

Compliance Management

EFFECTIVE MULTI-CUSTODIAL COMPLIANCE AND SALES SURVEILLANCE



BNY MELLON

ALBRIDGE™
AN AFFILIATE OF PERSHING



“Broker-dealers that have implemented best practices consistently report that they have increased confidence in their ability to expand investment advisors and AUM, without having to increase compliance staff head count.”

Beacon Strategies

Broker-Dealer Sales Practices Oversight: Secrets of Their Success whitepaper

Compliance Management

Reduce regulatory risk and drive supervision efficiency

In this regulatory environment, effective sales supervision is mission-critical. How can firms achieve this without simply throwing more people at the problem? How can firms effectively supervise direct business when the data can be so hard to manage?

79% of broker-dealers cite sales practice monitoring as their top challenge.¹

Albridge, an affiliate of Pershing, a BNY Mellon company, has the answers. Managing complex multi-custodial data is our core competence. So let us manage the data for you. We can host the downstream compliance applications that can help deliver truly effective multi-custodial supervision.

From effective supervision of your entire business, to electronic review and submission of documents from the field to your home office, to Pershing and your carrier, we put technology in your hands to help improve the efficiency of your compliance staff.

- > **Albridge Sales Practice Monitoring**—powered by Actimize—is a sophisticated rules-based surveillance technology that helps enable you to efficiently supervise your entire business.
- > **Albridge Document Management** helps ensure rapid submission of documents for many business processes, to home office operations and supervisory staff.

¹ Source: *Broker-Dealer Sales Practices Monitoring: Secrets of Their Success*, Beacon Strategies, 2010

Albridge Sales Practices Monitoring

Effective multi-custodial supervision made easy

Most financial organizations today are struggling to manage the increasing burden of changing regulatory requirements. Regulators are setting a higher standard for effective sales supervision, and they expect you to supervise all of your investment professionals' business—even direct business. Automating compliance tasks with Albridge Sales Practice Monitoring, powered by Actimize, empowers you to conduct firm-wide surveillance with less effort and manpower. Albridge leverages its experience in data management in collaboration with Actimize, the leader in transactional risk and account monitoring software and rules-based surveillance technologies. This way, we can offer you the assurance of proper surveillance practices across your organization and real-time violation identification and resolution.

At Albridge, broker-dealer data management is our core competence. We have teamed up with Actimize to deliver an industry leading multi-custodial surveillance solution. You get the best of both worlds with Actimize's technology and Albridge's data management expertise.

Albridge Sales Practice Monitoring is a sophisticated rules-based surveillance system. You can choose from more than 70 surveillance models, which our consultants will help you configure. The models generate alerts on transactions and accounts so your supervisors can focus on the issues most in need of human judgment. You will get more consistent supervision, without having to add more management staff.

Even the most sophisticated surveillance technology will not deliver better supervision without good data. That is what makes Albridge Sales Practice Monitoring stand out. Albridge takes feeds from Pershing, Albridge and you (for direct business suitability data), cleans and reconciles the data, and then feeds it into the Sales Practice Monitoring solution. We manage all of the data for you, enabling true multi-custodial supervision.

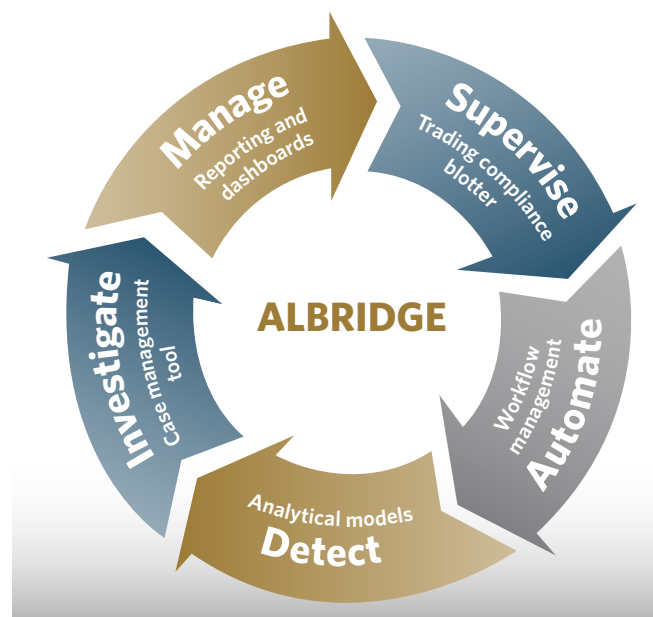
Albridge Sales Practice Monitoring will help create value for your firm in the following ways:

- > **Better Compliance.** Enable a consistent, deeper review process that is focused on the “right” business, which helps reduce the risk of regulatory fines, legal fees and arbitration claims paid, and non-arbitration settlements.
- > **Increased Efficiency.** Rules-based alerts focus your supervisory staff on the highest-risk business, while workflow helps enable efficient and consistent daily processes. Ad hoc query enables easier audit preparation and response.
- > **Enhanced Effectiveness.** Electronic blotter review in the field enables producers to focus more time on asset gathering.
- > **Greater Peace of Mind.** Albridge will manage your data, so you can manage your business. You will feel confident that by deploying a world-class surveillance solution you will have demonstrated to regulators a firm commitment to “best efforts” compliance.

