

Net Capital Calculations

for Securities Broker Dealers

Comprehensive & Transparent Net Capital Calculations

CHALLENGES—Net Capital Computation is a complex and rigorous regulatory requirement facing all Broker Dealers. The future of securities regulatory landscape is more challenging than before as the SEC and CFTC are mandating greater standardization of over-the-counter (OTC) derivative contracts, supporting electronic price discovery, trade execution and reporting, and mandating central counterparty (CCP) clearing to reduce systemic risk. Best practice in computing liquidity risk is pushing firms to examine their existing models and procedures. Changes to Rule 17A-5 have mandated that firm's external auditors 'raise the bar' for their annual attest scrutiny of regulatory computations and allocations. These wide ranging changes of regulatory requirements are forcing firms to invest significant time, resources and effort to adapt to a paradigm shift on how regulators will track and monitor trading activities in an increasingly challenging regulatory environment. Recent and upcoming regulatory reforms such as CAT (Consolidated Audit Trail) will enable regulators to be able to examine transactions across the entire life cycle and all the way back to the beneficial owners. This massive and valuable consolidated information, which will be the world's largest repository of securities transactions, will require broker-dealers to build a robust, scalable and flexible infrastructure.

AxiomSL Solution for Net Capital Requirements

AxiomSL, global leader in regulatory reporting solutions and risk management for over 20 years, provides a dynamic data management framework offering flexibility and scalability in consolidating clients' data while delivering calculation and reporting processes transparency. This robust technology addresses current regulatory deadlines while building the foundation for a strategic cost effective long-term regulatory reporting platform. Solution provides (not exhaustive):

- Aggregation of disparate data flows for positions in equity options, currency options and index options, futures and options on futures
- Calculation engine designed and tested based on SEC rules
- Scenario building capabilities based on market conditions
- Full transparency in calculations
- Net capital requirements
- Inventory haircut requirement with optimization options
- Dynamic dashboards

AxiomSL's Strategic Regulatory Platform

To meet evolving and upcoming regulations, financial institutions need a powerful capital and computation regulatory framework combined with

KEY BENEFITS

Embed transparency in calculations and reporting

Optimize capital adequacy

Pre-built and tested calculation engine

Flexible, transparent, scalable, auditable, performance driven product (high volumes)

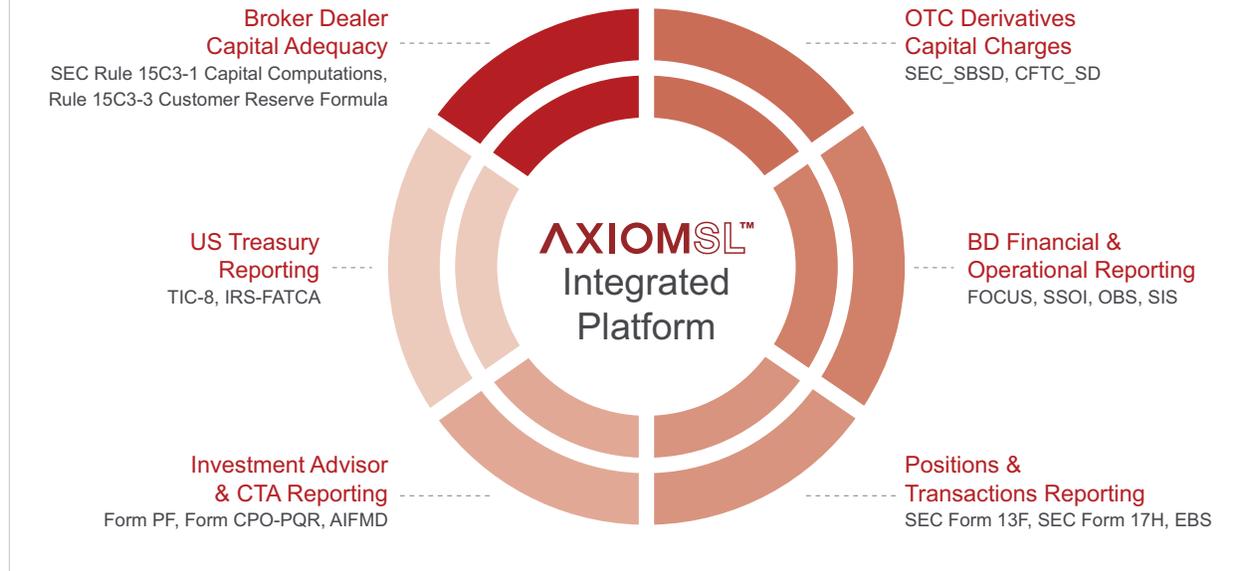
Centralize all data collection from disparate data sources

Provide comprehensive data dictionary

Scenario analysis/Stress test capabilities

Leverage capabilities (i.e. implementation used at other locations).

AXIOMSL™ Net Capital Calculations for Securities Broker Dealers



a flexible reporting solution. AxiomSL's comprehensive solution enables Broker Dealers to source, enrich, calculate, analyze, disclose, reconcile and consolidate data to meet reporting requirements for both internal and external stakeholders. Given the diversity of the reports; US Treasury reporting, Focus reporting, Positions reporting, Investment Advisors and Commodity Trading Advisor Reporting as well as Capital computation and Liquidity Measurements & Standards, AxiomSL's solution enables Broker Dealers to leverage their data to meet regulatory requirements across multiple reports on one platform. This integrated platform has the ability to perform capital adequacy computations at various levels of granularity and from multiple and diverse sources providing all the steps to comply with regulatory requirements and financial control reporting. It delivers a transparent link between the client's data source and the standard calculations. AxiomSL's platform manages multiple financial applications while streamlining and automating reporting processes across critical business functions in multiple jurisdictions. The solution provides the flexibility to make rapid and frequent changes to meet evolving regulatory requirements.

KEY FEATURES

Interface with clients' data structure and workflow process without any data conversion

Centralize data collection

Aggregate and map data in a timely manner while meeting the principles of accuracy, integrity, completeness and adaptability

Compute capital adequacy calculations at various levels of granularity from multiple and disparate data sources

Allow for quick implementation

Provide cost-effective preparation of regulatory reports for electronic review and submission

Streamline and automate reporting processes