



Legal Management Process: A paradigm shift as a Business Enabler

Witness: Legal Knowledge Management Conference 2

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“The views expressed here are the views of the individual and do not necessarily reflect the views or policies of the Organization.”

- Legal Disclaimer

Milan Court convicts three Google executives for violating privacy of an Italian boy



- A Milan Court has convicted three Google Executives for violating Privacy of an Italian Boy with Down's syndrome by letting a video of him being bullied posted on the site in Sept 2006.
- **Convicts include:**
 - Chief Legal Officer
 - A former Board Member
 - Global Privacy Counsel

Company plans to file an appeal

(source ET 25th Feb. 2010)

Chief Legal Officer : Need for Statutory Recognition



- ❑ CEO - got defined and included in new companies bill
 - ❑ CFO - got defined and included in new companies bill
 - ❑ Fraud – first time got defined and included in new companies bill
 - ❑ Compliance officer – defined and included in securities law
 - ❑ Company Secretary - defined and included in Companies Act.
- Chief Legal Officer - ???
- Is the time to provide a statutory recognition to this office.

Role – Legal Counsel



Traditional Convention Role

- Vetting of agreements, SLA and contract drafting
- Managing Legal Cases
- Intellectual Proprietary Rights
- Legal Statutes - advisory when default

But That's not an end.....

**New thought Process to enforced and re-enforced to create a
Paradigm Shift**

Value Ladder



CEO

Are We Prepared?

**Strategic
Advisory**

**Regulatory Matters
(Registrations / Licenses/
Inspection etc)**

**Operational Matters
(Check lists/Templates/Reporting
Routine issues etc)**

Legal Knowledge

Deloitte Global General Counsel Report 2011



- ❑ In a global survey of almost 900 private and public sector heads of legal across 10 countries and released in May 2011
- ❑ The report provides an insight of the growing importance and increasing role of general counsels' roles and responsibilities
- ❑ The report highlights the growing responsibilities that general counsel have, particularly in terms of
 - dealing with regulators,
 - managing legal risk and
 - handling the increasing volume of electronically stored information

KEY FINDINGS



The Changing Role and Responsibilities

- ❑ Globally, 62% of respondent said general counsel had been a member of senior management team compared to 47% 5 yrs ago

- ❑ In UK, counsels are taking on more responsibilities relating to
 - Ethics and whistle blowing (56% up from 25% 5 yrs ago)
 - Risk Management (64% up from 36% 5 yrs ago)

- ❑ Globally, counsels are demonstrating value in following top three ways
 - Timely resolution of legal problems (56%)
 - Reducing legal risk (54%) and
 - Cost effectiveness in resolving problem (49%)

KEY FINDINGS



The Changing Role of External Advisers

- Globally, organizations are increasingly relying on their general counsel for advice and less on that of external advisers
 - 82% of the respondents said that senior management team would consult them first in the first instance if a serious legal or regulatory risk arose as compared to 59% 5 yrs ago
 - 71% of the respondents felt that general counsel had more influence on their organization's legal decisions that large laws retained by them. This number has increased from 35%, 5 years ago

KEY FINDINGS



Dealer with Regulators, Managing Legal Risk

- Increased reliance on General Counsel' advice when it comes to liaising with regulators and less with a law firm
- Regulator focus and activity – conducting investigations, anti-trust law, insider trading, stock market disclosure and money laundering

Litigation and dispute resolution

- Increased trends towards resolving commercial and regulatory disputes via negotiated settlement
- 70% respondents got legal dispute resolved out of court

Managing Legal Information

- Globally, 80% of companies have policy on the management and retention of electronic records, up from 43%, 5 years ago
- 56% of respondents said they were confident their company could produce all relevant electronic records if required, up from 2% 5 years ago.

