

## MANAGE THE FULL LIFECYCLE OF WRITTEN SUPERVISORY POLICIES AND PROCEDURES

### Industry Challenge

Broker-dealers, insurers and other financial services firms must establish, maintain, implement and test written supervisory / policies and procedures designed to detect and prevent violations of laws and regulations. Policies and procedures must be updated and modified as business, regulatory and enforcement events dictate; and they must be maintained in compliance with record-keeping requirements including the time period each policy was in effect. Periodic testing of policies is essential to ensure they are effective. Additionally, broker-dealers are subject to FINRA Rule 3130, which mandates that the firm test and report on the effectiveness of the firm's written supervisory procedures on an annual basis.

Written Supervisory Policies and Procedures and Regulatory Change Management are the backbone of a strong compliance program. Together, they must be managed holistically, in an evergreen compliance ecosystem, to ensure a common understanding of and adherence to the firm's Code of Ethics, and current, relevant Written Supervisory and Policies and Procedures.

Today many firms struggle to gain effective oversight, identify red flags and drive the myriad of required activities on an ongoing basis to ensure closed-loop processes across their WSP policies and procedures lifecycle. Some firms rely on first-generation or homegrown document-assembly solutions that require manual administration and tracking and fall significantly short in the area of testing program and deficiency management. Other firms try to adapt their corporate parent's GRC framework to suit a set of very specific requirements, only to discover that the required customizations are cost-prohibitive and the system won't adequately address the regulatory content and change management requirements that are integral to a compliant, evergreen program.

Employing suboptimal solutions in the administration of this mission-critical function can result in:

- Lack of content clarity and policy relevance, compromising firm-wide adherence.
- Inconsistent testing across WSP and an inability to identify when critical remediation loops have not been closed on deficiency resolution.
- An inability to respond to document requests from regulators and examiners on a timely basis.

This can significantly expose the firm to non-compliance, reputational risk and related financial consequences.

### RegEd Solution

Armed with years of research and an intimate understanding of the detailed requirements to satisfy the challenges that broker-dealers, insurance companies and other financial services firms face in this area, RegEd created the blueprint for *CODE™<sup>1</sup> Written Supervisory Procedures and Policies Management*, now launched as an extension of the *CODE* platform and integrated with RegEd's Compliance Management platform.



<sup>1</sup> CODE is a trademark of Compliance Assurance Corporation, a subsidiary of RegEd, Inc.

*CODE Written Supervisory / Policies and Procedures Management*, an enterprise workflow, work-process and task management solution, enables comprehensive, end-to-end administration and oversight of all elements of the firm's written supervisory policies and procedures. This includes the policy approval process, policy distribution, attestation management, testing program management and deficiency and case management. Because the solution uniquely integrates *FINRA's Written Supervisory Procedure Review Checklist* and *CODE's robust Regulatory Change Management*, impacted policies are automatically flagged upon changes to rules or relevant enforcement actions, ensuring the firm's compliance program is current and evergreen.



## Distinguishing Capabilities

*CODE* installs a central control center and repository for the firm's policies and enables the firm to establish discreet policies based on role, function, department and entity, avoiding the need to generalize or over-engineer policies to cover the broad population. This ensures that appropriate policies are maintained and managed at the corporate level, while allowing relevant implementation based on role.

*CODE* leverages RegEd's sophisticated hierarchy management to maintain the integrity of the firm's supervisory structure across the written supervisory policies and procedures lifecycle. Additionally, registered representatives and other associated persons of broker-dealers that have implemented RegEd's *Compliance Management Platform* can seamlessly access their assigned written supervisory policies, procedures and attestations via their compliance program portal. The system maintains full documentation on policy approvals, changes, exceptions, attestations, testing and the evolution of policies over time so that the firm can effectively respond to audits, examinations or on-demand requests.

## ***Create, Review, Approve.***

- Upload existing written supervisory policies and procedures and link to FINRA WSP checklist or state insurance citations.
- Streamline the creation, update, collaboration and approval of policies through workflow-directed routing.
- Link FAQs, attestations, training, other relevant information on a per-policy basis.

## ***Publish by Function / Role.***

- Manage and maintain policies at corporate level, while distributing relevant policies and manuals by role, at any level of the firm's hierarchy.
- Maintain a full historical version chronology of all written supervisory policies and procedures, allowing the on-demand reconstruction of the firm's written supervisory policies and procedures manual(s) based on a specific historical date or time period.

