



## Northeast Mutual Fund Company CASE BRIEF

### Portfolio Post-Trade Compliance Testing

*Unity™ Post-Trade Compliance automates compliance to respond to **ever-changing regulatory requirements**, and provides the solution for **daily compliance monitoring with a lower total cost and with 25 percent fewer errors.***

### The Challenge

The escalation and tightening of regulations has led to greater levels of scrutiny in the mutual fund industry. Like most firms, a top 25 asset management firm increased the frequency of its post-trade compliance testing from monthly reporting to daily reporting.

Processing the compliance reports themselves was challenging enough, but producing them daily multiplied the intensity of the challenge.

- The need for daily reporting was driven by Rule 38a-1, which requires a fund company to implement a comprehensive compliance program including policies and procedures to prevent, detect and promptly correct securities law violations. This revolutionized portfolio post-trade compliance testing. "It was no longer adequate or acceptable to test on a monthly basis," commented the Chief Compliance Officer.
- The current "manual" system was not flexible or scalable, and was inherently prone to errors. The process they used was manually intensive, performed by three compliance analysts using an Access database.
- To change the frequency of testing from monthly to daily would increase costs dramatically, approximately twenty-fold.

### The Results

The client automated their compliance reporting processes with Unity Post-Trade Compliance and achieved efficiencies in many aspects of financial reporting. As a result, the mutual fund firm was able to reduce costs, eliminate risk, elevate service levels and increase scalability.

#### Reduce Costs

Automating their processes allowed the mutual fund firm to cut costs associated with the manual process and avoid the costs that would have been experienced by meeting additional compliance requirements. They experienced approximately a 20 percent reduction in costs by eliminating the Access database and manual solution. They were also able to increase the frequency of compliance testing and support additional compliance checks without adding staff resources.

#### Eliminate Risk

By moving to an automated solution, the company was able to reduce errors by 25 percent compared to the previous manual process. Additionally, daily monitoring eliminated the risk of violations remaining undetected for extended periods, reduced the risk of inconsistent monitoring of rules among funds, and mitigated risk to the fund company and its shareholders.



## Elevate Service Levels

In addition to improving the compliance monitoring from monthly to daily reporting, with Unity Post-Trade Compliance the company was able to identify and resolve ad hoc issues with accurate and timely reporting to meet the increasing needs of management and the board of directors.

## Increase Scalability

With automated compliance controls, the fund company is better positioned to adjust to regulatory changes with minimal incremental costs when funds or additional tests are added. It is no longer necessary to add resources or time-consuming processes in order to meet the increasing regulatory needs.

## Company Profile of the Northeast Mutual Fund Company

This mutual fund company manages 86 funds across 444 share classes, has \$33.5 billion in assets under management and provides services to 15 million customers. They are headquartered in northeastern United States with offices worldwide. The company is committed to implementing best practices and technology to achieve compliance with regulatory requirements in order to mitigate risk to the company and the fund shareholders.

## About Confluence

Founded in 1991, Confluence is the global investment management industry's leading provider of automated data management solutions. Confluence helps investment management companies gain unprecedented control by automating every step of the fund administration process—including the collection, creation, confirmation, and delivery of investment product data—while maintaining control of the process. Results are lower costs, reduced risk, decreased reporting turnaround times, and the scalability to automate more processes without additional resources. Confluence solutions are used by 40 percent of the leading global investment managers, and more than 60 percent of US mutual funds. Unity™, the Confluence platform, addresses a wide range of problems from performance measurement to customized reporting for a full array of domestic and international managed investment products, including mutual funds, funds of funds, collective funds, separate accounts, and variable products, as well as hedge funds and other alternative investments. Major fund companies and service providers like PFPC and Bank of New York rely on Confluence. Confluence, headquartered in Pittsburgh, PA, serves the international fund industry with key locations in London and Luxembourg.

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