

Investment Compliance in e-AMIS

Independent wealth and portfolio managers as well as other financial service providers are obliged to monitor their clients' investments continually to ensure compliance with agreed and legally binding investment restrictions. The e-AMIS asset management and information system integrates an Investment Compliance module (IC module), which allows users to identify deviations from the specified asset allocation and respond to unexpected market changes as appropriate (Fig.1).

FLEXIBLE AND USER-FRIENDLY DEFINITION OF INVESTMENT RESTRICTIONS

The IC module provides e-AMIS users with an easy and intuitive way of defining investment limits and adjusting them as and when necessary. Possible settings include:

- Checking of (partial) holdings at all levels (portfolio, client, groupings, consolidated ownership structure, etc.)
- Absolute and relative criteria
- Specification of upper and/or lower limits with optional tolerance ranges
- Checking to include/exclude pending orders
- Inclusion of direct and indirect investments (fund look-through)
- Threshold check comparing a reference date (e.g.start of the year) with today's date

Definitions and modifications of investment limits can be documented chronologically in e-AMIS. Investment limits can be assigned to portfolios, clients or client groups either statically/directly or dynamically/indirectly via defined criteria, with suitable investment limit rules being applied to newly created clients automatically, depending on the classification. For efficient rule management, investment limits can be grouped according to investor type or according to legal and contractual investment limits.

AUTOMATED PRE-TRADE AND POST-TRADE COMPLIANCE CHECKING

e-AMIS allows automated performance of compliance checks at a user-defined frequency. The results of these checks are historicised in the system and can be viewed online

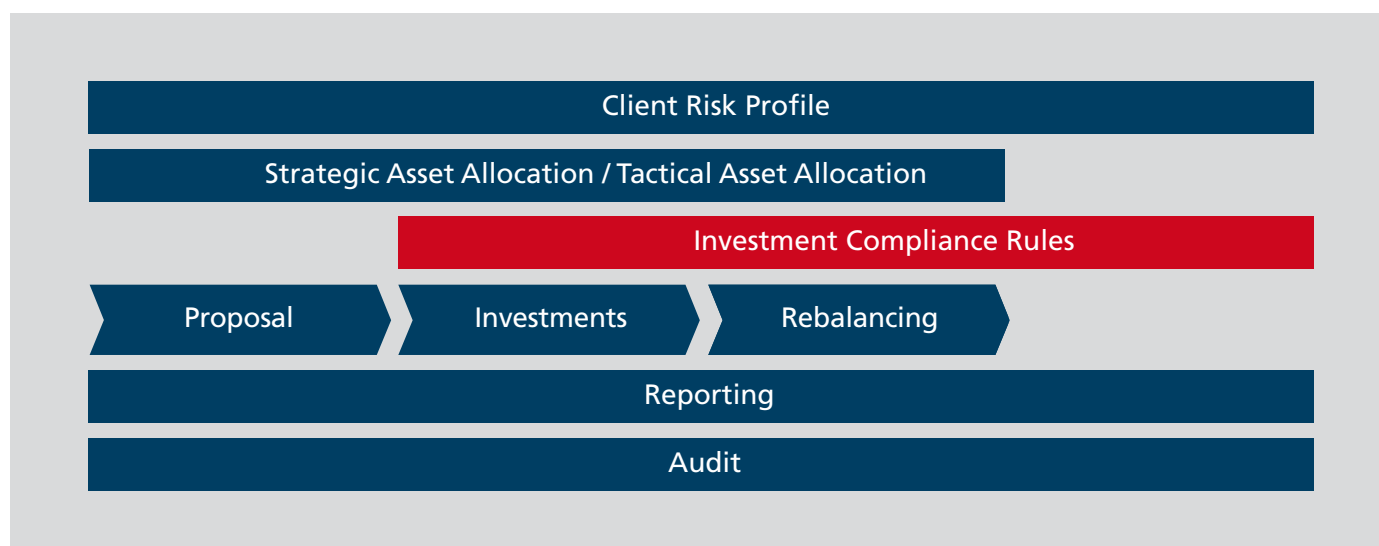


Fig. 1 : e-AMIS IC module fully integrated into the investment process

(Fig. 2) or via the reporting. The results can be selected according to different criteria, for instance, 'only breached investment limits' are shown. In addition, ad-hoc investment limit checks have the advantage that the effects of current entries or changes in master and market data can be analysed directly.

