

COMPLYSCI HELPS THE CCO OF A NEW YORK-BASED HEDGE FUND FOCUS ON STRATEGIC PRIORITIES



CCO's often find themselves wearing many hats and, for firms that run lean, compliance, legal, and risk responsibilities can sometimes belong to one individual. This was the case for the CCO of a Hedge Fund managing more than \$2.7 billion in assets under management, with only 20 employees.

CHALLENGES

The CCO juggled being the firm's only Compliance professional and General Counsel. The challenges he faced manually managing his Compliance program included:

Difficulty Identifying all Code of Ethics Violations

- » When firm preclearance requests, disclosures, and approvals are managed in email, there are inherent risks of human oversight. Despite spending 40+ hours a quarter reconciling trades with requests, the CCO had concerns around missing inconsistencies.

"It is very difficult, if not impossible, to accurately and reliably pick up all discrepancies between what employees are reporting as opposed to what they are actually doing."

Hard to Demonstrate Compliance to Auditors

- » Compliance records that are managed on hard-copy paper prove problematic when auditors require information during an examination. Although the firm had not yet been examined by the SEC, the CCO had concerns about being able to effectively convey firmwide compliance when all the relevant documentation was scattered in various documents and formats.

SOLUTIONS

After consulting several peers in the industry, the CCO found that ComplySci could automate the process of monitoring employees for conflicts of interest. The benefits included:

Focus on the Exceptions

- » ComplySci automatically processes employee requests by incorporating regulatory and firm-specific rules, so that only the exceptions require review. The CCO is confident in his compliance program, knowing that ComplySci will identify and flag any unexpected behavior so that no discrepancies go unnoticed.

"ComplySci flags behavior that falls outside of our rule parameters, reliably identifying discrepancies."

Simplified Audits

- » Because ComplySci provides firms with a full audit trail of system communications and records, the CCO knows that if his firm is examined by the SEC, he can quickly export information and provide evidence of firmwide compliance.

"If we are examined by the SEC, we can easily prove that we conducted certifications and were quarterly collecting employee holdings and transaction information."

CHALLENGES (CONT.)

Frustrating to Chase Employees

- » When employees fail to submit certifications on time, Compliance Officers are tasked with following up to ensure the forms are ultimately completed, which can be both frustrating and time-consuming. When employees failed to submit forms, the CCO found himself following up with employees to complete certifications.

“Occasionally people don’t submit their forms and I had to chase them down and remind them to complete them.”

RESULTS AND WHAT’S NEXT

After implementing ComplySci, the CCO benefitted from no longer having to circulate, collect, process, and store paper certifications. The time saved from automating compliance workflows has allowed the CCO to focus his attention on other tasks and strategic priorities.

SOLUTIONS (CONT.)

Better Employee Experience

- » ComplySci’s broker network and account statement tracking tool enable 100% coverage of employee account data. Accounts either directly feed transactions and holdings information into ComplySci, or employees can easily upload statements into the platform. Additionally, employees can complete certifications in a few clicks, with automated reminders when forms are due.

“ComplySci frees up time otherwise spent on administrative tasks, allowing me to focus on issues related to investments and other compliance areas that require a law degree.”



ComplySci is a leading provider of technology solutions that help compliance organizations identify, monitor, manage and report on conflicts of interest arising from employee activities, including personal trading, gifts and entertainment, political contributions, outside business affiliations, and other code of ethics violations. Founded in 2003 by early pioneers in the development of automated compliance management solutions, ComplySci is now trusted by over 1,100 customers, including some of the world’s largest financial institutions. Compliance Officers rely on ComplySci’s scalable and sophisticated platform to stay ahead of risk.

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