Key Features

- > **Multi-custodial Supervision.** This is built upon the core multi-custodial capabilities of the Albridge platform, taking data from hundreds of sources. By leveraging a single source of data, your firm will streamline workflows across functions, facilitate information sharing and improve business intelligence.
- > **Rules-based Alerts.** Select from more than 70 analytical models that generate alerts for transactions and account trending that focuses supervisors where their judgment is most needed.
- > **Electronic Blotter Review.** Home office and field supervisors can review and sign off on daily trade blotters. Reviewers can see which transactions have associated alerts, or they can create manual alerts if they see an issue. Reviewers can enter notes and direct questions back to the field.
- > **Rich Contextual Data.** When an alert is generated or a blotter is reviewed, the user is a click away from additional data about the transaction, account and client, as well as prior issues associated with the account or investment professional.
- > **Case Management.** Manage all investigation, supporting documentation and correspondence with the originating investment professional. Combine multiple issues into a single case for consolidated tracking.
- > **Powerful Ad Hoc Query.** Your compliance staff can prepare for regulatory audits by looking for exposure to regulatory hot buttons. They can quickly produce data to meet regulatory requests without relying on IT.

Automate the Sales Practice Monitoring Process



Albridge Document Management

Ensure consistent supervisory review of documents

Many financial organizations are awash in paper-based processes that are slow, inconsistent and resource-intensive. Employees struggle to collaborate and share information and documents, and firms struggle with increasing business complexity. You need an effective solution for workflow and document management, but you would rather not build a technology solution.

Albridge has the answers. We have designed a dynamic document management and workflow solution for broker-dealers, so you can focus on your business, not your data.

Albridge Document Management goes beyond just compliant document storage to deliver the workflow that is critical to driving efficiency. You can use a wide variety of methods to ingest documents, such as faxing or e-mailing from the field or scanning from the home office. You can index documents using an interface optimized for broker-dealers. Or you can outsource the entire document QA and indexing process to us.

Our implementation consultants will configure your workflow using a broad library of pre-existing broker-dealer workflows, such as direct business new account opening or asset transfers. As soon as documents are indexed, they enter workflow for processing and are routed to your operational and supervisory teams for review and approval.

Reviewers can add notes and notify the field when additional information is needed. Investment professionals in the field can retrieve imaged documents instantly and see the status of any in-process item. Management can monitor processing queues and metrics to identify bottlenecks. Investment professionals can subscribe to an integrated field imaging solution so they can go completely paperless.

All documents comply with SEC 17a-4 regulations and are stored simultaneously in two remote data centers, enabling hassle-free disaster recovery. An audit trail is captured every time a document is accessed or changed, or a reviewer note is added. You can define document retention schedules and implement legal holds.

