

## THE "RISK SPECIALISTS"

NEW REGULATORY REQUIREMENTS AIM TO MONITOR AND ULTIMATELY REDUCE RISKS FOR INVESTORS. FOR THE PAST 14 YEARS, ARKUS FINANCIAL SERVICES HAS BEEN ANALYZING AND MITIGATING THOSE RISKS.

*An interview with  
Christophe Pessault, Chief Executive  
Officer of the company.*



### CAN YOU PLEASE DESCRIBE ARKUS IN A FEW WORDS?

Based in Luxembourg, Arkus is working across 3 jurisdictions: Luxembourg, Ireland, and the United Kingdom.

Our company provides asset managers with flexible and independent risk management solutions.

Arkus is mainly focused on two core activities: the provision of risk measures/reports and the qualitative assessment of investment risk and risk management processes on the other side. This includes consulting missions and the delegation of permanent risk management functions to Arkus.

On a daily basis, our pool of experts produce 450 reports, deliver consulting missions and ensure the permanent risk management functions for UCITS/AIFs.

If we had to summarize who we are, I would say that we are a combination of our expertise in risk management and what we have learnt from our clients over the past 14 years.

Since our creation in 2003, we believe that best practices should inspire new regulation and not the opposite.

This is in our opinion the necessary condition required to develop pragmatic solutions. However, this should be partnered with a sound governance process applied within the entire value chain, generating

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*Christophe Pessault, CEO,  
Arkus Financial Services*

as a result, a virtuous circle, that benefits all stakeholders. It is important to keep in mind that the weakest link of a chain determines its solidity.

### WHAT IS THE IMPORTANCE OF THE RISK IN THE FINANCIAL MARKETS NOWADAYS?

The recent crises, and this is positive, contributed in shedding a light on risk management and the importance of a thorough implementation of a robust risk monitoring system that combines quantitative aspects (measures) with qualitative aspects (permanent risk function). We call this "risk-based governance". The aim is to generate signals, analyze these signals and escalate when necessary.

The negative aspect of this, is that in many cases, measures are considered as being all mighty and that the expectations projected onto the risk manager are too high.

It has to be clear that risk managers do not establish predictions and risk measures are often imperfect. The role of the risk manager is rather to put into context the various indicators used and to give the best possible information to the various governing bodies in a clear, documented and understandable manner.

### WHAT ARE THE NEXT STEPS FOR ARKUS IN 2017?

We would like to maintain our development in Luxembourg, but also strengthen our activities in Europe.

We do believe that Brexit will offer multiple business opportunities not only in Dublin, Paris or Frankfurt, but also in London. We are also of the opinion that operational risk management is a promising field of exploration and will complement the concept of risk-based governance. This is why we are currently working on a methodology to identify operational risks and the likelihood of them occurring, measuring the potential impacts and ways to mitigate them.

We expect to be able to deploy this methodology not only for our clients in the financial sector but for other sectors as well.

► More infos

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