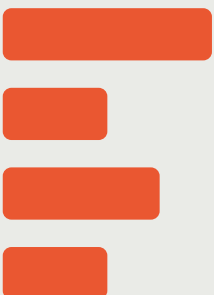


CASS Trends Summary

Insights & Salary
Benchmarking



Q4 2019

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About FourthLine

The reason we exist is to provide the expertise to enable our clients to prevent risk in their operations. Our vision is to be recognised as the UK's leading Operational Risk talent & learning provider. We are passionate about building high performing risk teams.

Our Areas of Expertise

Information Risk

The Information Risk team is the largest of its kind in the UK, supporting clients to implement data protection compliance programmes and protect from cyber and information security risks.

Risk Management

Our team are experts in recruiting for all risk related roles within buy and sell side firms across both permanent and contract vacancies.

Client Assets (CASS)

The UK's first and only dedicated CASS recruitment experts. We have immediate access to a network of candidates who are genuine CASS SME's including extensive experience in this year's new FRC Assurance standards.

Regulatory Compliance

We have a specialist team covering retail compliance (banking, lending and insurance) and a capital markets compliance team recruiting across all disciplines within buy and sell side investments.

Legal

Our legal team aims to compliment the growing practices that FourthLine has in place, connecting expert legal talent with both practice and in-house roles.

Financial Crime

Our team supports clients across Financial Services to bring in the expert talent they need in the fight against financial crime and fraud.



Our Services

We use our detailed understanding of the risk and compliance sector combined with a decade of recruitment service expertise to provide you with the most effective and efficient solution to your problem.

Our specialists cover the following industries:

- * Private Practice
- * Financial Services
- * Consulting & Practice
- * Retail
- * Commerce & Industry
- * Pharmaceuticals
- * Utilities & Energy



Interim & contractor solutions

This is the immediate injection of management or technical expertise to deliver a high priority project. An excellent way to bring about long-lasting customer value through timely project delivery and knowledge transfer into your permanent staff.

Permanent contingent

This is our standard, highly responsive recruitment service, suitable for a vast array of hires. This service is most successful when working in full partnership with all relevant stakeholders with a full process mapped out in advance.

Permanent retained search

This is a detailed research approach and methodology to recruitment. It is best suited to the hire of senior, highly technical or in-demand positions where you need your recruitment partner to be 100% focused on your business. This approach is also well suited to new growth practices where you require your recruiter to work with the greatest discretion.

CF10a Insights

We spoke to three leading CF10as to find out their thoughts on the current CASS landscape and how the role of the CF10a may be changing.

Since the FRC Assurance changes came into effect in 2016, the role of the CF10a has evolved considerably. As the role has become more demanding, the required skill set has also changed and there's been a greater importance placed on analytical skills and the ability to understand complex problems and control environments.

There's also been an increase in accountability, alongside greater expectations of continuous improvement and questioning, both internally and from the auditors. What may have passed previously may not this year, as both auditors and the regulator increase their standards and raise the bar.

The FCA's focus on CASS

Although Brexit may still be dominating headlines, the CF10as we spoke to believe the attention on CASS is very much still there from the FCA. The same points remain on the agenda at CASS conferences, suggesting that the FCA perhaps aren't seeing the changes they want to with regards to CASS. If anything, the focus on CASS could be set to increase due to the pressure to improve audits each year.

One CF10a we spoke to expects IT testing and materiality to become bigger concerns for the FCA in the future. As CASS teams rely more on IT, it stands to reason that the FCA will follow suit and require firms to ensure that all controls are validated and that IT systems aren't resulting in incorrect data. In relation to materiality, it's expected that there will be a greater shift towards ranking breaches to determine what is or isn't material.



SM&CR

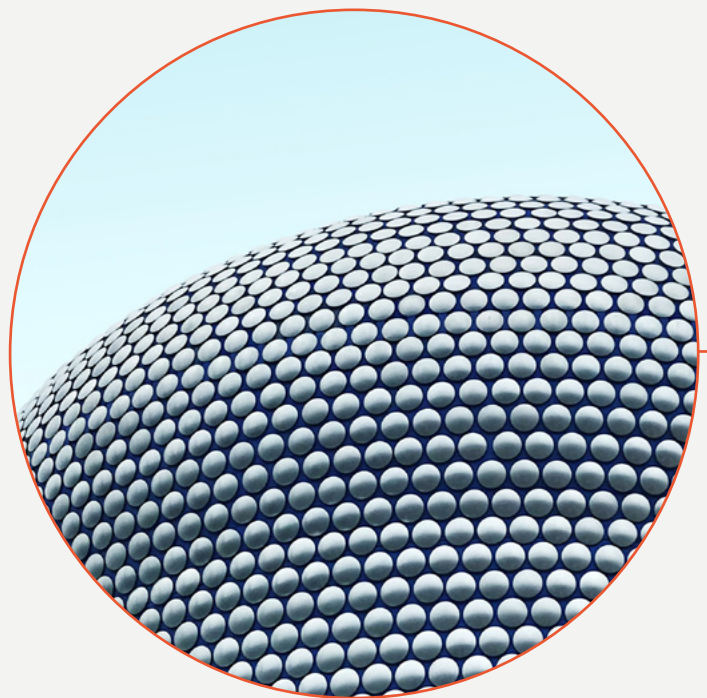
As part of the new SM&CR rules, implemented across solo-regulated firms this December, the FCA is introducing a new Prescribed Responsibility for firms that hold client money. The Prescribed Responsibility for CASS must therefore be assigned to the most senior person in the firm responsible for CASS, a Senior Management Function that should sit distinctly from the CASS Oversight role.

