



The First. The Most. The Only.

You have choices in ways to ensure regulatory compliance.

Choose Wisely.



FINANCIAL TRACKING TECHNOLOGIES, LLC
FIRST TO KNOW™ SOLUTIONS

www.financial-tracking.com



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You have choices in ways to ensure regulatory compliance.

Choose the exam-proven partner that ranks first in controlling cost and reducing risk, has the most clients, experience and knowledge, and offers the only fully automated suite of compliance assurance tools.

The Real Costs of Non-Compliance

When a regulator has determined a firm has committed compliance violations, auditors may start an investigation. The investigative process can negatively impact the firm's operations in many ways. Specifically, the firm can experience greater operating costs due to higher legal expenses and employees are distracted from their normal responsibilities to cooperate with the investigation. This in turn, creates morale issues and employee attrition could increase.

News of the investigation can easily spread and create public relations issues. Even if the regulator decides not to pursue the investigation further or bring legal action, the firm's reputation is damaged and it may be very challenging to recover from the news. Further, and worst of all, client attrition could begin, reducing profitability and even threatening the stability of the firm.

Most firms settle charges brought by the regulators which usually include a combination of fines, disgorgements and sanctions, of both the firm and employees. These actions could affect the employment status of individuals within the industry and the firm. In most cases, the settlements include ensuing corrective actions that can be expensive further damaging the firm's profitability and morale, etc. Of course, public disclosure of such actions often occurs in a variety of forms, namely publications, conferences, newsletters, industry chat rooms, blogs and regulatory websites, etc. Lastly, the firm most likely will receive more frequent audits that are broader and deeper in scope than would normally be the case. The fundamental question is how willing a firm is to take the path of non-compliance and run the risk of the aforementioned consequences.

About Financial Tracking Technologies, LLC

FTT provides modular compliance software that includes custom parameters, case management and audit trails. Founded in 1999, we are the only company that derives 100% of its revenues from automated compliance solutions. We serve clients worldwide, both big and small, that include Registered Investment Advisors, trust banks, broker/dealers, mutual funds, public and private companies, retirement plan sponsors, hedge funds and fund of funds.

Our clients enjoy the following benefits:

- Lower compliance costs due to automated technology;
- Time gain – Less on-site time by regulators, less time for the annual review, and elimination of the arduous and daunting tasks of gathering, organizing and analyzing data;
- Reduced regulatory risks because our system minimizes surprises;
- Competitive advantages – Investors and clients enjoy enhanced trust, comfort and confidence during due diligence.

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Compliance Modules Sold Separately

I. Portfolio Compliance:

The software monitors client-defined portfolio characteristics and alerts when they fall outside of regulatory guidelines, investor policy, or manager process and philosophy, or combination. Below is a partial list of guidelines available:

- Groupings and concentrations tests
- Security level attributes
- ERISA and IRS requirements
- Federal securities laws
- Securities allowed/not allowed

II. Performance Dispersions:

The software monitors account/portfolio performance across grouped portfolios and alerts for dispersions. Tolerance and threshold levels are determined by the client.

III. Favoritism and Fair and Timely Allocation:

The software monitors holdings across grouped portfolios and alerts for any differences/dispersions. Tolerance and threshold levels are determined by the client. Overall, the system verifies timely and fair allocation of trades and holdings across like portfolios and detects favoritism.

IV. Global Ownership Filing Alerts:

The software will compare ownership vs. regulatory filing requirements for up to 19 global jurisdictions and alert for those holdings that must be reported to the regulators. It also alerts when holdings percentages approach and exceed ownership thresholds related to required filings.

V. Trade Profitability:

The software will analyze trade profitability in either employee or client accounts, or both, and determine if a disproportionate amount of profitable trades have been allocated to the employee account vs. client accounts.

VI. Employee TradeSphere™:

Core services: This module provides the following primary functions:

- Automated data feeds from over 4,000 broker/dealers
- Restricted, blackout and watch list(s)
- Exception resolution and archiving capability
- Customized to do list and task tracking
- Master view of compliance tasks and cases for the compliance officer
- Pre-trade clearance for all security types and sub-types
- Ongoing trade surveillance vs. trading restrictions
- Front running
- Unusual trading patterns alerting
- Preclearance and reporting of gifts, entertainment, outside business activities and political contributions
- Unlimited dynamic documents with rules and alerts based on answers

VII. MarketACE™ for Detection of Illegal Insider Trading:

A database of global market and corporate events for detection of mis-use of material non public information or illegal insider trading. Refreshed daily, it is powered by technology that automatically consolidates events (ACE) and checks for matches in employee or firm-managed portfolio trades and alerts accordingly. MarketACE™ complements both third party and proprietary solutions.