In addition, simulated resp. pre-trade compliance checks can also be carried out, whereby changes in holdings, for example, due to the entry of a single market order or rebalancings across different portfolios can be modelled. Here e-AMIS distinguishes between 'hard' and 'soft' investment limits. That is to say, when an investment limit is breached, the flexible system configuration allows the user to determine whether the action must be cancelled ('hard') or can be continued ('soft'). When generating market orders, the market order is linked with the corresponding compliance check result, so that compliance with investment guidelines can be verified at a later date in the audit. By combining the investment limit check with clients' risk profiling, it is possible to ensure that investments match the client's risk classification.

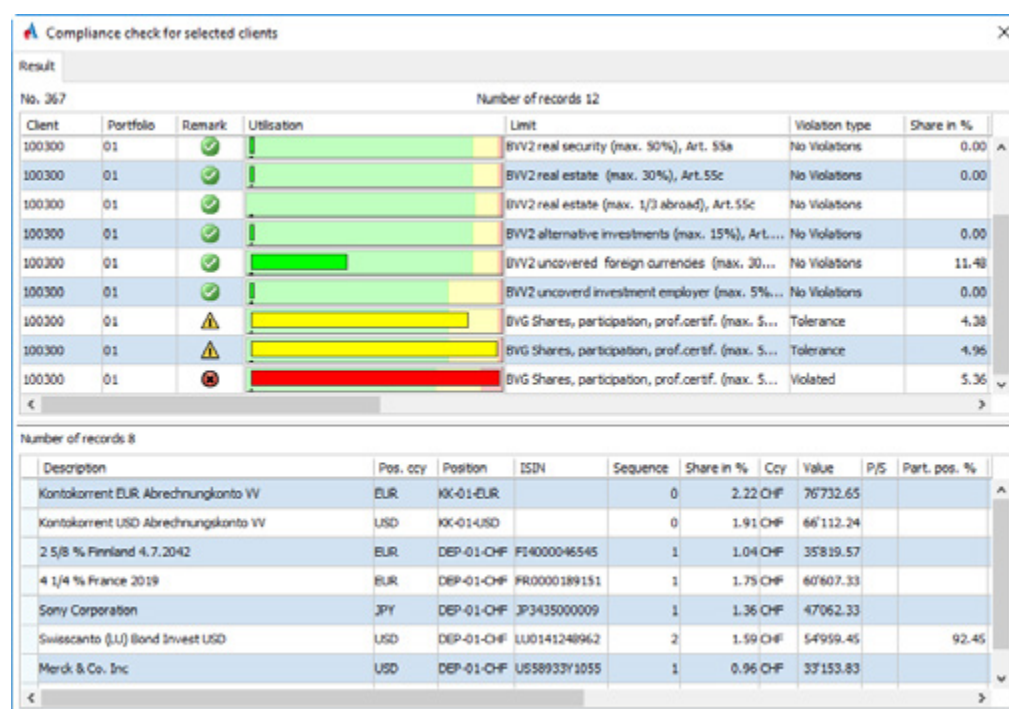


Fig. 2: Online analysis of compliance check results

CONCLUSION

The IC module provides e-AMIS users with a suitable tool for day-to-day monitoring of investment limits in accordance with legal guidelines, internal directives and/or client-specific criteria. By integrating client profiling, strategy definition, portfolio construction and order management, e-AMIS covers the entire investment process for managing and monitoring the assets administered in the system.

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