





“The question I have to ask is simple.’ He spoke slowly, articulating each word carefully and clearly. ‘What is the role ... your role as a Markets’ COO?’”

IN THE BEGINNING - THE REGULATOR 2. NO TIME FOR POOR CONDUCT

A novel by Fed Libor

In a glass-walled room on floor thirty-two, high in one of the towers of Canary Wharf, East London, three people sat quietly. One Asian, one Caucasian and one Hispanic. Two men and one woman, a representative group of the diversity found within today's international banking sector. The two men were matched almost perfectly in dark suits, white shirts and lightly coloured ties. Alongside them a similarly well-dressed woman, also wearing a dark suit, differed in dress with a light-blue shirt. On the table before them rested their business cards, adorned with their company logos, contact details and names. Sitting neatly under each name was a corporate title: 'Managing Director, Global COO, Markets'.

It was a winter's day and the sun had set some hours before, which allowed the lights to shine brightly in the room, highlighting the freshwater blue colours of the carpet and walls. Outside, the lights of Greater London shimmered in the darkness. Close-up, street and office lights could be clearly seen, merging in the distance to be one soft, glowing orange-amber, iridescent mass of light. The three in the room were under investigation. The interrogator, the 'Regulator', shuffled his feet as he moved around the table, pausing to look out of the window and to the white, floodlit dome of The

O2 Centre on the opposite bank of the River Thames, before turning to speak to the trio.

‘The question I have to ask is simple.’ He spoke slowly, articulating each word carefully and clearly. ‘What is the role ... your role as a Markets’ COO?’ He raised his right eyebrow as if to further emphasise the succinctness of the question. ‘More specifically, to what and to whom are you accountable? This surely can be answered by each of you equally and with brevity? After all, you are all presently in this role, as it states on your business cards. All three of you are working in global banks and are direct competitors within the same marketplace. I accept there may be some differences around the edges, but at its core, your roles must match. I would expect, therefore, some commonality in your answers.’

Again, he paused, waiting for a reaction, a response perhaps. ‘From my perspective as your most beloved Regulator, your friend to keep you on the straight and narrow, you may say, I need to know for what you are responsible.’ (‘Or for what I will make you liable,’ he thought.) He stopped, sighed and then his face twisted and turned to give birth to a self-congratulatory smile.

The three executives remained seated and silent in thought. This silence was only broken by the woman rolling her business card through her fingers from her left to right hand and back again, whilst she contemplated his words, gathering herself before speaking. She had pondered the parameters and the supposition of the question. They all knew that ‘accountability’ had become the Regulator’s primary offensive weapon. This had been used with worrying regularity during its sustained assault on the banking market in the last few years, much of which all three would admit was needed and justified. But now it seemed that the cross hairs of attention rested on the Global COO. To the rest of the world, the title itself carried executive accountability, and therefore it was

merely a process of painstaking analysis and debate to determine what this accountability should be, not whether it should be.

The previous assaults by the Regulator on the banking sector had left the industry reeling and gasping for air, wallowing in an apparent bottomless swirling pit of control and conduct policies and procedures. The by-product of these assaults was that CEOs had become accountable, with collective accountability rolling up into him/her. Conversely, lower down, individual accountability could still be allocated to a single person for their specific actions, but even here the CEO must have taken all reasonable steps to have prevented any event, as outlined in the senior managers' regime, to avoid accountability.

At COO level, however, where their mandates vary, this appeared to be difficult to determine. 'Why', you may ask? It was this well-known conundrum, this point of consideration, discussion and deliberation, that the woman mulled over before offering her reply.

'The same? You would think so – and understandably perhaps. Exact familiarity and comparisons between our roles, however, start and finish with the title. Am I a 'chief operating officer'? Yes, of course in title, but on a Monday I could be a COO, Tuesday a chief administration officer, Wednesday the chief control officer, Thursday chief of staff and by week's close stepping in as deputy CEO. I could be one or all of these, but yes, you could call me a COO.'

The two men nodded, acknowledging this summary and its recognition of the complexity and demands of the role they shared. 'I agree', one of them chimed in. 'My role, however, will be different from the other two, as my boss uses his COO – namely me – uniquely, as I daresay the others do too. It is my opinion that the personality of the CEO and his or her preferences on how the COO is used further defines the role, its mandate and influence.

More so, the capabilities and competencies of the person in the role are highly influenced by this circumstance, beyond the role specification carefully scribed by human resources to help identify this person, you may argue.'

The second suited man stood up, moved to the whiteboard at the far end of the room, his finger hesitating momentarily, hovering above the markers before opting for the black one. 'If you took a pie chart of time spent against tasks today, and we were to compare the chart to five years back or five years hence, the distribution of time and effort will be different ... very different.' His hand galloped across the board, delivering shapes and forms remotely identifiable as pie charts. 'Whilst some tasks will remain constant throughout, such as budgeting, headcount and talent management, for example, others may not be found twice and some may have grown disproportionately over the interim period, such as ...' he paused and looked to the other man standing '... regulation.'

The Regulator was now leaning on the small side table that appeared to be holding up an unfinished piece of modern art.

'There is no better example to support this hypothesis', the COO at the whiteboard continued, energised by the sound of his own voice and his moment upon the stage, 'than the progression of the role from pre-credit crunch, when the COO was enabling and supporting growth and looking externally, to post-credit crunch, when the COO's attention is internal and grappling largely with cost, control, conduct and regulatory challenges. At this moment, I feel I'm more de facto control officer, when I look at my in-tray, my inbox and my diary, than an outward-looking COO, tasked with driving the business, as I did some five years back.'

He quickly drew three circles on the board, adding a date below, 2005, 2015 and 2025. On the left-hand circle, 2005, he marked '10%', the middle circle, 2015, '50%' and the right-hand circle a

question mark followed by the percentage sign.

‘You see, our role shifts with the demands and requirements of the time. These demands may be commonplace, such as regulatory change, but may be unique, like managing a programme such as legal entity restructuring.’ Under the three circles he wrote the words ‘build’ under 2005 and ‘control’ under 2015, and then added a further question mark under the 2025 circle. ‘Take this the right way.’ He looked directly at the Regulator, returning his smile. ‘When we get to 2025 we all hope we will be spending far less time with you. Far, far less time and more time – a lot more time – on building and enabling the business, as we did in previous years.’

“You may be spending less time with me, I daresay this is correct, but those you are training to be the leaders of tomorrow and those I am training to be their regulators, are likely to be undesired bedfellows and will be jousting just as we do today.

“So, shall we continue...?”

This extract is satire, written by my fair hand, to capture the essence of the debate, the DNA of this book and frame the spirit of its narrative, as we seek to dissect and understand the mandate of the Markets’ COO.