

Risk Management Update
March 2015

2015 SOLUTIONS FOR COMPLIANCE PROFESSIONALS

At the beginning of every year, the Securities and Exchange Commission's ("SEC's") Office of Compliance Inspections and Examinations ("OCIE") issues their updated review of their most crucial examination priorities for the coming year.¹ These priorities address a wide variety of issues impacting the spectrum of financial firms existing throughout the US marketplace. The priorities list is developed in conjunction with the OCIE's National Examination Program ("NEP") for registered entities:² (1) to aid in improving compliance, (2) to help prevent investor fraud, (3) to create and support informed policies, and (4) to monitor firm-wide and other forms of systemic risk.

The OCIE initiatives of focus listed in the examination priorities call our attention to the importance of compliance solutions, including technology integration, to help detect and prevent fraud, mitigate conflicts of interest, enhance client data security, and manage risk, among other operational benefits. For 2015, OCIE is focusing their priorities for investment advisers, broker-dealers and transfer agents around three themes:

- Assessing risks to retail investors
- Examination of market-wide firm structural risks
- Using data-analytics to uncover prohibited activity

In an effort to manage regulatory risk and increase efficiencies, many financial firms are turning to third party service providers to help provide necessary support in managing key aspects of their compliance program. While CCLS does not specifically endorse any of the following service providers, our clients have shared with us their positive experiences of working with the following vendors. Key to reviewing this list is the consideration that you and your firm are strongly encouraged to conduct thorough and ongoing due diligence prior to engaging any third party service provider.

Compliance Certification and Continuing Education

National Society of Compliance Professionals: Certified Securities Compliance Professional (CSCP) Certification – provides certification as a compliance professional, which distinguishes individuals as intermediate to advanced proficiency.

(860) 672-0843

www.cscp.org

¹ National Exam Program, *Examination Priorities for 2015*, Office of Compliance Inspections and Examinations. For more information, please see <http://www.sec.gov/about/offices/ocie/national-examination-program-priorities-2015.pdf>

² The registered entities that OCIE examines include investment advisers, investment companies, broker-dealers, exchanges, self-regulatory organizations ("SROs"), clearing agencies, municipal advisors, and transfer agents.

The Wharton School: FINRA Certified Regulatory and Compliance Professional (CRCP)

Program – a compliance certification program created jointly by the Financial Industry Regulatory Authority (“FINRA”) and the Wharton School at the University of Pennsylvania for securities law and regulation education.

(800) 321-6273

<http://executiveeducation.wharton.upenn.edu/for-individuals/all-programs/finra-wharton-certified-regulatory-and-compliance-professional-cr-cp-program>

Quest CE – offers compliance education and training options to the financial services industry. In addition to offering continuing education (“CE”) for professionals holding insurance licenses and professional designations like the CFP, CPA, CIMA and CLU/ChFC designations, Quest CE also provides a complete spectrum of compliance training solutions.

(414) 375-3400

www.questce.com

RegEd, Inc. – provides annual compliance meetings, needs analysis, training plans, tracking and reporting, firm element CE, insurance CE, exam preparation licensing training with exam preparation self-study, and on-line practice exams.

(800) 334-8322

www.reged.com

Securities Training Corporation – offers securities CE, securities licensing, insurance CE, and insurance pre-licensing and exam preparation licensing training in a classroom or self-study format.

(800) 782-1223

www.stcusa.com

Compliance Technology

CORE TRAC Technology Resources and Consulting – provides automated compliance technology that assists with supervisory monitoring and operational efficiencies. CORE TRAC is a great resource for registered investment advisers, broker-dealers, mutual funds, private equity firms, hedge funds and public companies. You may choose from a variety of different modules to build a customized package that is right for your firm. As part of these services, we will provide consultation services to assist with onboarding and implementation.

