

Compliance In The Digital Age



I W I T N E S S

"Email is rapidly becoming an electronic banana peel in terms of risk for U.S. businesses."

*Lynna Goch, "Electronic Lost and Found,"
Best's Review Magazine, March 2000.*

Regulatory Enforcement on the Rise

Enforcement actions by the SEC, NYSE, and NASD can damage corporate reputations and interfere with business operations. Fines, injunctions, censures, revocations, and suspensions can add up quickly. In a single year, SEC enforcement actions generated more than \$191 million in civil penalties and forced several firms to relinquish \$650 million collectively in profits.

Recently, enforcement actions have begun to focus on digital communication. The SEC is formally evaluating the financial service industry's compliance with book and record-keeping rules that, since 1997, have applied to digital as well as ink-on-paper messages between broker-dealers and customers.

Financial services firms face conflicting forces. Competition drives them to adopt new technologies quickly, while regulators demand that they accurately and comprehensively document their activities, a task that new technologies do not always facilitate. Regulatory agencies have made it clear that digital business activities must produce records—reliable information that definitively attests to what happened.

The message is clear: To safeguard their businesses, financial services firms need to take decisive and immediate action to bring digital communication between broker-dealers and customers into line with regulatory requirements.

The Comprehensive Compliance Solution for Financial Services

Iwitness is a leading provider of Electronic Records Management (ERM) software designed specifically to reduce the risks and costs associated with doing business digitally.

Iwitness offers a comprehensive solution for financial services firms required to keep records of digital broker-dealer communications with customers. The Iwitness offering is an integrated solution that allows organizations to Capture, Archive, Review, Manage and Audit records as appropriate for regulatory compliance and legal or authorized business use. The solution comprises four major components:

- The Iwitness VeriMail® automatically captures email messages
- The Iwitness Archive Center indexes messages, applies retention and security settings, and writes the messages to secure, duplicate WORM storage. It also initiates and maintains a digital audit trail for each record.
- The Iwitness Archive Navigator interface allows compliance officers and regulatory authorities to retrieve and review messages from online and off-line storage systems, and to forward them for further review or action.
- The Iwitness System Manager interface allows system administrators to easily configure and manage the compliance system.

VeriMail
Archive Center

Iwitness VeriMail System

Automatically and verifiably captures email messages of employees based on the rules set by the organization.

Iwitness Archive Navigator

- Provides an interface for internal compliance officers, information security personell, and legal staff to access electronic record information.
- Allows SEC and self-regulatory organizations secure access to search the Iwitness Archive Center via the Internet.

Iwitness Archive Center

- Indexes entire messages upon capture which enables key-word search and retrieval of archived messages.
- Initiates a digital audit trail upon capture, which generates time stamping and history throughout the life of the record.
- Writes messages to secure WORM storage in duplicate.
- Provides integrity checking throughout the life of the record.
- Applies retention schedules to each specific record based on type.
- Maintains records in auditable, accessible form.
- Applies appropriate security to maintain accessibility for the SEC and self-regulatory organizations per regulations, for specified periods.

Iwitness System Manager

- Provides a complete, simple-to-use interface for system administration.
- Enables scheduling of VeriMail capture processes.
- Allows addition and management of users and groups.
- Provides for importation of users from LDAP.
- Enables creation of site-wide and user-specific rules for archiving.
- Allows configuration of hierarchical storage management, and management of key words.

Why the Iwitness Solution?

Cost-effective compliance is a business advantage. The Iwitness solution offers reliable, accurate, automated capture and fast, easy retrieval of email that is subject to internal audit or regulatory examination. The result: it safeguards the firm while minimizing internal staff time consumed by these processes.

Iwitness enables the automatic capture of the entire message including attachments, BCC field, and real-time expansion of the distribution list. The system ensures accurate capture and reflects the recipients of each email message—foiling attempts to conceal inappropriate broker/dealer communications.

With the size and volume of business email messages growing exponentially, scalability is critical. In-house email compliance systems deployed just two years ago have already collapsed under the burden. The Iwitness solution is built on technology to handle enterprise-scale volumes of digital information.

Today's buyer needs to look to the future. While email is currently the target of regulatory examination, the SEC is certain to extend its scope to other forms of digital information as well. NASD has already proposed that its regulations be extended to "interactive electronic forums." Other forms of electronic records include instant messages, web transactions, and digitally signed documents. The Iwitness Archive Center accommodates these and other types of digital information, providing the most comprehensive, long-term, and cost-effective compliance solution.

More information:

Iwitness is available via phone, fax, or email.

**Email: info@iwitness.com
www.iwitness.com**

**Iwitness, Inc.
2995 Wilderness Place,
Suite 2N
Boulder CO 80301
(303) 545-9000, x 103
(303) 545-9155**

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