Case 1



- A Fortune 500 Company. Interest in Manufacturing, ITES, Financial Services, Telecom, Retail, Real Estate etc. Foot Prints in Multiple Jurisdictions. Complex Cross Border Transactions, Derivatives contracts for hedging – Currency/Interest Rates, Contractual Liabilities – International Arbitration, Tax Issues, Fund Raising - ADRs/GDRs/ECBs/FCCBs etc. Multiple Regulators & Government Agencies.
- Individual Business Units have legal & Compliance - Is that Adequate?
- Any Local legal issue could impact Group a whole
- A Structured Process for Legal Compliance Programme at With a Wholesome approach. MACRO

Solution: Integrating Legal Function with Other Control Function



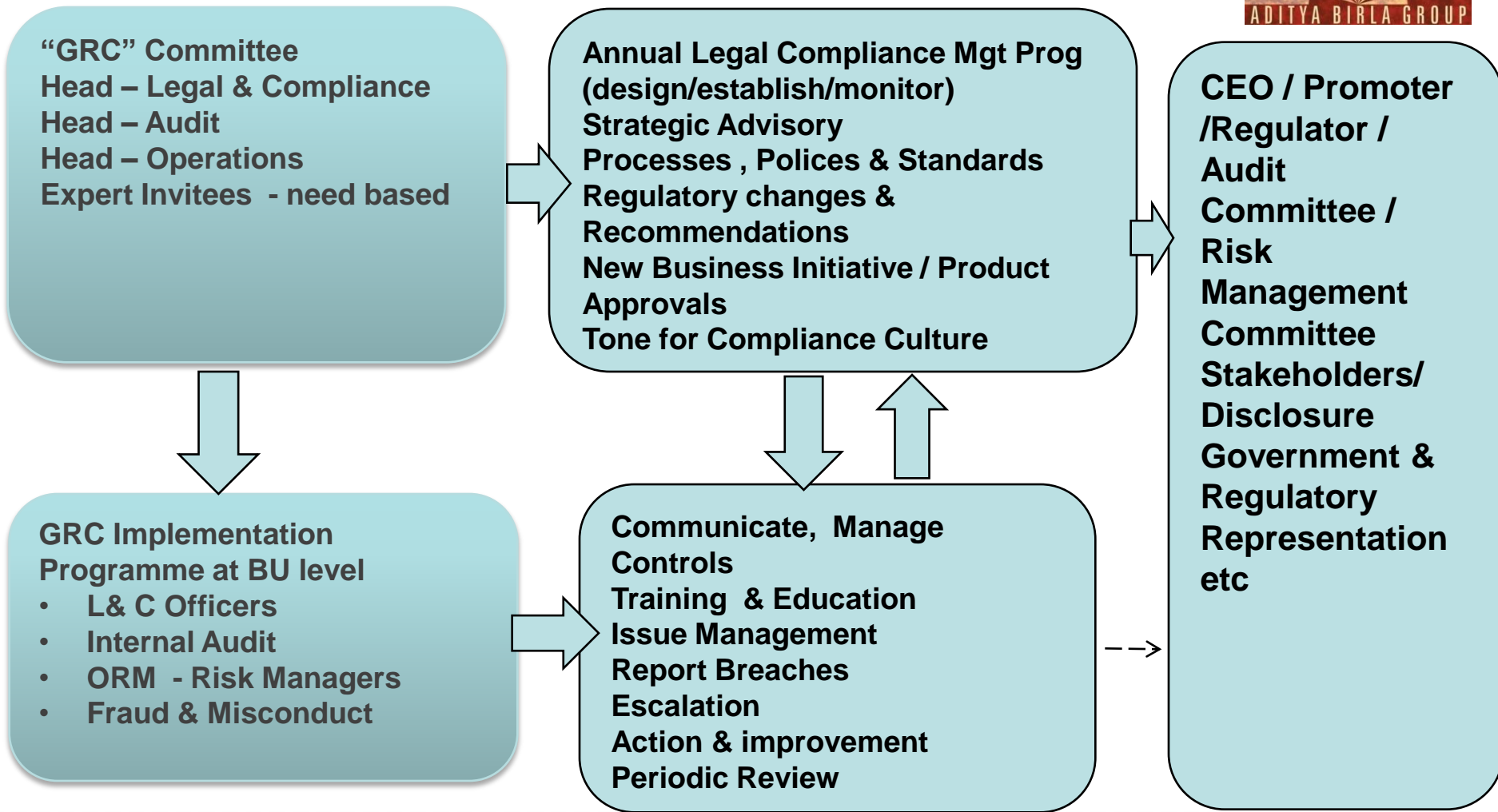
■ **Benefits**

- *structurally identify, assess, advise the business on legal, regulatory and reputation risks issues*
- *equip the business for the future legal & regulatory changes*
- *Control Room for all legal compliance risk audit and secretarial matters*
- *Custodian of key legal & compliance policies, procedures*
- *Standardisation of norms, process and procedures across all BUs*
- *Larger Bargain power while dealing with business*
- *Representation to Regulator*