(619) 278-0020

www.corecls.com

BasisCode Compliance Work Flow Solution – delivers a simple, centralized compliance platform, enabling compliance personnel to focus on high risk areas while meeting critical regulatory and documentation requirements. The dashboard-driven system consists of a flexible menu including compliance calendar customization, testing, certifications and attestations, gifts and entertainment monitoring, risk assessments, form builder tool, personal trading, whistleblower, and document library management.

(678) 819-1991

www.basiscode.com

MyComplianceOffice Compliance Program Manager and Other Solutions – provides a software system for compliance requirements and employee trading activity management, as well as task management and workflow, compliance calendar building, attestation management, disclosure management, gifts and entertainment monitoring, case and document management, risk management and more.

(866) 951-2279

www.mycomplianceoffice.com

Errors & Omissions (E&O) Insurance

Marsh & McLennan – offers insurance coverage for a variety of exposures, including crisis management, mergers and acquisitions, business continuity and operational risk.

(212) 345-5000

<http://global.marsh.com>

Starkweather & Shepley Insurance, Inc.’s Investment Industry Practice Group – provides a variety of financial insurance, risk management, and related services worldwide.

(800) 854-4625

<http://www.starshpfi.com/wp/>

Willis Group Holdings – a global leading risk advisor, insurance and reinsurance broker.

(212) 915-8888

<http://www.willis.com/>

Electronic Books & Records Solutions

CA Technologies, Inc. – offers a comprehensive portfolio of identity-centric data loss prevention for IT security professionals. As part of CA’s technology solutions, data protection using CA’s DataMinder™ enables businesses to protect all types of sensitive information and assets to help minimize accidental, negligent and malicious misuse of data, as well as help you remain compliant with regulations, corporate policies and reduce overall business risk.

(800) 225-5224

www.ca.com

Compliance Science C-TRAC™ – an enterprise scaled tool designed to capture and certify institutional contract data across all clients and counterparty agreements including investment management contracts, sub-advisory agreements, prospectuses, subscriptions, side letters, and more. C-TRAC™ allows stakeholders to access and review all legal, compliance and operational obligations across the enterprise using secure browser-based technology.

(212) 327-1533

www.complysci.com/regulatory/compliance-software-solutions/knowledge-management-automation-software

CSI DocVault™ – a searchable and sortable document tool designed specifically for investment advisers, brokers-dealers and hedge funds to better enable them to quickly and efficiently respond to

regulatory exams. The unique Text Capture system and search system allows the user to search documents and perform image-scans based on the text within.

(212) 327-1533

www.complysci.com/regulatory/compliance-software-solutions/document-checklist-management

Bloomberg Vault – cloud-based information management services that delivers compliance, eDiscovery and enterprise archiving by leveraging the scalability and reliability of Bloomberg’s global infrastructure, which distributes up to 250 million daily messages and manages more than 70 billion archived records on behalf of Bloomberg Vault subscribers.

(212) 617-6580

http://www.bloomberg.com/vault/?utm_source=bloomberg-menu&bbgsum=DG-WS-09-13-ES-BVAULT-bbgmenu

Electronic Mail Archiving & Surveillance Tools

Global Relay – provides messaging services that provide the foundation for mail management, compliance, eDiscovery and business continuity. Ask a CCLS consultant about preferential pricing available to CCLS clients.

(604) 484-6630

www.globalrelay.com

Smarsh – specializes in e-mail and instant message archiving, WORM Optical Storage, attachment archiving, virus protections, review and reporting tools, and spam filtering.

(866) 762-7741

www.smarsh.com

GIPS Verification and Performance Services

Ashland Partners & Company LLP – provides GIPS consultation and verification, surprise custody examinations, and SSAE No. 16 examination training.

(541) 857-8800

www.ashlandpartners.com

CAPS Incorporated – provides a GIPS composite and management reporting workflow software solution for GIPS compliance and reporting.

(508) 653-2800

www.capsinc.com

Deloitte & Touche LLP – offers audit, tax, consultant and financial advisory services, including GIPS verifications.

