Simplifying Regulatory Reporting
OUR COMPANY

Regulatory Technology

Flagship solution automates substantial shareholding disclosure

Solution Created By Senior Practitioners With Deep Industry Know-how
FOUNDERS AND PRACTITIONERS

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CEO
17 years experienced in investment operations & technology, strong track in managing large-scale projects
Ex-COO NTUC Income, Prudential Asset Management and Russell Investment Group

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17 years experienced in advisory services & solutions for global asset managers, hedge and sovereign wealth funds
Ex-CLSA, Barclays, Macquarie Bank and Deloitte & Touche

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CTO
15 years experienced expert in business systems on capital markets and built in-house Substantial Shareholding Disclosure solution
Ex-Aberdeen Asset Management and First State Investments
WHAT IS SUBSTANTIAL SHAREHOLDING DISCLOSURE?

100+ GLOBAL REGULATORS

SHAREHOLDERS WHO BREACH THE MANDATORY THRESHOLD LEVELS ARE DEEMED TO BECOME A SUBSTANTIAL SHAREHOLDER MUST DISCLOSE TO THE RESPECTIVE REGULATOR WITHIN 2/3 DAYS

GLOBAL FINANCIAL INSTITUTIONS

THRESHOLDS TRIGGERED

FILE DISCLOSURE

DAY 0
(Trade Date)

DAY 1

DAY 2

- MANDATORY REGULATIONS
- SPECIFIED THRESHOLDS
- INITIAL/SUBSEQUENT/CESSATION
- TIGHT DISCLOSURE TIMEFRAME
MULTIPLE JURISDICTIONS

Hefty penalties for non-compliance

BaFin €3.25mn fines top global investment manager

German financial market watchdog BaFin imposed a €3.25mn fine *//** on the investment manager for publishing faulty corporate voting rights disclosures “…Group companies had previously disclosed their holdings of voting rights and financials instruments incorrectly or late, in contravention of the Securities Trading Act.”

* €10mn or 5% of the group’s annual turnover
** Double the economic advantage derived from the infringement

• Imprisonment <20yrs
• Fine US$5mn
• Civil penalty max. US$5mn

• Loss of voting rights
• Fine €100mn to 10 times profits

• Criminal penalty of fine & imprisonment
• Civil penalty of a fine

• Imprisonment max 2 years
• Fine min.HK$100k

• Imprisonment 6 years
• Fine of 25 units
THE PROBLEM STATEMENT

AUTOMATED REPORTING OF SHARES IS AN INDUSTRY WIDE PROBLEM GLOBALLY

Shareholder reporting requirement processes in the financial services industry is costly and prone to delays and errors. Need for a flexible, easy to access solution that can automate the recording, transfer and reporting of shares?
BROAD RANGE OF USERS

- Asset Owners
- Asset Managers
- Fund Administrators
- Sovereign Funds
- Endowment Funds
- Pension Fund
- Hedge Funds
- Banks
- Trustees
- Securities Services
- Insurance
WHY ARE DISCLOSURES A CHALLENGE TODAY?

- Multiple Legacy Platforms
- Complex Organizational Structures
- Complex Financial Instruments
- 100+ Jurisdictions with evolving regulations
- Multi Language Forms
SUBSTANTIAL SHAREHOLDING DISCLOSURE SOLUTION

Upstream Systems
- Security Information
- Linked Security
- Dual-listed Security

Market Data
- SEDOL
- Shares Out
- GICS

Intra-Day Trade
- GICS

Entity Structure
- Entity Structure
- Fund
- In-house Rules

Holding Trade
- End of Day Position
- Transactions

Regulatory Rules Engine
- Validation
- Aggregation
- Calculation
- Notification
- Generation

Data Exception
- Disclosure Notification
- Disclosure Form

Management Reports
- Holding Summary
- Audit Trail Report

Report Library
- Configurable

Holding Summary
- Trade
- Intra-Day Trade
- Upstream Systems
KEY FEATURES FROM PRACTITIONERS

- **Multi-Instrument**: Equities / Convertible Debt Securities / Derivatives / Structured Products
- **Data Validation**: Data validation to ensure data quality
- **Sophisticated Rules**: Parameterized rules allow greater transparency
- **Takeover & Short Selling**: Ability to monitor positions against takeover, short selling, sensitive industry and internal rules
- **Position Monitoring**: Dashboard summary on positions for reporting and on internal watchlist
- **Multi-language Forms**: Multi-language disclosure forms are auto-filled
- **Intraday Reporting**: Ability to handle jurisdictions with intraday reporting
- **Remedial**: Recalculation of positions post event
## Case Study: Global Universal Bank

### The Challenge

Global Universal Bank operating in large, complex environment:

- **Universal businesses**: consumer, commercial, institutional, insurance, treasury
- **Geographical coverage**: 50 countries.
- **Organization sprawl**: 400 entities and 100+ BUs.
- **Product diversity**: 600+ portfolios, multiple instruments including Structured Products

Drive efficiency, improved workflow, enhance compliance practice, embrace digital transformation.

The challenge included:

- Manual processes from aggregation to disclosure and auto-regulatory form completion
- Pressure to meet T+2 disclosure
- Keeping up with rule changes across multiple jurisdictions
- Aggregation of accurate shareholding position with complex products and legacy systems
- Maintaining relevant data repository

### Solution

Artius Global Substantial Shareholding Solution offers end-to-end automated monitoring, regulatory disclosures reports and rule changes:

- **Rule Digitization**: based on AOSphere’s database & AG Compliance team. Coded Rules are parameterized thus allowing rule interpretation flexibility and full audit-trail. Over 650 rules configured for this client
- **Efficient Reporting**: Dashboard consolidates legal entities even fund structures; autofilling of multi-languages regulatory forms across multi-jurisdictions; highlights exceptions, duplicities and inconsistencies of datapoints.
- **Timely**: Intra-day; Active position monitoring. All transactions based on up-to-date rules

Complemented by:

- **Deep Domain expertise**: built, managed and implemented by seasoned practitioners
- **Client centricity**: working closely with the bank’s Data, Technology, IT, and Compliance to deploy

### Benefits

Overall key benefit is sustainable, scalable proactive risk mitigation solution in place to pre-empt non-compliance and stay current of regulatory changes:

- **Risk reduction**: avoid severe penalties, criminal prosecution and reputational damage
- **Efficiency enhancer**: reduce lead time and inaccuracies reflecting actual positions, deciphering the legal entities and their positions, deciphering the rules and reporting is now completed in a one step process
- **Strategically relevant**: transform shareholding disclosure from tactical operational function to strategic decision making. More rapid and precise decisions or prompt resolution actions allow scenario planning and business execution. Solution enables agility with business growth
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