

Oracle Financial Services Energy and Commodity Trading Compliance



Firms that trade energy and commodities are recognizing the need to enhance their ability to rigorously monitor trading activity. Resource intensive compliance monitoring approaches based on periodic sampling, spreadsheet-driven reviews, and paper-based documentation have been replaced by technology-driven, automated monitoring solutions that leverage best practices approaches. For over a decade, Oracle Financial Services has delivered trade surveillance solutions that generate automated alerts extending across numerous asset classes for the global banking community. Oracle Financial Services Energy and Commodity Trading Compliance (ECTC) builds on these experiences to enable energy and commodity trading firms to effectively monitor their proprietary, employee, and institutional customer trading activity. Oracle Financial Services ECTC can serve as a cornerstone of an institutions' program to meet regulatory expectations for documentation, prevention, and detection of inappropriate trading activity.

KEY FEATURES

- Comprehensive instrument coverage
- Prebuilt scenarios & detection techniques
- Adaptability to industry regulatory changes
- Extensive monitoring of potential market manipulation
- Trade-by-trade comparison to market activity
- Ad hoc reporting through OBIEE complete documentation, workflow, and audit trail

KEY BENEFITS

- Provide proactive view of all trading activity
- Increase customer satisfaction & loyalty
- Improve regulator relationships
- Compliance process efficiencies
- Reduced cost of compliance

Monitor Trading In Line with Regulatory and Customer Expectations

Increasingly, energy companies have come under intense scrutiny by the Federal Energy Regulatory Commission (FERC), the Commodities Futures Trading Commission (CFTC) and the Financial Services Administration (FSA). Regulatory settlements routinely specify that the subject companies agree to establish and follow a 'compliance plan' – the focus of these compliance plans is on *detection, documentation, and prevention*.

Regulatory agencies have set clear mandates for financial institutions under their watch to intensify compliance initiatives and ensure that a culture of compliance prevails throughout their organization. A rigorous approach towards monitoring and surveillance of trading activity that generates meaningful alerts enables efficient investigation and analysis. It also streamlines the ongoing process of management and reporting of relevant information that is the key to a firm's ability to meet more stringent regulatory expectations and achieve an operating environment that protects the firm's reputation and customers.

The Oracle Financial Services Energy and Commodity Trading Compliance application applies sophisticated pattern recognition techniques to monitor trading and market-making activities regarding regulatory compliance and quality of execution. The solution provides trade-by-trade visibility into interactions between traders and other market

RELATED PRODUCTS

The following products are also available from Oracle Financial Services Analytical Applications:

- Oracle Financial Services Energy and Commodity Compliance Analytics
- Oracle Financial Services Broker Compliance
- Oracle Financial Services Trading Compliance
- Oracle Financial Services TC/BC Analytics
- Oracle Financial Services Trade Blotter
- Oracle Financial Services Personal Trading Approval
- Oracle Financial Services Anti Money Laundering
- Oracle Financial Services Fraud
- Oracle Financial Services Know Your Customer
- Oracle Financial Services Enterprise Case Management

participants to identify potentially problematic practices or inferior order handling.

Oracle Financial Services Energy and Commodity Trading Compliance allows you to achieve:

- **A Proactive View of All Trading Activities.** By allowing you to discern intentional from unintentional trading behaviors and detect trader and customer behaviors, Oracle Financial Services Energy and Commodity Trading Compliance gives you greater insight into your firm's trading activity.
- **Improved Regulator Relationships.** Oracle Financial Services Energy and Commodity Trading Compliance covers multiple instruments, market segments, jurisdictions, time zones, currencies, and market structures through the use of behavior detection scenarios to identify trading anomalies. Ready access to alert data in electronic format helps you demonstrate a proactive approach to regulators and readily respond to regulator inquiries.
- **Compliance Process Efficiencies.** Using market-driven approaches for identifying important behaviors of interest, compliance personnel can shift from time-consuming and manual methods of data gathering and hunting for anomalies to focusing on the most urgent and threatening issues that are automatically identified through rigorous alerting algorithms and methodologies. Additionally, Oracle Financial Services Energy and Commodity Trading Compliance provides compliance analysts with market and reference data that enables the rapid disposition and routing of alerts, efficient management of subsequent investigations, and a simple escalation process where further case management is required.
- **Reduced Cost of Compliance.** Oracle Financial Services Energy and Commodity Trading Compliance is offered as part of a broad, integrated compliance platform that helps firms:
 - » Achieve a holistic view of their traders, employees, and customers
 - » Overcome the inadequacies of silo-driven approach to compliance
 - » Reduce total cost of ownership by consolidating onto a single platform
 - » Reduce time by implementing an application immediately ready for use

Key Features and Functionality

Detection of complex behaviors thru "scenarios" that apply sophisticated data mining tools and algorithms has been the hallmark of the Oracle Financial Services since 1996. In addition to a comprehensive offering of scenarios, that remain widely recognized as the most elegant of detection techniques, Oracle Financial Services Energy and Commodity Trading Compliance offers the following key capabilities:

