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Paper Reference:	**SECP_73_1110_06**
Action:	**For Decision**

SEC Panel Risk and Issue Register Approach

1. Purpose

Further to a request from SEC Panel that the Risk Register be reviewed and updated, SECAS has reviewed the existing risks and mitigations, and propose that some changes are made moving forward.

This paper seeks approval from SEC Panel to slightly amend the approach, frequency and format of risk monitoring, in order to ensure that risks are constantly up to date, and that the Panel's attention is focussed on the highest severity risks.

A refreshed, consolidated set of risks and issues will then be brought to the November Panel meeting for comment and approval.

2. Risk Monitoring Approach

2.1 Current Approach

The current approach to SEC Panel Risk management is for minor updates to be made by SECAS to the existing risk register on a monthly basis, for SEC Panel approval. There is little time for detailed discussion and challenge, and no formalised process for ensuring that risks are still current, high priority, and that mitigating actions effective. As a result, there are a number of legacy, or lower risk items, sitting on the register, which potentially should be replaced by more current, higher severity risks.

2.2 Suggested Future Approach

We want to ensure that the Risk Management approach is robust and fit for purpose, enabling the SEC Panel to focus its attention on mitigating the highest severity risks, which could impact its activities.

SECAS therefore proposes the following changes.

1. **Reword risks and related impacts, to improve clarity**
   A well-defined risk will help drive understanding of its potential impact and severity, as well as inform the planning of mitigating actions. We have identified the potential to improve the way that we articulate risks.

2. **Review risk scores and identify triggers**
   We propose to review the probability and impact ratings for each risk, in light of the current situation, using the existing scoring framework and we will identify the potential triggers for the risk to occur.

3. **Agree planned approach and update mitigating actions**
We propose to agree the approach we should take to each risk, be it to Avoid, Transfer, Reduce (Mitigate), Accept or Monitor, placing emphasis on the higher severity risks. Thereafter, we will thoroughly review and update the mitigating actions accordingly, to ensure that they truly reduce either the probability or impact of the risk.

4. **Assign owners**
In order to drive ownership of risks and mitigation plans, we propose to assign individual owners to each risk (e.g. SEC Panel member, Sub-Committee Chair or SECAS), who will be responsible for ensuring that robust mitigation plans are in place and being delivered, and triggers are being monitored. Additionally, we propose to assign individual owners to each mitigation step to drive accountability (primarily comprising SECAS team members).

5. **Detailed tracking**
SECAS will maintain a detailed Risk Register containing the details outlining above, from which it will produce a summary risk dashboard for the SEC Panel to review.

6. **Reduce risks being monitored**
There are 19 open risks on the SEC Panel Risk Register, with severity scores ranging from 2-12 (low-medium). It is suggested that this list is reduced to around 10 risks, and only comprises medium-high severity risks. This will allow for more focussed attention on the highest impact risks only. Candidates have already been identified which could be removed or merged.

7. **Review quarterly and align to Sub-Committee reviews**
In place of a standing 5-minute monthly agenda item, we propose a quarterly review process and corresponding agenda item of 15 minutes. This will allow for a longer discussion around the existing risks and mitigation plans, and consideration of new risks proposed by the Sub-Committees, SEC Panel or SECAS, in response to emerging issues and industry events.
In tandem, we propose that the Sub-Committees adopt the same quarterly review approach, formally escalating risks to SEC Panel once a quarter.

We believe the above approach will enhance the SEC Panel's ability to effectively monitor and manage risk.

3. Recommendations

The SEC Panel is requested to **AGREE** to the changes to the proposed approach for Risk Monitoring moving forward. A refreshed set of risks and mitigations will then be brought to the November Panel meeting for discussion and approval.

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SECAS Team

4 October 2019