

REGULATORY INTELLIGENCE

THE BIG QUESTION: Evgeny Likhoded, founder and CEO of Clausematch

Published 03-Jan-2023 by

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Regulatory Intelligence speaks to important figures in the compliance and financial arena to hear their thoughts and discuss wider issues related to their fields. Today we talk to Evgeny Likhoded, the founder and chief executive of [Clausematch](#).

Clausematch helps regulated organisations to operate safely and bring compliant products to the market. Having worked in the legal and compliance profession in the financial services and energy sectors, Evgeny sought to improve the way companies understand and meet their compliance obligations and ensure that compliance is embedded into their business.

**Which part of your job gives you the most satisfaction? Which part of your job gives you the most frustration?**

The people, not the product or platform you sell, are what keeps a company going. Interacting with and seeing the successes of my leadership team and of Clausematch employees gives me the most satisfaction. Each day, we're all working toward a common goal and share a common vision, and it's inspiring to see everyone's hard work when we achieve those goals and maintain the vision.

Nothing frustrates me more than when I see organisations that still see compliance as something of a roadblocker. It can certainly be that, with a plethora of regulatory change and a tsunami of new requirements drowning businesses each month. The manual method of updating a policy is a cumbersome task, with dozens of steps and trails of emails and inputs from numerous individuals. It's exhausting. I've been there myself and experienced all the pain of compliance officers working in legal and compliance departments. Out of that frustration I founded Clausematch. It's been 10 years. We're trying to provide our customers with all the necessary tools to be able to look at compliance as a competitive advantage; as a business enabler and not as a burden.

What are the most significant forthcoming regulatory developments that you are concerned about, or you think the profession/industry should be concerned with?

The most significant ones at the moment are climate and sustainability regulatory developments. As was mentioned at COP27, humanity is on a "highway to climate hell". This decade will show whether it wins or loses the battle. At the same time, heightened regulatory expectations in this area are concerning, because without an effective governance structure in place, companies may struggle to make informed decisions and manage climate-related risks, or to establish reachable climate-related metrics and targets.

On another note, regulatory activity with regards to crypto and digital assets will certainly continue to intensify in the new year. These developments will hopefully add more clarity and protection to the market, as the existing regulatory landscape for crypto is too fragmented, and is evolving too quickly to bring positive outcomes.

Has the greater focus on ESG changed the way you work? And if so, how?

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Environmental, social and governance (ESG) is a hot topic now and will continue to be important to companies and consumers for years to come. It's become an increasingly complex regulatory area for companies to navigate, but that's where a platform like Clausematch comes in and transforms the management of regulatory policy and procedure. With regards to whether a greater focus on ESG has changed the way our company works, therefore, the answer is yes and no. Yes, because we're hearing more and more from companies concerned about how best to manage ESG policies and data, but their questions and concerns fit more broadly into the overall compliance and documentation network.

The focus on ESG has also shaped our own company processes, including what we offer in our product and internal policies for employees and business operations. With a governance, risk and compliance director on board, we are reviewing our practices and identifying areas to grow.

Has COVID-19 changed the field of compliance and risk? How has the pandemic affected your work?

COVID-19 brought hundreds of new regulations with which various industries, including financial services, had to comply. Businesses have been forced to create policies to govern remote working, including online communication. Compliance teams in particular can no longer rely solely on in-person meetings to accomplish their tasks: they need tools that can be accessed from anywhere, and that provide a record of their work.

The pandemic also forced compliance and risk management teams to speed up their adoption of technology. What once was a long-term project came to fruition much more quickly thanks to the pandemic, and that has brought up a whole host of new policies, procedures and challenges for companies.

It is no secret that tech companies like Clausematch have capitalised on companies' needs for tech solutions both during and after the pandemic. We have leveraged the fact that businesses can no longer put off digitalisation to sell our platform in new ways.

Indeed, Clausematch itself was not immune to the pandemic's impact. Like everyone else, we had to send staff home and navigate remote working challenges, but it has made our company more efficient and encouraged more collaboration and intentional communication. Most of our employees have now adopted hybrid working patterns or work almost entirely remotely, but we do get together in the office weekly and enjoy monthly company outings.

How are things changing in your world with the proliferation of regtech companies and products?

It's exciting to be part of an industry that continues to grow, adapt and innovate. As more and more regtech companies come online, we have begun to excel in offering a niche, well-defined, well-organised product. It's exactly the kind of platform companies in financial services, banking, insurance and wealth management are looking for to stay compliant and manage risk.

With so many new regtechs entering the market, we've also been pushed to change our approach to partnerships. They make an incredible difference to the potential of the product and what we can offer to a prospective client, as well as providing insight into the product and enabling us to provide a better service to the market overall. They can introduce you to a new industry that otherwise might have been absent from your radar. Clausematch continues to seek out partnerships to give the company an additional edge on what's on the horizon.

What are your thoughts on crypto — do we need more regulation in this area?

Crypto is here to stay. Recent headlines about the bankruptcy of crypto companies such as BlockFi and FTX are cause for concern, but their downfalls have also yielded lessons for regulators. This growing industry needs more oversight and regulation, rather than simply approaching it from the standpoint of money laundering checks. There needs to be a defined regulatory framework. Policymakers can no longer afford to look the other way as crypto continues to gain popularity among the public and investors from all backgrounds. It's a matter of bringing consumer confidence and protection to such an unregulated and risky industry.

What pearl of wisdom would you give to a budding compliance officer?

My advice would be this: have a plan, get rid of your blinders and bring others along. Too often, compliance officers get overwhelmed with daily tasks and requests from others. Creating a game plan to manage compliance and risk is crucial. This can include mapping out policies, identifying risks, establishing controls and procedures, and considering whether to outsource these functions to a third party. Compliance officers should avoid turning a blind eye to technological advancements which can help them to get their compliance strategy onto a solid footing.

Additionally, my conversations with compliance officers suggest that they frequently work in a bubble, failing to bring others into the fold. Compliance is an essential part of any highly-regulated business. A budding compliance officer needs to understand that they might need to do some work to convince others of their inherent worth to the company. Having others in their corner will not only assist them with their professional duties but could also help prevent burn-out, which we see a lot in this line of work.

What has been your greatest professional achievement?

Clausematch has been in business for 10 years, celebrating its anniversary in 2022. It's been truly gratifying and humbling to build this business to what it is today. From starting with just a handful of employees working around the clock to create a sound product, to expanding into the U.S. market and landing Tier 1 clients, each experience has taught me something about myself as a leader. I've



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learned to delegate while running this company. I've learned to invest in the right people. I've learned that it's OK to throw out the sales playbook and go with a new approach. Adapting, changing and perfecting brings forward a stronger business.

What do you do to relax?

I really enjoy living outside London in a green area. Going for a walk with my dog, Timmy, who is an active young cockapoo, energises me after working hours.

I'm also a tech geek by nature. I've always wanted to code, and I've now further realised this dream by creating a smart home which I've designed myself: the lighting, security systems, electronic appliances — all of them are interconnected and can be programmed and reached via smartphone. Coming home after a long day at work to soft light and relaxing music is a nice way to unwind.

Can you recommend a restaurant to us?

I love cooking for myself. On a summer day, enjoying time grilling meat with friends in my garden cannot compare to any Michelin restaurant, in my opinion.

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Produced by Thomson Reuters Accelus Regulatory Intelligence

03-Jan-2023



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