



NEXJ SYSTEMS COMPLIANCE OVERVIEW

The financial services regulatory environment is increasingly stringent and dynamic. Firms are under increased pressure to comply with fiduciary and regulatory requirements. Under these regulations, firms must gather specific information, comply with disclosure requirements, conduct activities in accordance with defined rules, and be prepared to demonstrate their compliance. Non-compliance is penalized with large fines from regulatory bodies. Regulations are dynamic and differ by country, making it difficult for global enterprises to implement a single solution that institutionalizes regulatory requirements and enforces information gathering and activity recording processes. All the same, regulators are increasingly expecting firms to monitor and consider customer behavior and holdings across the enterprise as part of regulatory compliance.

This document explains how Nexj can help you meet your compliance needs.

Today's strict regulatory environment results in more labor-intensive and time consuming processes for front office personnel and advisors. It is also negatively impacting the customer experience. To best serve customers while addressing regulatory requirements, NexJ believes firms must incorporate automation and intelligence into customer-facing workflows and regulatory processes to allow users to spend more time on sales and service activities. Further, with the increasing prevalence of social engagement and social selling, firms must automate review practices to keep the customer experience consistent and ensure that all forms of engagement are compliant.

NexJ believes global, multi-line financial services firms will specifically seek solutions that respect local data residency requirements and provide integrated, configurable workflows for client onboarding, DoL Fiduciary Rule, Know Your Client, Anti-Money Laundering, and other regulatory compliance processes. These solutions will also need to provide data governance services such as auditing to comply with regulatory requirements. NexJ's view is that large financial services organizations can use integrated, intelligent customer management products to guide information capture; facilitate, audit, and track interactions with customers; and automate reporting to support their regulatory responsibilities.

NexJ has specific and extensive experience helping firms to meet their regulatory obligations, and our practice is to integrate with the existing policies and standards at a customer organization. As such, NexJ enables organizations to comply with and adhere to industry and government standards and privacy regulations using the following features:

Data Virtualization

NexJ provides data virtualization capabilities that your firm can use to satisfy complex incountry and cross-border data residency requirements. This allows your firm to provide a single view of the client using data mastered in CRM and provides a framework to leave data in its country of origin while supplying an aggregated view of the client across locations.

Security

NexJ's flexible entitlements model can be configured to comply with any required privacy legislation and allows for segregation of data access, business rules, client and compliance workflows, and many other system parameters and settings based on user or user group location. This allows for efficiencies of maintaining a single application infrastructure while supporting many geography specific configuration, business, and compliance rules simultaneously.

NexJ provides security and data entitlements to tailor access to client data and application functionality across a number of dimensions including:

- User role
- Client role
- Client location
- User location
- Service and mandate type
- Other user attributes that can be defined

For example, one NexJ customer has leveraged NexJ's security modelling capability to secure access to data based on user location. Other NexJ clients have used this capability to secure deal access to "over the wall" users, ensuring regulatory compliance to protect insider information from non-authorized users.

Business Rules

With NexJ, the rules that govern privacy and consent are defined in the NexJ Business Model Domain Layer. The NexJ Enterprise Application Platform uses a single Business Domain Layer, so these rules are defined once, by a central administrator. Once the rules are defined, all methods of accessing

the application and data automatically subscribe to the defined rules. This centralizes the process of changing and deploying privacy rules and consent modules as required.

Any specific, customized rule can be configured at run-time in NexJ to capture additional data or to identify the scope of accounts for reporting. Rules can also be configured to restrict classifications based on the legal entity type, available account services, and products based on the required classification, or to warn users that a piece of relevant data captured has triggered a warning. Additionally, NexJ rules can enforce adaptive approvals, generate periodic and on-demand Know Your Client (KYC) updates, generate and track reviews, trigger escalations, send real-time alerts and notifications, begin and guide dynamic workflows, create and assign activities, create and assign follow-up items, identify client life events, help influence behavioural change, and perform many other functions.

