, from the aspect of risk prevention, it is necessary to strictly manage the system, strengthen process management, focus on compliance risk assessment and early warning work, and improve the risk

prevention awareness of managers through training. Second, from the perspective of risk control, establish a compliance report registration mechanism, establish a sound compliance file, and avoid potential operational risks. Third, from the perspective of risk management supervision, the group should establish a violation reporting and inspection mechanism to conduct a scientific and reasonable evaluation of financial business compliance. Fourth, from the perspective of accountability for violation management, it is necessary to continuously optimize the management system process and conduct corresponding penalties and rectifications for specific violations.

### **3.3. Formulating a good faith manual compliance**

In the process of developing a good faith compliance manual, the local gold control platform has the basic requirements of law-abiding compliance, loyalty to the company, honesty, and dedication, between the group and its employees, the group needs to create a good harmonious labor relationship and establish a good working atmosphere. From the perspective of quality and safety, the group needs to improve the quality of its products and services, and pay attention to the personal safety and psychological problems of its employees. In the process of economic trade, the Group has always adhered to the principle of fairness, justice and good faith. In the process of developing specific financial services, commercial bribery, monopoly and unfair competition are prohibited, and the order of the market industry is maintained. It is necessary to strengthen communication and communication with the government and earnestly fulfill social responsibilities.

## **4. The local financial control platform compliance management operation**

In order to ensure the normal operation of the local gold control platform, the following mainly analyzes and discusses the local gold control platform compliance management operation under the supervision and integration situation.

### **4.1. Do a good job in risk assessment and early warning**

In order to ensure the compliance management operation, the local financial control platform should establish a compliance risk analysis and evaluation system based on its actual situation, regularly sort out the compliance problems exposed by the company in the operation and management, analyze the external compliance regulatory environment changes, and assess the significant changes, on the basis of compliance risk issues, we will issue compliance risk warnings, formulate prevention and control measures, and organize implementation. Common risk assessment and early warning content mainly includes the following aspects: First, do a good job of analysis, management personnel are always concerned about changes in laws and regulations and regulatory dynamics, and do a good job in compliance risk analysis and identification. Second, strengthen early warning, target the group's operation, advance risk warning, give guidance to the business department, and reduce the actual economic losses. Third, timely reports, corporate risk assessment written reports need to be reported to the headquarters compliance management department in a timely manner. Fourth, rigorous assessment, assess the risk occurrence and the magnitude of the hazard according to different categories. Fifth, effective prevention, based on risk analysis and assessment results and compliance risk warnings, specific analysis of specific issues, and the development of effective preventive measures.

### **4.2. Do a good job in compliance training**

First, do a good job in comprehensive training. For all employees of the group, the trainers need to let employees master the basic knowledge of compliance, basic requirements and behavioral norms, and increase the awareness of compliance by increasing the number of training. Second, for the newly recruited employees, the personnel department should conduct a brief training on the internal compliance management system of the group and lay a good foundation for future work. Third, for up-to-down training, group executives should conduct top-down training for grassroots managers in response to frequently occurring compliance content. Fourth, for the employees in the high-risk field, the compliance management department conducts targeted compliance training

based on the actual risk situation.

### **4.3. Compliance review**

First, the compliance management department should give it the best of system review, before the system is reviewed, the management system of the operation should be guaranteed to meet with the basic requirements of the compliance management. Second, in selecting the object of money transaction and to prevent the problem of interest transfer and conflict of interest, the relevant management department will needs to have a compliance performance with the transaction object and whether there is a profit relationship with the group employees. If the trading object has poor compliance performance, it will increase the operational risk. The entire trading conditions cannot be transferred. Third, in the process of conducting anti-monopoly and anti-unfair competition review, the compliance management department needs to review the mergers and acquisitions, marketing programs, and contracts signed by both parties.

### **5. Conclusion**

The importance of compliance management of the financial industry group is self-evident and in order to effectively ensure group compliance, the management department needs to strengthen the daily supervision, risk assessment and early warning to give it the best job of compliance inspection, and establish a sound training mechanism that will enhance the awareness of risk prevention among the managers and to promote the development of the local financial control platforms, and create more production benefits and output values.

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