## ***Initiate, Capture Attestations.***

- Distribute and track attestations, by role, firm-wide.
- Status views, auto-notifications flag overdue items, simplifying attestation management.
- Central tracking of exceptions and expiration notifications ensure that temporary exceptions don't become permanent exceptions by default.
- Memorialize dates of attestation, training, completions and read-and-understood acknowledgments.

## ***Monitor Testing and Remediation.***

- Convert WSP to actionable tasks; monitor testing cycles and results; ensure remediation loops are closed.
- Fully automate testing schedules and notifications and monitor the execution of all required testing.
- Gain an instant view into how specific policies are tested and the effectiveness of those policies based on the results of testing to date; track deficiency resolution to ensure that gaps are closed on a timely basis.
- Receive auto-notifications on task progress, completions and overdue tasks.
- Capture and manage ad-hoc incidents in a consistent manner.

## ***Flag, Update Policies on Rule Change or Relevant Enforcement Actions.***

- An integrated citation register for FINRA's Written Supervisory Procedure Review Checklist contains over 230 metatags, representing authoritative citations from FINRA, NASD, SEC, MRSB, BSA and other relevant regulating bodies.
- Easily map regulatory citations meta-tags to the firms WSP / policies.
- Impacted policies are automatically identified upon rule change, relevant enforcement action.
- Update policies to reflect current requirements and best practices.

## Value Delivered

*CODE Written Supervisory Policies and Procedures Management* strengthens the firm's compliance program by enabling more effective oversight and supervision.

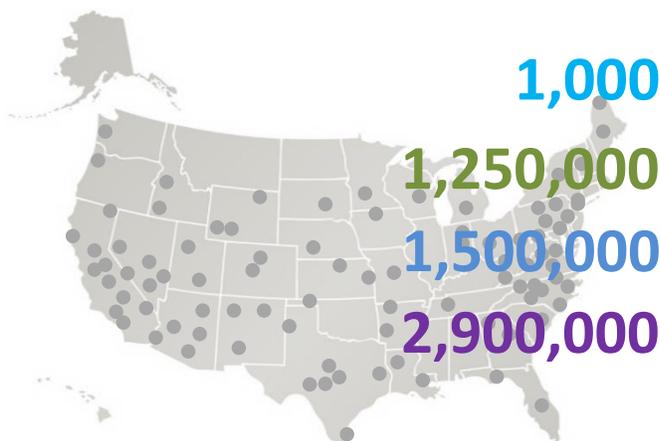
- Ensures critical compliance information is synchronized with current rules and regulations.
- Streamlines preparedness for regulatory audits and market conduct exams with strong documentation and detailed evidence of compliance.
- Allows Compliance to shift from reactive to a proactive posture to deliver higher value to the firm.
- Systematized, transparent processes demonstrate a “tone at the top” and a rigorous compliance program, instilling confidence and positioning firm to better withstand the scrutiny of regulators.
- Delivers unparalleled operational efficiency and reduces the time and costs required to prepare for audits and exams.

An investment in RegEd solutions and *CODE* delivers extraordinary value, maximizing the return on investment over the long-term. *CODE* enables firms to automate and streamline the execution and management of time-consuming tasks across operational, regulatory, legal and compliance areas, saving significant time and reducing costs. In addition, firms can cost-effectively build on their initial investment as their needs expand and evolve.

### Why Choose RegEd?

RegEd is the leading provider of compliance management, licensing and registration and compliance and product education solutions to the financial services industry. Our solutions deliver unparalleled levels of operational efficiency and enable firms to cost-effectively comply and manage risk associated with state, FINRA and SEC regulation.

- An investment in RegEd technology translates into extraordinary long-term value. Firms can cost-effectively build on their initial investment as their needs evolve, maximizing the return and value for their compliance spend.
- RegEd solutions are continuously expanded using input from solution-specific client advisory boards.
- Clients view RegEd as an extension of their organization. They are assigned an experienced implementation project team and have a dedicated support team, including a relationship manager, product support experts, and experienced, engaged customer service professionals.



**1,000** Clients, including 400 enterprise clients, encompassing the nation's top financial services firms

**1,250,000** CE courses and insurance certs delivered annually

**1,500,000** End users in broker-dealers, insurance companies and brokers

**2,900,000** Insurance and securities transactions processed annually