

Risk Management Update March 2016

2016 SOLUTIONS FOR COMPLIANCE PROFESSIONALS

In January, the Securities and Exchange Commission’s (“SEC’s”) Office of Compliance Inspections and Examinations (“OCIE”) issued their annual examination priorities update, which is focused on the highest perceived risks to investors and the U.S. capital markets for the coming year.¹ These priorities address a wide variety of issues impacting the spectrum of financial firms existing throughout the U.S. marketplace. Some of the most notable inclusions covered the areas of cybersecurity, investors saving for retirement, public pension advisers, recidivist misconduct of representatives and their employers’ internal control practices and private placements, including EB-5 program offerings.

OCIE focused their examination priorities around three central themes:

- Protecting retail investors
- Assessing market-wide risks
- Using data-analytics to assess risk profiles

Earlier this month, OCIE announced the creation of the Office of Risk and Strategy.² This office is taking a data analytics approach to risk analysis which means regulators are now requesting and analyzing data in much more detail than in previous years. This means it is more important than ever for firms of all sizes to integrate compliance technology.

In an effort to manage regulatory risk and increase efficiencies, financial firms often rely upon third party service providers to help provide support services, which includes 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. CCLS recognizes the needs, budgets and experiences of one client to another can materially differ and it is imperative for you and your firm to conduct thorough and ongoing due diligence of any key service provider prior to engagement and at least annually thereafter.

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

<https://www.nscp.org/cscp/>

¹ National Exam Program, *Examination Priorities for 2015*, Office of Compliance Inspections and Examinations. For more information, please see <https://www.sec.gov/about/offices/ocie/national-examination-program-priorities-2016.pdf>.

² *SEC Announces Creation of Office of Risk and Strategy for its National Exam Program*, U.S. Securities and Exchange Commission. For more information, please see <https://www.sec.gov/news/pressrelease/2016-38.html>.

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.starshepfi.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

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

Guardian Performance Solutions – offers GIPS compliance program development.

(916) 282-2161

www.guardianperformancesolutions.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

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.ssctech.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

Envestnet, 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

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

ISS – offers a solution to process and manage portions of the proxy voting process.

(646) 680-6350

<http://www.issgovernance.com/governance-solutions/proxy-voting-services/>

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 or info@corecls.com. Thank you.

Author: Chelsea Baingo, Marketing Coordinator; Editor: Michelle Jacko CEO, Core Compliance & Legal Services, Inc. (“CCLS”). CCLS works extensively with investment advisers, broker-dealers, investment companies, hedge funds, private equity firms and banks on regulatory compliance issues. For more information about this topic and other compliance consultation services, please contact us at (619) 278-0020, info@corecls.com, or visit www.corecls.com.

This article is for information purposes and does not contain or convey legal or tax advice. The information herein should not be relied upon in regard to any particular facts or circumstances without first consulting with a lawyer and/or tax professional.