(213) 688-0100

www.deloitte.com

Administration and Fund Auditing Services

EisnerAmper, LLP – a global firm serving a broad spectrum of financial services and high net worth clients, offering a full range of audit, accounting, taxation, and consulting services. Hedge fund advisory services include hedge fund audit and tax services as well as support for fund of funds, multi-strategy funds, and PIPES.

(415) 974-6000

www.eisneramper.com

Marcum, LLP – provides consulting, tax and auditing services for private equity partnerships, hedge funds, off-shore funds, registered investment advisers, and real estate funds, in addition to traditional accounting, assurance and tax, including domestic and international tax planning.

(212) 485-5501

www.marcumllp.com

KPMG, LLP – an international firm that provides audit, tax and advisory services and industry insight to help organizations negotiate risks and perform in the dynamic and challenging environments in which they do business.

(201) 307-7000

www.kpmg.com

Hedge Solutions, Inc. – provides specialized accounting services for fund structure or investment strategy, and also offers consolidated online investor access to key information, reporting and documents in a protected and secure environment.

(310) 893-1743

www.hedge-solutions.com

Opus Fund Services, LLC – provides hedge fund administration, including fund accounting/NAV calculations, partner allocations, and year-end reporting services.

(415) 762-8749

www.opusfundservices.com

SS&C Technologies Holdings, Inc. – provides fund administration services for hedge funds, fund of funds, private equity funds and managed account managers. SS&C also offers back office, middle office and front office software for alternatives investment managers.

(800) 234-0556

www.sscotech.com

Trade Order Management Systems

Advent Software, Inc. – offers innovative investment management solutions that integrate portfolio accounting, reporting, performance analytics, and client relationship management, effectively linking portfolio managers, operations, and client service staff on a single database platform.

(800) 727-0605

www.advent.com

Charles River Systems, Inc. – provides software, hosting and data services to automate front and middle office investment operations for buy-side firms. On-premise software solutions support portfolio management, compliance and risk monitoring, access to global liquidity, and trade processing.

(781) 425-6460

www.crd.com

Investnet, Inc. (Tamarac) – offers scalable web-based portfolio management technology that enables investment managers to provide customized, tax-efficient, individual account management to a multitude of clients.

(866) 525-8811

www.tamaracinc.com

EZE Castle Software – provides comprehensive technology solutions to broker dealers, hedge funds, institutional asset managers, mutual funds, pension funds and wealth managers.

(617) 316-1000

www.ezesoft.com

Liquid Holdings – provides software solutions to hedge funds and proprietary trading firms to enable risk and trade management more effectively.

(844) GET-LIQD

<http://liquidholdings.com/>

Personal Trading Surveillance and Archiving*

Schwab Compliance Solutions/Charles Schwab & Co., Inc. – offers employee trade surveillance technology that proactively blocks restricted trades that are not compliant with your firm's employee trade monitoring policy.

(877) 589-4276

http://corporateservices.schwab.com/public/corporate/compliance_solutions

TD Ameritrade, Inc. – provides a fully automated employee trading surveillance system that combines customized tools to help financial and professional services firms better monitor their employees' personal trading accounts.

(888) 376-4682

<http://tdadesignatedbrokerageservices.com/>

**Please also see Compliance Technology Services for additional solutions.*

Proxy Voting Services

Broadridge Financial Solutions – supplies tools to help manage proxy votes, keep records, and maintain compliance.

(800) 353-0103

www.broadridge.com

MSCI Inc. RiskMetrics Group, Inc. – Institutional Shareholder Services – offers indices, portfolio risk and performance analytics, and governance tools, research and voting, social investment portfolio screening, proxy distribution, and corporate governance advisory services to financial institutions and corporations.

(888) 588-4567

www.msci.com

Should you require additional information, please do not hesitate to contact CCLS at (619) 278-0020. Thank you.

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