

EFFICIENTLY MANAGE THE FIRM'S BRANCH AUDIT PROGRAM, RESOLUTION CYCLE

Industry Challenge

FINRA Rule 3110 requires member firms to conduct an annual review of the businesses in which it engages. Central to this review are branch audits, whose purpose is to ensure that branch supervision and all activities are being conducted within the bounds of applicable securities laws and regulations. Implementing an effective branch audit program is an essential component of any firm's supervisory system and is integral to a strong risk management posture.

In order to maintain compliance with FINRA Rule 3110, broker-dealers must regularly evaluate their supervisory practices and devote sufficient time to reviewing the adequacy of their audit plan. For some firms, this challenge is exacerbated by regular increases in the number of annual branch office exams and the attendant time-consuming preparation and audit closure processes. Rigorous processes are required to ensure compliance including random client sampling, full branch audit and remediation documentation, audit trails, reporting and close out letters. Effective management of the aggregate demands streamlined, efficient processes and the automated capture of audit and remediation activities. Today many broker-dealers still rely on manual, paper or email-driven systems to manage their branch audit program. These firms are significantly handicapped to assess their overall compliance status and remediate compliance failures on a timely basis, increasing their risk exposure and the potential of fines, sanctions and reputational impact.

RegEd Solution

RegEd's industry-leading *Audit Management* solution enables firms to fully plan, schedule, conduct, resolve and report on branch audits. Proven over scores of implementations, *Audit Management* significantly reduces manual, paper-driven processes, creating a seamless, efficient, end-to-end process for branch audit reviews.

The solution's robust capabilities enable effective oversight and efficient administration of the branch audit program while facilitating the ability of administrators, supervisors, auditors and auditees to readily participate in the process at all appropriate junctures.



Audit Management can be configured to reflect the firm's specific organizational hierarchy and business processes, including the ability to conduct audits online or offline, customize audit modules and automate specific tasks based on findings.

Distinguishing Capabilities

- Audit dashboards provide current status of individual audits and overall audit program.
- Resolution checklists enable auditors to effectively manage follow-up tasks.
- Flexibility to conduct audits online or offline.
- Audit response services automate and improve deficiency resolution.
- Auto-generate customized findings letters for deficient and non-deficient audits.
- Definable scoring parameters identify, monitor and report risk ratings.
- Deficiency reporting identifies specific areas requiring attention.
- Customize audit module content based on firm policies and industry regulations.

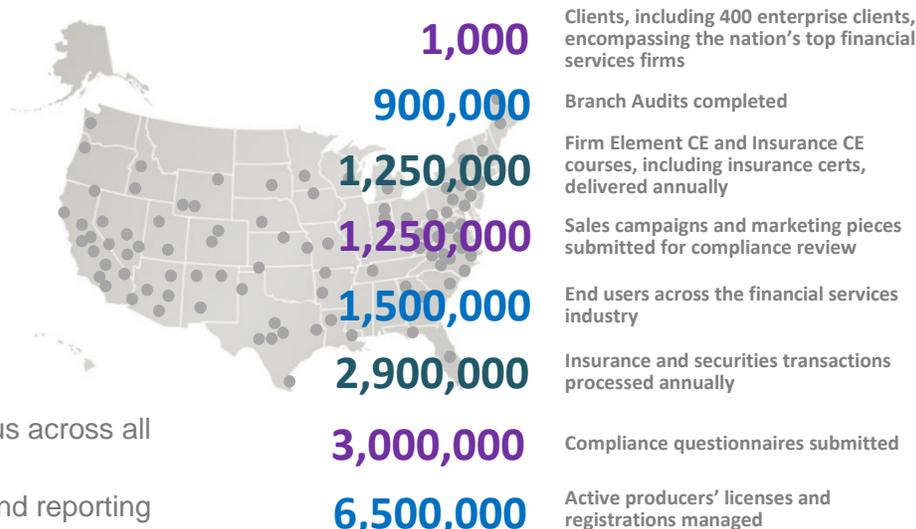
Key Benefits

Streamline the Audit Process and Increase the Efficiency of the Firm's Audit Program

- Download capabilities provide the flexibility to conduct audits offline.
- Automatic due date calculation for multiple audit cycles enables precise audit program management.
- Audit dashboards identify open audits and can easily be accessed for further action, such as task follow-up or completion.
- Comprehensive data repository stores all completed audits and can be accessed 24/7 for review.
- Create custom audit content based on company and industry regulations.
- Auto-generate customized findings letters for deficient and non-deficient audits.
- Full audit trails provide strong documentation for the firm's Audit Committee and Regulators.

Improve Speed and Effectiveness of Issue Resolution to Reduce Risk of Non-Compliance

- Full administrative oversight of firm's audit program and auditors enables administrators to ensure expected progress is being made, identify bottlenecks and reallocate audit schedules where required.
- Ability to identify repeat deficiencies year over year enables the firm to isolate negative trends and undertake the appropriate plan of action.
- Audit Findings integrated with the *Audit Response Service* facilitates the direct communication between auditors and auditees and speeds the resolution process.
- Notifications and alerts identify outstanding tasks and audit tracking capabilities enable views of current status across all tasks to ensure their timely completion.
- Standardization of intake, remediation and reporting conventions drives consistency across all elements of an audit program ensuring that the program is being executed within company and regulatory guidelines.



User-Friendly Interface and Secure Access for all Users

- Intuitive, easy-to-use interface.
- Browser-based access eliminates need for agents, downloads, or proprietary software.
- All communications and storage of information is fully secure.

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 allow 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 grow and evolve, maximizing the return and value for their compliance spend.