Amongst the CF10as that we spoke to there is still some uncertainty around how much day-to-day activities will change, and it will not become clear until the Senior Managers in the firm have been confirmed. There is however a firm belief that SM&CR is a natural extension of the focus on culture and conduct that the FCA has been very clear on over recent years and that has influenced recent CASS audits. Essentially, if you haven't been making moves to improve your culture or conduct over the last few years then you aren't suddenly going to be prepared for the wider SM&CR implementation in December.

How much the approval process will change remains to be seen. Some of the CF10as we spoke to don't anticipate much change in this area, but as the SMF aligns to CASS, particularly in larger firms, there could be an issue in ensuring they have the technical knowledge and metrics to sufficiently and effectively oversight it.

Our CF10as' advice for getting SM&CR ready:

- * Give staff who fall inside the regime the comfort that you will have clearly defined parameters.
- * Ensure that your culture and values are clearly communicated and embedded into what you do.
- * Get external help if you need it, and try and avoid a repetition of MiFID II where some firms fell behind where they should have been.



CF10a as a Career

What advice did our CF10a's have for someone looking to become a CF10a?

- * Ideally you should know the firm, as it's not advised you take on the role brand new to the firm. Understand the firm's CASS footprint and how the rules apply.
- * Know the CASS rules inside out and ensure you can apply them in the independent situation.
- * Go in with your eyes open and be sure that you know what you are getting yourself into.
- * You must be numerate and a logical thinker, able to solve problems and distil complex issues into an easy to understand format.
- * Sales skills are important, as you need to be able to sell the importance and risk of your role within the business.
- * Know how to visualise data, because the Board are going to need to see the state of your control environment and risks.

What effect will the changing CF10a role have on market salaries?

As the CF10a role changes and is likely to include more responsibility, we wanted to know if the CF10as we spoke to anticipated a change in market salaries as a result.

There were mixed thoughts here, with some expected salaries to stay the same due to how common fines have been, whilst others thought it will come down to the firm as many are putting in claw back clauses.

It's important to understand your own situation and manage expectations accordingly, whether you are transitioning to a certified CASS Manager role or an SMF role with CASS responsibility. If it's the latter, you need to understand the implications of that. It is likely that the market will narrow for such SMF roles so salaries are likely to remain competitive as a result.

What are the next steps for a CF10a?

If you've been in a CF10a role for several years you've likely seen a lot of change in your firm, dealt with many challenges and gained a strong knowledge of operational controls. But what could be your next career step?

Some of this may come down to the size of the firm you're working in. If you're already at a large firm then the next step could be a more senior role. However, going from a medium sized firm to a larger one could also be seen as a significant career step for a CF10a.

Consider what you are good at and what you enjoy about the role when considering your next move. This could lead to contracting on projects, or taking on a wider controls or operational role such as COO, or potentially moving into a more specific role within the business.

London (based on 40 roles)

Senior Manager/Head of CASS/CF10a:

Average: £95k

Lowest: £75k Highest: £120k

Manager:

Average: £70k

Lowest: £55k Highest: £85k

Analyst:

Average: £50k

Lowest: £32k Highest: £55k

Outside of London (based on 28 roles)

Senior Manager/Head of CASS/CF10a:

Average: £84k

Lowest: £65k Highest: £100k

Manager:

Average: £61k

Lowest: £42k Highest: £75k

Analyst:

Average: £37k

Lowest: £26k Highest: £50k

Difference in average salaries

It's interesting to see that there isn't too much of a difference in average salaries in and out of London. A lot of firms that have rigid pricing structures in place struggle when it comes to grading with CASS roles. For example, a Grade 3 role may be at Analyst level and will fall in line with every other Analyst position in the business, but CASS requires a premium as the demand massively outweighs the supply of CASS professionals.

CASS professionals

Firms also struggle to replace CASS professionals due to the increase in salaries over the last 5 years. If a CASS professional has been at the same firm for the last few years, it is highly likely their salary is going to be below market rate. When they then leave, the firm will try to hire someone with a similar level of experience offering a similar salary, when in reality, it is likely they will need to be flexible with the desired experience or offer a higher salary in order to compete with the rest of the market.



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