

22c-2 Trade Monitoring

January 2016

Boston Financial's Robust Full-Service Solution

22c-2: Challenging for Mutual Fund Companies

Identifying market timers. Communicating exceptions to intermediaries. Creating compliance records for future audit needs. Responding to market timing scandals, SEC Rule 22c-2 mandates that financial services companies create and administer a program designed to:

- Identify subaccount market timing activities
- Communicate exceptions to intermediaries
- Ensure that intermediaries are enforcing prospectus obligations at the individual shareholder level

Lack of compliance with Rule 22c-2 can mean possible fines and negative publicity.

This resource intensive regulation is very difficult to manage in-house without tools for (a) automating and adjusting sales monitoring thresholds, and (b) managing non-standard sales feeds from intermediaries. Tools are only one part of the equation. You also need compliance professionals who are expert in leveraging these tools, and adept at investigating potential violations.

Boston Financial: Proven Technology and Expertise

Hosted data and SaaS (software as a service) solutions require that your compliance specialists become application *and* investigation experts. Your team must set your monitoring thresholds, manage intermediary sales feeds, and interpret off-the-shelf reports after the application analyzes the daily sales feed. Furthermore, hosted solutions do not conduct investigations for you, which means your staff has to work with intermediaries to get more detail on thousands of trades each year.

Boston Financial's full-service 22c-2 trade monitoring service removes you from most of the cumbersome work

of receiving and analyzing daily sales feeds from intermediaries, and manually entering and analyzing data in spreadsheets. We automate these functions and then send you daily exception reports.

You can have confidence that Boston Financial's 22c-2 service will help you monitor - and take action against - market timing and/or abusive traders by:

- Managing your intermediary interface, including correspondence, data requests, and data storage
- Analyzing sales activities against your fund rules
- Reviewing and filtering daily exceptions
- Investigating identified market timing violations and handling communication with intermediaries
- Communicating the results of investigations to your team

We also manage and maintain your data, including your restrictions database, intermediary correspondence, and intermediary audit trails.



69,000
investigations

This is the average number of potential market timing violations we investigate every year for our 22c-2 clients. That's an average of nearly 150 investigations for every client, every month.

Boston Financial's scale makes it possible for our team of experienced

Compliance Analysts to easily manage this workload. With your authorization, they initiate investigations, manage all follow-up with intermediaries, and eventually deliver a report detailing actions required to resolve the issue. As part of our service, we maintain an investigation audit trail should you ever need it.

Do you have the time and the resources to investigate 150 potential violations every month?



7.6 Million Trades

This is the number of trades that Boston Financial converts from non-standard file formats each year, 10% of our total trade volume.

If your 22c-2 solution doesn't accept non-standard file formats, **how many potential trade monitoring violations could you be missing?**

Transparency and Scalability

Mutual fund companies indicate they outsource their 22c-2 program to Boston Financial to benefit from the trade transparency we offer, along with our scalable infrastructure. These factors, which combine to create one of the most efficient and comprehensive solutions in the market, are among the reasons why we have 100% client retention since we started our trade monitoring service in 2007.

Increase Trade Transparency

Boston Financial offers your firm the trade transparency sought by federal regulators, your fund boards, and your shareholders. We do more than simply download and analyze your sales feeds "as is". Instead, we break this data down and analyze your trades at a granular level to make sure your fund rules are being uniformly applied. We accept a wide variety of data formats and transmission methods. Our system automatically reformats the non-standard data responses that make up an average of 10% of our clients' annual sales feeds. This is intended to reduce gaps in your data, and minimize the need for costly, manual analysis.

Save Time with Our Scalability

Clients frequently tell us how much time they save when outsourcing their 22c-2 program to Boston Financial. On average, clients spend only three hours a week on their 22c-2 program after converting to Boston Financial. For one client, this shift represented a staffing decrease of more than 95%, down from 6.0 FTEs. How do we do it? Our scalable infrastructure is equipped to handle

changes in processing volumes more efficiently than most in-house programs.

The Boston Financial Advantage

Boston Financial's 22c-2 solution can help achieve your firm's intermediary oversight goals by providing:

- Analysis of your trade data on a secure platform customized to your fund rules
- Insight into the trade monitoring process for you and your fund board
- Deep bench strength in both the technology and the process of managing trade monitoring programs
- Secure access to ancillary services that complement your operation such as distribution intelligence, data and digital strategy consulting, Blue Sky, and proxy services – all through one enterprise
- A commitment to our business and our clients

Only Boston Financial brings together sophisticated technologies and deep industry expertise to offer a full-service market timing solution.



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Boston Financial helps the nation's most prestigious financial services companies grow and build for the future. Founded in 1973 as a unique 50/50 joint venture of DST and State Street, we provide comprehensive transfer agent services using industry-leading practices, cutting edge technology, unmatched experience, and the most knowledgeable professionals in the industry.



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