

Compliance Health Check

Best Practices Compliance Assessment for Charles River IMS Clients

Keeping Up With Changing Business and Regulatory Needs

The Charles River Compliance Health Check helps Charles River IMS clients respond to the numerous challenges straining their compliance operations:

- New and impending regulatory requirements, including Dodd-Frank, UCITS IV, BASEL III, MiFID II and global shareholder disclosure regulations
- Increased client and regulatory demands for accountability and visibility into investments
- Initiatives to diversify product offerings by supporting new asset classes including derivatives and instruments from other countries
- Transition activities related to mergers & acquisitions
- Ongoing pressure to streamline processes and reduce costs

These factors all increase compliance workloads and contribute to staff turnover, leaving many firms struggling to get by with personnel that are stretched thin and/or lacking in expertise. Personnel have less time to update compliance rules and maintain organized rule libraries, resulting in obsolete, redundant, and even erroneous rules. The Compliance Health Check enables Charles River IMS clients to compensate for this shortage of expertise and resources, and provides an objective assessment of your compliance rules and practices, using a proven methodology applied by an experienced compliance team.

Objective Assessment and Actionable Recommendations Yield Tangible Results

Charles River's specialists will thoroughly assess your current compliance rules and processes, compare them with the best practices of your industry peers, identify gaps and inefficiencies, and recommend specific corrective actions for remediation. Charles River IMS clients find that a periodic compliance monitoring assessment helps them in several ways:

Risk mitigation — An objective compliance assessment helps firms prepare for audits, prevent trade errors, and avert compliance violations.

Reduced costs — The assessment process identifies manual and redundant processes that can be automated and consolidated (e.g. determine leverage segregation and counterparty exposure at multiple levels), as well as areas that can be made more efficient. More effective compliance monitoring also helps avoid the cost of violations.

Improved focus — By automating repetitive or tedious processes, compliance personnel can focus their time and attention on more serious situations and fraudulent activities. More effective utilization of the monitoring platform also improves internal business/IT partnerships.

Increased business agility — Updated compliance rules and processes make firms better able to accommodate business initiatives that require supporting new asset types or compliance rules associated with new product offerings or geographical expansion.

Do You Need a Health Check?

- New regulations
- New asset classes
- Geographic expansion
- Increasing volumes
- Recent merger or acquisition
- Rogue compliance situations
- Staff turnover
- Increasing data exceptions or compliance violations
- Dependent on manual processes
- Neglected rule libraries & “stale” rules (not reviewed within 2 years)



Your Health Check report includes an executive dashboard plus a detailed assessment report and a logical work plan to implement recommendations.

Methodology

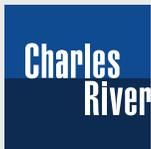
Charles River's compliance specialists examine compliance throughout the entire investment cycle, utilizing a proven, four-step methodology:

1. **Introductory meeting** — Your Charles River compliance specialist first meets with sponsors and stakeholders to establish objectives, identify perceived issues, and explain the assessment process.
2. **Rule library review** — Charles River performs a detailed analysis of all compliance rules, including their design, exceptions currently being generated, and how they compare with best practices. We also evaluate rules in the context of the available data to identify gaps, inefficiencies, and inconsistencies that could compromise rule effectiveness.
3. **Process review** — Charles River conducts a full discovery using interviews, software analysis, and comparison with peers; we identify gaps, pain points, perceived issues, risk areas, manual processes, and redundancies.
4. **Wrap-up assessment meeting** — Charles River prepares and presents your health check report, including specific recommendations and a plan to implement them. Charles River can provide follow-on services to implement the changes for you, or suggest applicable compliance best practices training if you prefer to implement changes yourself.



Charles River's Compliance Specialists

The Compliance Health Check is performed by Charles River specialists with deep knowledge of regulatory bodies and processes (US, Canada, and International), and expertise in best practice policies & procedures based on years of experience in multiple jurisdictions of compliance operations. All have worked in the compliance field at large and are certified in Charles River Compliance and other Charles River modules.



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