VIII. Anti-Money Laundering:

The software provides for KYC lookup and checking of clients, all upon demand, and flags unusual cash activities, if applicable. Further, FTT scans the names on the OFAC and FinCen lists and others provided by governments and countries worldwide versus account registrations and immediately alerts for matches.

CLIENT CATEGORIES WE SERVE:

- 33% of the 50 largest publicly traded money managers or insurers
- 2 of the 5 largest public companies in the US
- 2 of the 4 largest US wirehouse broker/dealers
- The largest US independent broker/dealer

Source: Bloomberg, Hoovers, FTT research, Forbes, Nelson's

IX. Suitability Tracking™:

The system scans account details (e.g. holdings and trades vs. client profile) and signals when they fall outside of suitability or investor guidelines, or combination. **Suitability Tracking™** enables complete compliance workflow with audit trails for trade review by manager, initiating cases and case management, on demand reports and review of client profiles and exceptions management. Below is a partial list of categories of guidelines:

- Suitability vs. investment objective, risk tolerance, age, net worth and income, product risk, etc.
- Groupings and concentrations tests
- Security level attributes tests
- Portfolio market value tests
- Securities allowed/not allowed
- Size of position
- Prohibited or illiquid securities
- Client safeguard alerts

Additional Features:

- Enterprise wide reports showing product and risk exposures reports and alerting at the RR, branch, OSJ and enterprise levels
- User defined compliance roles and privileges
- Software interfaces with over 4,000 clearing firms and financial institutions
- Ability to include held away assets platforms
- Product and security master files at no additional costs
- Alerts of unusual trade patterns and cash flows

Optional Features:

- Intelligent calendar for assigning and managing compliance workflow at the branch, OSJ and enterprise levels
- Branch audit management tool and work station including FINRA rule rationale, audit instructions and techniques, audit checklist, workflow scheduling and assignment, on demand risk reports, bad patterns detection and auto reminders

X. Price/Valuation of Holdings:

The software alerts when a security has a stale price or has become illiquid, or both. This enables the compliance officer to verify that the holding was appropriately valued by the pricing committee AND that the valuation procedure reflects current market conditions.

XI. Best Execution:

Equity – Global

The software automatically analyzes client trade data vs. market trade data and signals exceptions to client guidelines. FTT provides best execution analyses via the following methods, or any combination:

- Price of execution at arrival vs. national best bid/offer, intra-day or end of day, and includes execution shortfall analysis and threshold alerting,
- Commissions tracking
- Trade allocation tracking,
- VWAP, intra-day or end of day or active real-time, and includes execution shortfall analysis and threshold alerting,
- Price allocation

Fixed Income

Execution price comparisons and sorting by coupon, maturity by date and maturity bands, rating, issuer, sector, industry, broker/dealer, account or portfolio, or combination of the above.

XII. Valuation Testing:

Known as acid testing, this module monitors the sell price of a security vs. its prior day(s) valuation. The system will alert a valuation exception if the difference between the sale price and prior day(s) valuation falls outside client determined boundaries.

XIII. Account Dumping:

The software will analyze trade profitability vs. account/client allocation and determine if an account/client has received a disproportionate number of unprofitable trades. This analysis is based on client-determined tolerance levels for both size of loss and time period.

XIV. Portfolio Pumping:

The system tracks enterprise trade volume as a % of the total daily trade volume vs. price movements of the security. It signals when increases in % of daily trade volume breach client determined thresholds. In addition, price increases vs. trade volume increases can also be cross referenced.

XV. Political Contributions Pay-to-Play Checking (e.g. CampaignChecks™):

Core service:

1. Customized task and approval tracking for each employee,
2. Master view of compliance tasking and exception follow-up,
3. Pre-clearance of multiple types of political contributions for all covered employees,
4. Rules engine for checking against federal and state contribution guidelines, contribution databases, internal client data for each covered employee and government entity,
5. Unlimited employee certification documents with alerts based on answers.

XVI. Window Dressing:

The software will automatically analyze change of positions near the end of a reporting period vs. change of positions early into the next reporting period. This analysis includes both new/deleted positions and increases/decreases in existing positions, respectively, vs. client determined time periods and thresholds.

XVII. ComplianceVision365 (CV365®):

CV365® simplifies and prioritizes compliance resource allocation and tasking through a calendar-centric technology which organizes, schedules, and reports compliance activity. It provides a consolidated venue for monitoring, communicating, and demonstrating compliance activity. It includes regulatory rationale for specific activities to further develop the compliance knowledge base. **CV365®** captures events ranging from policy/procedure testing to training programs – virtually any activity performed or monitored.

Additional Features:

- Global Security Master File
- Exceptions Resolutions Archiving and Tracking
- Data Feed Management
- Unusual Activity Detection and Alerting