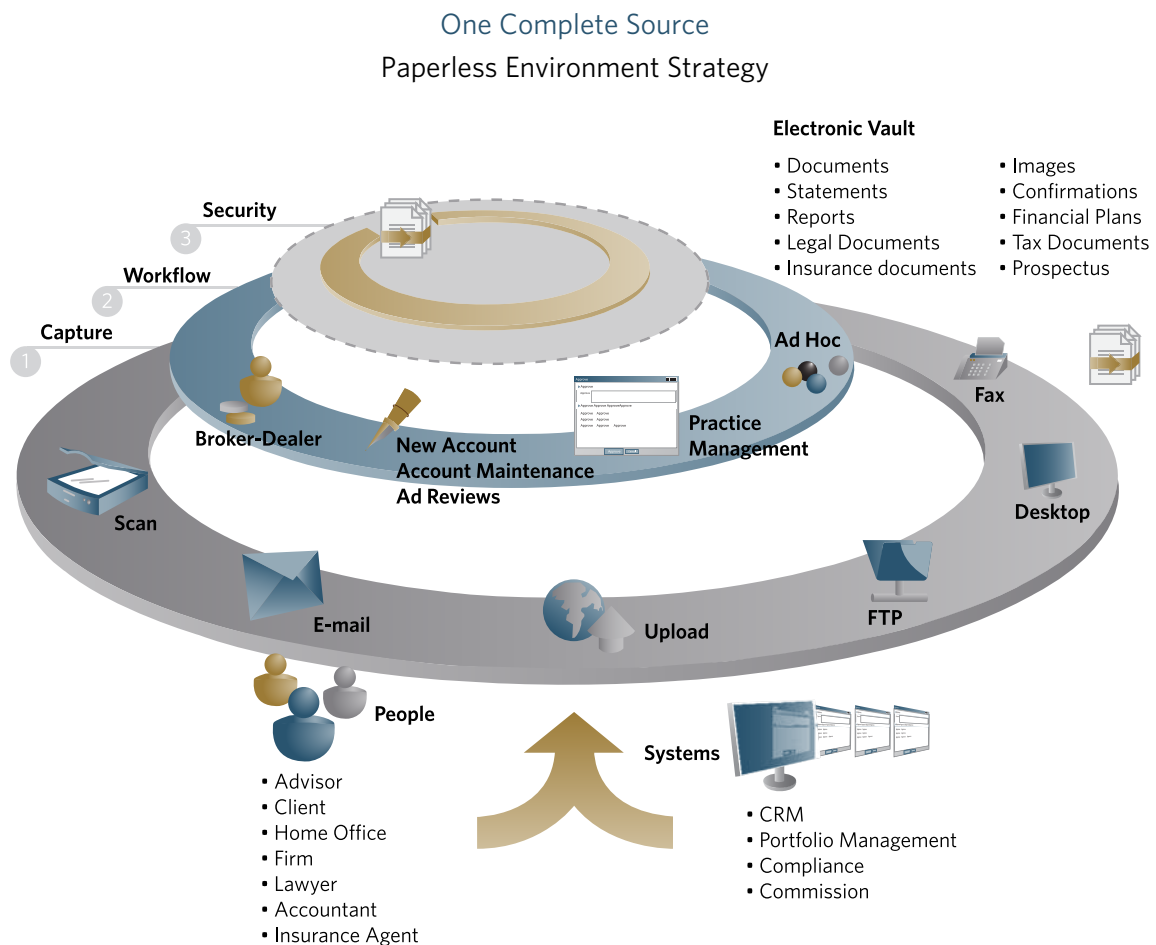
When you use Pershing's Subscribe® system for annuity order entry, you can leverage our specialized workflow for annuity electronic straight-through-processing. Route annuity paperwork along with Subscribe annuity orders through the approval process, and then submit both to carriers electronically within minutes of an advisor submitting the order.

Albridge Document Management will help create value for your firm in the following ways:

- > **Improved Regulatory Response.** Comply with 17a-4 WORM requirements. Access archived reviewer notes. Enable rapid audit response with document search and retrieval.
- > **Increased Operational Efficiency.** Drive operational efficiency, from document capture and indexing, to operational and principal review.
- > **Faster Transparent Account Opening.** Speed new account document submission and approval, while enabling the field to see processing status and retrieve documents anytime.
- > **Efficient Routing of Annuities.** Route annuity paperwork along with Subscribe annuity orders through the approval process, and then submit both to carriers electronically.
- > **Greater Peace of Mind.** Implementation consultants will work with you to ensure your solution leverages industry best practices.

Key Compliance Features

- > **Supervisory Workflow.** Workflow allows you to rapidly submit paperwork from the field to the home office. It also provides you with consistent operational and supervisory reviews.
- > **Annuity Approval Workflow.** You can use Subscribe for annuity order entry and our Subscribe DTCC workflow to enable rapid review of annuity order entry details and supporting documentation side-by-side. This way, you can easily comply with the FINRA seven-day review rule.
- > **Centralized Audit Trail.** You can capture document reviewer notes and correspondence with the field in a centralized audit trail.
- > **Turnkey Compliance with FINRA 17a-4.** All documents are stored for you on 17a-4 WORM compliant media, as well as in a redundant offsite facility for seamless disaster recovery.
- > **Rapid Document Search and Production.** You can quickly search and retrieve requested documents to meet regulatory requests.



An Industry Leading Data Management Standard

Leading the way in data accuracy and quality

Albridge has consistently focused on data quality for more than a decade. It is our core competence—and it is not easy. It takes years of working with the data and holding our quality processes to the highest standards.

We are proud to say that our data quality control program has achieved data reconciliation with error rates of only 0.05%, well below the industry average of 1% to 5%.

Our ability to help ensure data integrity with proven reconciliation processes and data quality metrics is essential for providing you with effective performance reporting, sales surveillance or business intelligence.

Albridge uses direct data feeds to collect client information from hundreds of data sources. So chances are, we already reconcile, scrub and manage the data you need. In fact, more than 100 retail broker-dealers use Albridge to manage their multi-custodial data, so they can streamline wasteful and error-prone processes that rely on re-keying data from multiple sources into a variety of systems.