Driver - Chief Legal & Compliance Officer with co-ordination from

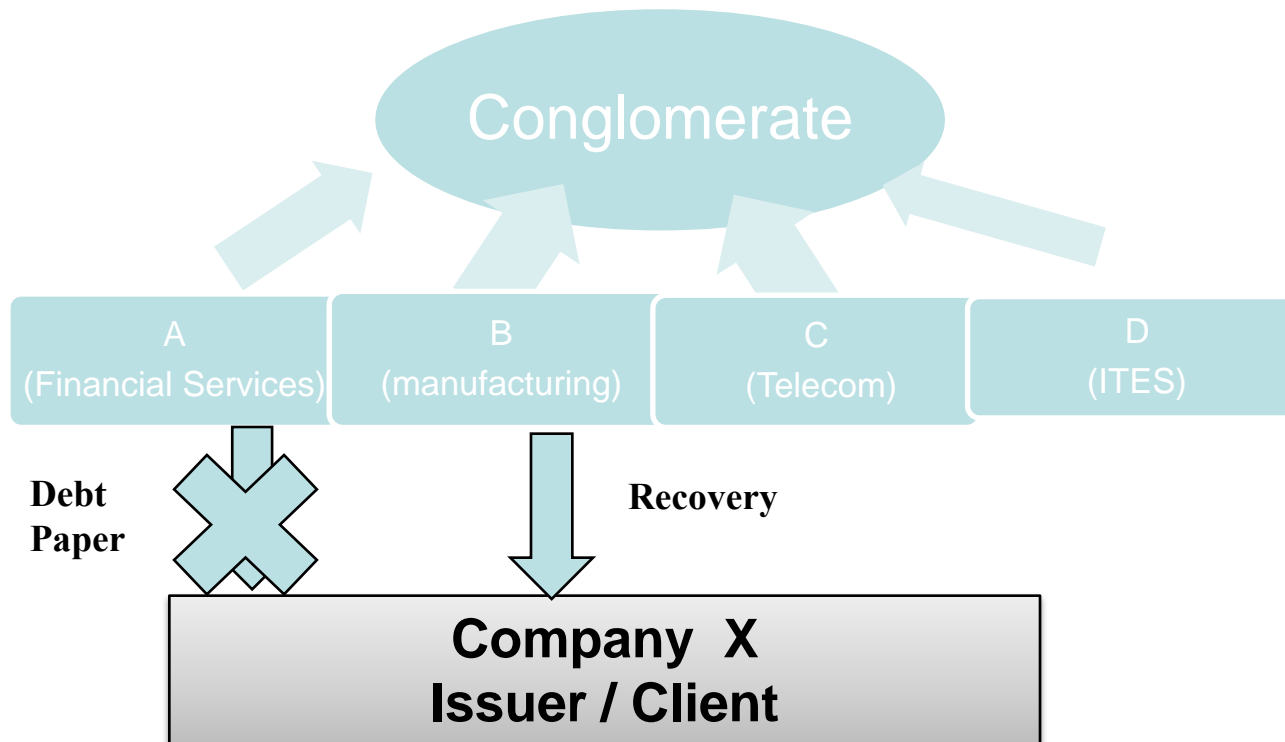
- **BU Head Legal & Compliance**
- **Audit & Risk**
- **CEO / MD / COO / Functional Heads**

Integrated legal Governance Structure



Support – IT/Budget/Finance/HR/Sales & Marketing/Product etc

CASE STUDY



Sign Off

Process

Information Sharing & Dissemination

Integrated Legal Compliance Framework

Integrated Legal Compliance System



- **Litigation Management System – detecting early signals and resolution**
- **Standardization – Agreements / Reporting formats / Process Flows**
- **Key Contractual clauses and Limitation of liability**
- **Training and Counseling**
- **Periodic Communication - reaching out the end employee**
- **Regulatory Relationship & Representation**
- **Using Technology and IT in building a robust framework**
- **Annual Review**



Thank You

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