

# Oracle Financial Services Broker Compliance



Financial institutions with retail, wealth management, and private banking businesses recognize the direct relationship between rigorous compliance processes and market success. As regulations around broker compliance increase, so has the focus on customer suitability and insider trading. While operating in a market driven by competition, institutions cannot risk damage to reputation and client trust caused by financial abuse and illicit activity by individual customer relationship managers. Moreover, firms are adopting proactive measures to protect their customers by better identifying and understanding the risk associated with all transactions and market exposure.

## KEY FEATURES

- Comprehensive instrument coverage
- Prebuilt scenarios and detection techniques
- Adaptability to industry regulatory changes
- Responsive to financial industry regulatory changes
- Extensive monitoring of suitability and customer risk concerns
- Ad hoc reporting
- Complete documentation, workflow, and audit trail

## KEY BENEFITS

- Provide proactive views of Customer and Relationship Manager activity
- Increase customer satisfaction and loyalty
- Improve regulator relationships
- Extend compliance process efficiencies with a configurable platform and a thoroughly documented solution
- Reduced time to market and cost of compliance
- Increased flexibility in creating ad hoc scenarios

## Identify Suspicious Behavior across Asset Classes

Oracle Financial Services Broker Compliance leverages a robust and comprehensive list of behavior detection scenarios to help firms monitor internal activities and interactions with customers to detect actions that can lead to non-compliance with regulation and loss of reputation in the market. A sample of the areas of coverage include:

- **Customer Risk and Suitability:** Representative scenarios include customers with concentrated positions in a single security, customers who actively trade, and customers who have experienced a large loss recently.
- **Customer Exploitation by Relationship Managers:** Representative scenarios include reps concentrating solicitations in low-priced equities, fee-based account utilization, IA block trade allocations, unfair allocation timing, portfolio pumping, and unfair allocation distribution.
- **Privileged Information and Insider Trading:** Representative scenarios include insider trading, employees shadowing a customer account, employee front running, employees trading on inside information.
- **Breakpoint Compliance and Mutual Funds:** Representative scenarios for mutual funds include late trades, B&C share purchase, breakpoints, market timing and switch.

## Key Features and Functionality

Detection of complex behaviors through “scenarios” that apply sophisticated data mining tools and algorithms has been the hallmark of the Oracle Financial Services since 1996. In addition to a comprehensive offering of scenarios that remain widely recognized as the most elegant of detection techniques, Oracle Financial Services Broker Compliance offers the following key capabilities:

**RELATED PRODUCTS**

The following products are also available from Oracle Financial Services Analytical Applications:

- Oracle Financial Services Trading Compliance
  - Oracle Financial Services Crime and Compliance Management Analytics
  - Oracle Financial Services Trade Blotter
  - Oracle Financial Services Anti Money Laundering
  - Oracle Financial Services Fraud
  - Oracle Financial Services Know Your Customer
  - Oracle Financial Services Enterprise Case Management
  - Oracle Financial Services Currency Transaction Reporting
- **Flexibility and Configurability:** Throughout the application, from the user interface to the underlying alert generation approach, users can readily tailor the application to meet any specific needs of the firm or an individual user.
  - **Oracle Business Intelligence (OBI) Reporting, Analytics, and Dashboards:** Oracle Financial Services Broker Compliance offers a range of behavior identification approaches ranging from the simple to the complex. Oracle Business Intelligence complements scenario detection with a robust set of tools for analytics and reporting.
  - **Expedited Implementation Processes:** Quality data will always be the driver of quality alerts. Oracle Financial Services provides multiple approaches to data acquisition that can get you up and running faster than ever.
  - **Extended Scenario Library:** With hundreds of pattern variations for detecting unusual trading activity, Oracle Financial Services Broker Compliance meets the requirements of financial institutions of all sizes in every global market.
  - **Highly Configurable Scenarios:** Compliance is not a one-size-fits-all business. Oracle Financial Services' pre-built scenarios are easily configured with parameters that allow institutions to match their individual compliance philosophy, risk tolerance, and personnel resource availability with the appropriate level of monitoring and analysis.
  - **Threshold Analyzer:** Regulators routinely drill compliance personnel on the selected settings for their monitoring efforts. Threshold Analyzer looks at historic alerts to help firms hone in on the ideal settings and demonstrate quantitatively to regulators the rationale for the firm's decisions.
  - **Automated Alert Correlation:** A compliance officer's best friend, the Alert Correlation tool automatically searches across all Oracle Financial Services alerts to identify potentially undiscovered relationships.
  - **Enterprise Case Management:** Designed to meet the specific needs of the financial crime and compliance management user community, the Oracle Financial Services Case Management component offers a separate case management workflow integrated with the alert workflow. Users can generate new cases or promote existing alerts to cases enabling a more holistic and enterprise approach to compliance risk management.
  - **More Alert Perspectives:** Core scenarios generate alerts from multiple perspectives, or "focus types," enabling alerts on individual traders, trading desks/benches/books, customer accounts, other firm employees, individual securities, orders, and/or executions.
  - **Mature Data Model:** Experienced compliance personnel understand that a rich data set enables quality alerts AND the efficient analysis of those alerts. Oracle Financial Services continues to demonstrate that a robust data model for compliance risk management is essential for identifying the complex behaviors that most threaten the financial firm in the form of reputational and regulatory risk.
  - **Comprehensive Instrument Coverage:** As regulatory inspection and global regulatory reform extends to more complex asset classes, Oracle Financial Services delivers. Scenarios capture behaviors of interest extending across financial products including equities, fixed income, derivatives, mutual funds, annuities and insurance policies, money markets, FX, Swaps, and Alternative Investments

