

## **Subject**

New and revised regulation(s) for financial services firms should require Organizational Ombudsman.

## **Discussion**

### **A. What is an OO?**

A designated, confidential, informal and neutral resource where all members (Leadership, Management, Employees) of an organization may safely raise issues, problems, and conflicts of all types, including issues of ethics, compliance and organizational behavior.

### **B. What does the OO do?**

Addresses issues of all types by affording a protected space for all employees to clarify concerns, consider options and choices, and choose best actions that lead to organizational self-correction and advancement.

### **C. Is there evidence of OO impact, benefit and value?**

Yes, there are many dramatic examples. Following are a few:

- The SEC previously required OO programs for organizations needing improved compliance and self-correction. Only those programs executed to established OO standards still exist, and the host companies of these “to-code” programs have not required supportive federal investment to date, as others have.
- The Canadian banking system (rated by the World Economic Forum as the best regulated and most stable) uses OO programs in its banks. These OOs assure that Canadian banks operate efficiently and are highly compliant by accepting and managing employee-raised issues as well as those raised by customer of all levels.
- OOs Operating in varied American organizations describe identifying and facilitating correction of numerous illegal and non-compliant behaviors including fraud, waste, regulation avoidance, and data falsification.
- OOs assessed by external experts have demonstrated ROIs as high as \$22:\$1.

### **D. Who is the OO?**

A conflict management professional who is:

- Knowledgeable of and expert in application of the International Ombudsman Association’s (IOA) Standards of Practice and Code of Ethics.
- Educated and/or experienced in an appropriate related areas and current on training/best practices.
- Selected via proper process by the company’s Boards of Directors/Audit Committees.
- Unwaveringly ethical, organizationally savvy, passionate about individual/organizational advancement, an exceptional communicator and program manager who delivers results.
- Rigorously committed to the Ombuds profession.

## **Conclusion**

OOs structured and deployed to existing standards would:

- A. Create an unobtrusive, but impactful means of organizational oversight that unburdens regulators.
- B. Maximize the performance of all effected companies, and for those receiving TARP and other federal funds, increasing the likelihood of full return of this federal investment.
- C. Insulate the global financial system against a recurrence of the recent calamitous economic situation.

(Had OOs structured to existing IOA standards been deployed previously in certain institutions, it is possible that factors that damaged the financial system could have been detected and corrected.)

## **Recommendation**

The SEC must assure via new or revised regulation that all financial institutions of 500 employees or more and especially those receiving federal investments, install and maintain appropriately structured to existing standards Organizational Ombudsmen Programs.