

## **The Establishment of Compliance Programs and the Role of Compliance Officers**

- a. **Establishment of a Compliance Program.** Each Company subject to the provisions of the [name of the Act] shall establish a compliance program, the objective of which is to support the obligation of the Company's operating management to prevent, detect or correct violations by the Company of applicable law, including the Act and such rules that might be promulgated from time to time there under. Such compliance program shall be reasonably designed to achieve compliance with applicable laws and rules.
- b. **Components of the Compliance Program.** Each compliance program should, at a minimum, include the following:
- (i) The designation of a Chief Compliance Officer,
  - (ii) The establishment of standards, together with the maintenance and review of policies and procedures reasonably designed to achieve compliance with law, as well as to promote an organizational culture that encourages compliance and ethical behavior,
  - (iii) Ongoing employee training programs designed to promote compliance, and
  - (iv) The establishment of independent processes to monitor and test the effectiveness of the policies and procedures referenced above.
- c. **Reports to the Company's governing authority.** No less frequently than annually, the Chief Compliance Officer shall provide a written report to the principal executive officer (or comparably situated official) on the operation, of the Company's compliance program, the adequacy of the Company's compliance policies and procedures and effectiveness of their implementation. Such report shall include a discussion of Material Compliance Matters that arose during the reporting period.
- (i) A "Material Compliance Matter" means any compliance matter which management would reasonably need to know to oversee Company compliance.
- d. **The Chief Compliance Officer.** The Chief Compliance Officer shall be responsible for administering the Compliance Program described herein, and shall report into Senior Management; with such reporting line being independent of the Company's operating businesses. For purposes of this paragraph, "Senior Management" means the Principal Executive Officer or comparable official, together with that person's direct reports.
- e. **Undue influence prohibited.** No officer, director, or employee of the Company, or any affiliate thereof, acting under such person's direction may directly or indirectly take any action to coerce, manipulate, mislead, or fraudulently influence the Company's chief compliance officer in the performance of his or her duties.
- f. **Regulations.** The [appropriate Federal functional regulator] may prescribe minimum standards for recordkeeping and such other purposes, and by rule, regulation or order exempt any Company, or class of Companies, from such provisions of this section as it deems necessary or appropriate in the public interest and consistent with the protection of investors.