- **Flexibility and Configurability** – Throughout the application, from the user interface to the underlying alert generation approach, users can readily tailor the application to meet any specific needs of the firm or an individual user.
- **Oracle Business Intelligence (OBI) Reporting, Analytics, and Dashboards** – Oracle Financial Services Energy and Commodity Trading Compliance offers a range of behavior identification approaches ranging from the simple to the complex. OBIEE complements scenario detection with a robust set of tools for analytics and reporting.
- **Expedited Implementation Processes** – Quality data will always be the driver of quality alerts. Oracle Financial Services provides multiple approaches to data acquisition that can get you up and running faster than ever.
- **Scenario Library** – Using pre-built patterns for detecting unusual trading activity, Oracle Financial Services Energy and Commodity Trading Compliance can serve as the cornerstone of a firm's trade monitoring initiatives in every global market.
- **Highly Configurable Scenarios** – Compliance is not a one-size-fits-all business. Oracle Financial Services' pre-built scenarios are easily configured with parameters

that allow institutions to match their individual compliance philosophy, risk tolerance, and personnel resource availability with the appropriate level of monitoring and analysis.

- **Threshold Analyzer** – Regulators routinely drill compliance personnel on the selected settings for their monitoring efforts. Threshold Analyzer looks at historic alerts to help firms hone in on the ideal settings and demonstrate quantitatively to regulators the rationale for the firm’s decisions.
- **Automated Alert Correlation** – A compliance officer’s best friend, the Alert Correlation tool automatically searches across all Oracle Financial Services alerts to identify potentially undiscovered relationships.
- **Enterprise Case Management** – Designed to meet the specific needs of the financial crime and compliance management user community, the Oracle Financial Services Case Management component offers a separate case management workflow integrated with the alert workflow. Users can generate new cases or promote existing alerts to cases enabling a more holistic and enterprise approach to compliance risk management.
- **More Alert Perspectives** – Core scenarios generate alerts from multiple perspectives, or “focus types,” enabling alerts on individual traders, trading desks/benches/books, customer accounts, other firm employees, individual securities, orders, and/or executions.
- **Mature Data Model** – Experienced compliance personnel understand that a rich data set enables quality alerts and the efficient analysis of those alerts. Oracle Financial Services leverages a robust data model for compliance risk management that is essential for identifying the complex behaviors that most threaten the financial firm in the form of reputational and regulatory risk.
- **Comprehensive Instrument Coverage** – As regulatory inspection extends to physical and financial products, Oracle Financial Services delivers. New scenarios target unique behaviors of interest in for Physicals (e.g., spot and forward markets, wholesale physical transactions regulated by the FERC) and Financial/Derivatives market (e.g. futures and options exchange trades regulated by CFTC and OTC transactions).

Identify Potentially Problematic Behavior across Asset Classes

Oracle Financial Services Energy and Commodity Trading Compliance offers trading behavior detection scenarios to help you monitor internal activities and interactions with customers and other market participants to detect actions that can lead to non-compliance with regulation and loss of reputation in the market. A sample of the areas of coverage include:

- **Market Manipulation and Abuse** – Exchanges, market centers, regulatory bodies, and individual broker dealers are highly focused on potentially manipulative behaviors and establish policies and procedures to which market participants and trading personnel must adhere.
- **Employee/Insider Trading and Control Room** – A primary area of regulatory attention across global markets.
- **Disadvantaging Customers** – Monitoring traders who may be positioned to take advantage of customer activity for firm or personnel gain remains an expanding area of interest for regulators.
- **Off Market Pricing** – As market data improves, monitoring fair pricing by comparing trades with market data becomes increasingly important.

“Future-Proof” Your Compliance Investment

Oracle Financial Services Energy and Commodity Trading Compliance operates within the Oracle Financial Services Financial Crime and Compliance family of solutions, the first comprehensive set of applications to meet the particular needs of the financial services community. This solution comprises Oracle Financial Services' best-in-class risk and compliance behavior detection solutions for Anti-Money Laundering, Fraud, Know Your Customer, and Trading and Broker Compliance applications. It surrounds these point solutions to provide an end-to-end solution that leverages a robust data model and comprehensive dashboard capabilities to deliver a single transparent, holistic view of all Financial Crime and Compliance related activities across the enterprise.

Oracle Financial Services helps you to identify operational inefficiencies that increase noncompliance risks and overall compliance costs.

The unified Oracle Financial Services Financial Crime and Compliance family of applications helps you tackle today's tactical risk and compliance problems while future-proofing compliance spending across regulatory mandates. By establishing a strategy to address risk and compliance initiatives, you can respond to changing business and regulatory conditions while leveraging existing business, functional, and technology components thereby improving the consistency and effectiveness of your data, increasing your business performance, improving your time to production and strengthening your competitive advantage: all while controlling your overall compliance costs.

About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven “R” modeling platform, and the industry-leading Oracle Business Intelligence platform.

A single, unified data model and infrastructure provides one version of the analytical “truth” to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.

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Hardware and Software, Engineered to Work Together

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