

Risk Focused Approach to Market Regulation

Initial outline of recommendations for additions to the *Market Regulation Handbook*

Chapter 1 – Introduction

- Additional sections added after Section B that introduce the Risk Focused concept (see draft attached “Revised Chapter 1 OH 6-24-09.doc”)
 - “Risk Focused Market Conduct Regulation”
 - “Risk Focused Surveillance Process”
 - “Application of the Risk-Focused Surveillance Process”

Chapter 2 – Continuum of Regulatory Responses

- Additional section after Section B that discusses how the Risk Focused Approach is a combination of some of the Continuum items
- Additional wording in current Section C on how to bring closure to a Risk Focused review

Chapter 5 – Enhancing State Market Analysis

- Additional section after Section C that discusses in more detail how the approach can be used in the state’s market analysis program

Chapter 8 – Examination Introduction

- Additional section after Section C, on the history of the Risk Focused approach (see draft attachment “Revised Chapter 8 OH 6-24-09.doc”)

Chapter 10 – Types of Examinations

- Additional wording under Section A – Types of Examinations, explaining that a Risk Focused examination can be any one of the different types of examinations

Chapter 12 – Scheduling, Coordinating and Communicating

- Additional section on how Risk Focused examinations require slightly different planning considerations
- Explanations of the differences

Chapter 16 – General Examination Standards

- Additional wording in each of the sections describing how to review each of the areas under a risk-focused approach
- Will include the principals of interviewing the appropriate personnel, reviewing the applicable company procedures, determining how the company monitors and tests for compliance for each area and what procedures are followed when compliance issues are found

Appendix on StateNet

- Sample interview questions with indicators of what type of answers should send up red flags