

# Business in Brief

## Staying one step ahead of the law



### **Record Management & Compliance Monitoring**

Increasingly, the corporate governance of financial organisations is being heavily monitored. This makes applying a solid records management programme and building a suitable compliance monitoring framework imperative. Processes and technologies need to be put in place to make regulatory compliance sustainable.

The major challenge with compliance is getting to the stage where your organisation is synchronised with current regulations and having the suitable technological agility to continue with the process and remain compliant. Banks, like many other organisations, must deal not only with the legal requirements in one country, but potentially in every country where they operate.

Keeping secure transparent records is just one area where there is increasing pressure on the financial sector. Morgan Stanley and Merrill Lynch were recently hit with huge penalties for being unable to produce key records on demand. Newly prescribed processes, governed by a long list of regulations – Sarbanes-Oxley, Basel II, data protection and many other laws, demand that banks make their records management process much more transparent and secure.

### **Managing Increasing Complexity**

The commonly accepted understanding of what constitutes an electronic record is information that has had, at one stage, a recognised value to the business, as defined by internal processes or external compliance legislation, and therefore both the content and structure must be preserved in a fixed format for a set period of time. This strict definition is crucial, as once a document has been declared a record, there are a clear set of procedures that must be applied in keeping the record secure until its disposal date.

To fulfil most legal requirements a records management system needs to be able to enforce how long a record should be kept for, how it is preserved and ultimately when it must be deleted. It should also keep an audit trail of when a record was last accessed and by whom.

But the definition and capture of records is just one aspect of the system. A records management system should include the following components: the ability to manage retention schedules; the storage of records in their appropriate classification along with metadata; search capabilities; destruction of records according to prescribed schedules; holding or ‘ring fencing’ of records during an audit or legal investigation; and tracing the access of the record over its active and inactive lifecycle. This constitutes a very specialised set of criteria for solution suppliers to master.

Adding to the records burden is a growing number of new content types that must be managed, secured and made accessible. E-mails, instant messages, PDF, video conferencing and voice calls can all be declared as records, but few companies are equipped with the infrastructure to handle all these as records. Creating inbuilt pro-activity into systems is one challenge that is common in not only record management systems, but compliance monitoring in general. Automated detect and alert, escalation procedures and failsafe reporting are essential building blocks in creating such specialised solutions.

## How could Vega Solutions help?

As specialists in financial sector solutions - Vega has a great deal of experience in creating systems for both record management and compliance monitoring. An example of such a solution is being used by Investec, to monitor the threshold values of stock holdings in order to generate reports which they then use to identify when they need to report stock holdings to the Takeover Panel. By automating this process, Investec ensure their compliance, but benefit from a reduced workload and ultimately lower their exposure to risk.

A records management system actually ought to be a fundamental element of any sensible business, irrespective of whether they are highly regulated or not. Implementing such a solution requires significant knowledge of industry practice and extensive technology skills. Vega Solutions is ideally placed for enabling financial organisations face the onslaught by being well versed in both these major areas. For more information on developing an effective and future proofed records management or compliance monitoring solution please contact us.

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