## Protecting Customers and Guarding Your Reputation

Oracle Financial Services Broker Compliance applies event detection and behavior recognition techniques – ranging from simple rules to complex patterns - to monitor customer accounts as well as activity by various types of customer relationship managers and employees in Retail Brokerage, Wealth Management, Private Banking, and Asset Management operations. Detection of events regarding customer suitability, questionable selling practices, notable changes in customer accounts, and employee

trading define the core product functionality.

Oracle Financial Services Broker Compliance helps you to achieve:

- **A Better Understanding of your Customers and Employees.** Alerts representing unusual activity and/or behaviors of interest are presented to compliance analysts and supervisors for review and disposition within an extensive context of reference, business, trade, account, and market data and historical information.
- **Increased Customer Satisfaction.** A proactive view of customer and employee activity identifies potentially inappropriate trades and enables quick remediation - driving increased customer loyalty and preventing revenue loss through customer attrition.
- **Improved Regulator Relationships.** Oracle Financial Services Broker Compliance covers numerous asset classes, market segments and jurisdictions through the use of industry-proven scenarios to identify key behaviors. Leveraging multiple detection cycles (for example, intra-day, daily, multi-day), institutions can readily respond to regulator inquiries by indicating that a potential problem has been identified and corrected.
- **Compliance Process Efficiencies.** Using market-driven, best practice approaches for identifying hundreds of behaviors of interest, compliance personnel focus on the most urgent and threatening issues, automatically identified through rigorous alerting algorithms and methodologies. Advanced alert workflows enable rapid disposition and routing of alerts, efficient management of investigations, and a simple escalation process when further case management is required.
- **Reduced Cost of Compliance.** Oracle Financial Services Broker Compliance is offered as part of a broad, integrated compliance platform that helps firms:
  - » Achieve a holistic view of their traders, other employees, accounts, and customers
  - » Overcome the inadequacies of silo-driven approach to compliance
  - » Reduce total cost of ownership by consolidating onto a single platform
  - » Reduce time by implementing an application immediately ready for use

### “Future-Proof” Your Compliance Investment

Oracle Financial Services Broker Compliance operates within the Oracle Financial Services Financial Crime and Compliance family of solutions, the first comprehensive set of applications to meet the particular needs of the financial services community. This solution comprises Oracle Financial Services' best-in-class risk and compliance behavior detection solutions for Anti-Money Laundering, Fraud, Know Your Customer, and Trading and Broker Compliance applications. It surrounds these point solutions to provide an end-to-end solution that leverages a robust data model and comprehensive dashboard capabilities to deliver a single transparent, holistic view of all Financial Crime and Compliance related activities across the enterprise.

Oracle Financial Services helps you to identify operational inefficiencies that increase noncompliance risks and overall compliance costs.

The unified Oracle Financial Services Financial Crime and Compliance family of applications helps you tackle today's tactical risk and compliance problems while future-proofing compliance spending across regulatory mandates. By establishing a strategy to address risk and compliance initiatives, you can respond to changing business and regulatory conditions while leveraging existing business, functional, and technology components thereby improving the consistency and effectiveness of your data, increasing your business performance, improving your time to production and

strengthening your competitive advantage: all while controlling your overall compliance costs.

## About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven "R" modeling platform, and the industry-leading Oracle Business Intelligence platform.





A single, unified data model and infrastructure provides one version of the analytical "truth" to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.



### CONTACT US

For more information about Oracle Financial Services Broker Compliance, visit [oracle.com/financialservices](http://oracle.com/financialservices) or call +1.800.633.0738 to speak to an Oracle representative.

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