SmartForms & Workflows

Manual processes lack consistency, are labor-intensive, and don't enable the holistic assessment of customer risk required by regulators. With NexJ, firms can leverage ruledriven SmartForms and workflows to standardize and automate periodic and on-demand processes. Dynamic SmartForms guide users through the data capture process, presenting applicable fields and forms in response to the data input. All forms are prefilled with information from integrated data sources. As new data is captured, it is saved to the CRM system and appropriate back office data sources. Completed forms are validated, then routed for approval to the appropriate queue, user role, or individual. Also, the creation or update of a record in any integrated system automatically triggers the appropriate workflow for the product, geography, or customer type, and assigns tasks to teams of users. This automation allows firms to reduce operational risk by avoiding confusion, ensuring that users are compliant with the rules set out by administration for processing, and that the business process is followed consistently.

For example, a large Swiss bank uses NexJ to standardize and optimize their workflows and approval processes, demonstrating compliance with evolving regulations across multiple systems and geographies including London, Guernsey, and Gibraltar. By streamlining and automating these tedious processes, advisor productivity and customer experience are dramatically improved.

Standard onboarding and KYC workflows are provided out-of-the-box. The system embeds the latest rules, enabling the front-office to prove regulatory compliance for KYC, AML, Due Diligence, Dodd-Frank, FATCA, MiFID, EMIR, NMPI, RDR, and any other compliance obligation. NexJ has also successfully integrated with other enterprise systems for compliance processes and will work with your firm to determine requirements.

Reporting

Any information gathered by your users through business processes, or available from source systems, can be made available for compliance reporting at any time by business users through NexJ's Ad Hoc reporting platform. NexJ actively schedules periodic reviews of the data, and presents this information to the sales representative for review and update using our process management technology. Further reporting, tracking, and monitoring of the reviews is available to management to trace and enforce compliance through NexJ's workqueues, reporting, and dashboard engines.

Auditing

Auditing in software is different from a compliance audit, but the auditing capabilities in NexJ's software can help financial organizations meet their compliance needs. NexJ maps data from source systems into semantic attributes to provide consistent meaning for data, regardless of the source system. This

enables lineage tracking, change history of data across all systems, and the ability to rebuild a record at any point in time.

Additionally, NexJ can index all incoming data and messages with audit information such as location, source, status, etc, and can record all necessary details including activity, user, date, time, etc. NexJ monitors the interfaces with other systems and can send notifications and alerts to system users and system administrators, based on system events. Also, through configuration, any access to detailed contact data can be audited, including client inquiry, detailed client history, or any integration requests for the same data.

The NexJ Enterprise Application Platform supports the full auditing of all events occurring at the Business Model tier. In this way, NexJ can register and track all business events and all actors and stakeholders, regardless of whether they are invoked by a user or through integration. When events are triggered, a notification can be logged in the audit log. For example, you can specify that update and delete events for selected objects of interest will be audited and logged. An audit log viewer allows administrators with appropriate privileges to view the log data. Disclosure of audit records is limited to users with the necessary privileges.

NexJ has extensive and specific experience with helping our customers meet their regulatory obligations. NexJ enables organizations to comply with and adhere to standards and privacy regulations using our data virtualization, security, business rules, SmartForms & Workflows, auditing, and reporting capabilities. NexJ's practice is to integrate with the existing policies and standards at the client organization, and has done this successfully with a number of large customers.

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About NexJ Systems

NexJ Systems is the pioneer of Intelligent Customer Management. Our award-winning CRM is designed to help Wealth Management, Private Banking, Corporate and Commercial Banking, and Insurance firms revolutionize their business. Powered by artificial intelligence, our products help drive productivity, boost client engagement, and increase revenue. With users in over 60 countries, our customers benefit from our deep expertise across financial services verticals, strategic investment in innovation, and commitment to their success.

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