So how do we achieve industry-leading data quality? Over the years, we have built and refined a number of operational processes and controls to give you the highest level of data quality, including:

- > Service level agreements with many data providers to help ensure the highest quality of data
- > Operational controls throughout processing to help ensure data accuracy of daily processing
- > A comprehensive Six Sigma program provides a framework for constantly measuring our data quality and making the operational improvements that drive ever-better data quality
- > Patent-pending advanced reconciliation techniques
- > Solid data processing logic and smart database design
- > Interfaces are coded to provide scale, handle source system anomalies and provide first order transformation

We invest considerable resources in delivering multi-custodial data management solutions. By design, the tools, technologies and platforms we develop help to make you and your investment professionals more productive. With Albridge managing your enterprise data, you can focus on moving your business forward.

Interoperability

Technology working together to drive enterprise collaboration

High performance starts with a single source of data. Albridge was built upon the notion that a single source of high-quality data used throughout a financial services organization would improve workflow and collaboration—driving efficiency and improving performance.

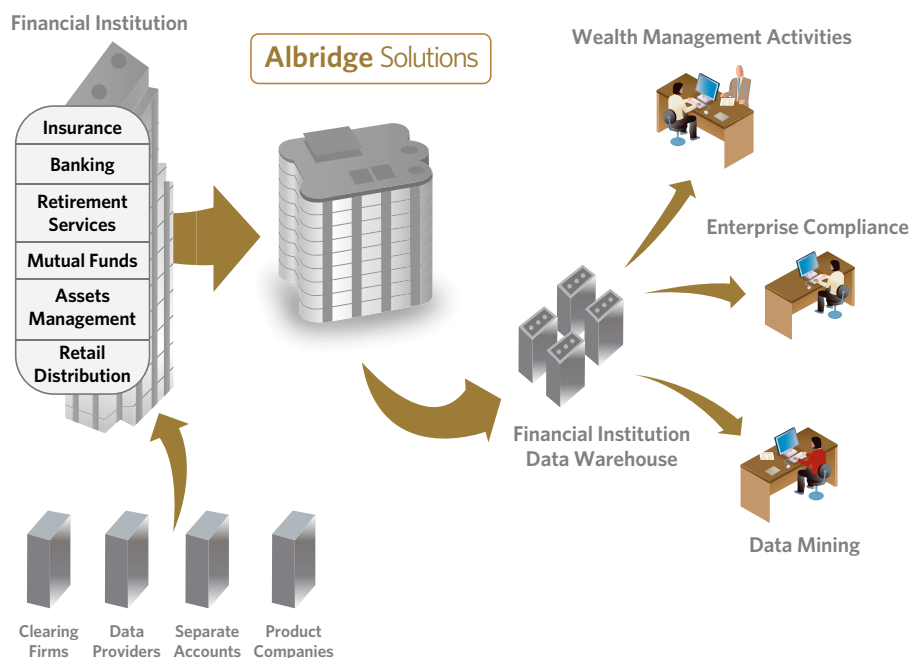
Albridge, the leader in interoperability of financial industry technology, has established preferred partnerships with more than 50 technology applications.

- > Automatic application and data sharing
- > Complete enterprise data set delivered daily
- > Customized batch files to enhance information in proprietary and third-party applications
- > Preferred data integration partners including Pershing, Thomson ONE, SunGard and more

Our flexible framework for interoperability brings together diverse systems to automate business processes throughout your organization. From investment professionals to back-office operations, you can leverage your preferred business applications while using a single source of data.

Albridge provides you access to a consolidated repository of transaction and position information from multiple back-office and legacy systems. Albridge can make this data accessible to you by delivering data files or through the use of Albridge's Web Services platform. You can pass valuable consolidated investor, account and portfolio holdings information from the Albridge platform to business critical applications.

A Proven Process



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Albridge: Manage Your Business, Not Your Data

CALL US (877) 252-9963 | E-MAIL US info@albridge.com | VISIT US www.albridge.com

About Us

Albridge, an affiliate of Pershing, is a leading provider of enterprise solutions, custom technology and business consulting services to institutional and retail financial organizations and independent registered investment advisors. Albridge draws upon its financial services experience and technology expertise to help financial organizations enhance their operating performance and maximize their productivity. Albridge's technology consolidates and reconciles client account information from hundreds of data sources that represent banking, brokerage, insurance, retirement, managed accounts and more.

ALBRIDGE™

AN AFFILIATE OF PERSHING

1009 Lenox Drive, Suite 204, Lawrenceville, NJ 08648
www.albridge.com

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