



Compliance Reporting

Compliance reporting in Arbor Portfolio Manager (APM) can be applied at both the pre and post-trade level. User defined rules are checked against existing positions in Position Reporting and orders/proposed positions in Order Reporting.

Arbor holds positions in Strategies, Books, Sectors, Classifications, Underlyers and Weightings. When connected to third party market data, users can also set rules in Liquidity, % Shares Outstanding, % Debt Outstanding, Market Cap and Beta/Delta Adjusted Exposure. The compliance rules can be applied to all of these groupings or at the individual position level.

The same rules can be set to apply to pre-trade, post-trade or both. Compliance rules are user defined and Arbor can come pre-loaded with a set of rules based on user requirements. Rules also have levels ranging from soft to hard, and in combination with entitlements, users can allow specific compliance rules to be overridden by certain individuals.

Pre-Trade Compliance

Orders can be submitted to Arbor as single or block orders. Orders can be entered manually, directly from the Portfolio Rebalancing page or imported from a spreadsheet. Once entered, Arbor will create a proposed portfolio which can be used to compare against the compliance rules. A block order will fail if a single order in the block breaks a rule. Cash movements resulting from proposed orders are also modeled as users can define cash rules.

The screenshot displays the Arbor Portfolio Manager interface. At the top, there are filters for Fund Group (Fund1Fund3), Date (Today/4/7/2015), and various action buttons like Get Data, Configure, Refresh, Export, and Show Allocated. Below this is a table of orders with columns: Order ID, Activity, Version, Approval, Compliance, Side, Currency, Product ID, Product, Broker, Order Type, Limit, Quantity, Cost (Base), % Complete, Filled, Working, Order Status, and Approver. The table is divided into sections: Approved (orders 793-802), Declined (orders 795-800), and Pending (orders 798-804). A 'Rules Broken' panel is open, showing a list of rules with columns: Rule ID, Rule, Rule Type, Fund, and Status. Rules 10, 11, 15, and 17 are highlighted in red, indicating they are broken. Rule 10 is 'Liquidity Fund 1 <3days', Rule 11 is 'If %loss < 5% then position cannot > 5% NAV', Rule 15 is 'Greek Adj Base < 15% of NAV per position', and Rule 17 is 'No short positions'.

Order ID	Activity	Version	Approval	Compliance	Side	Currency	Product ID	Product	Broker	Order Type	Limit	Quantity	Cost (Base)	% Complete	Filled	Working	Order Status	Approver
Approved																		
793	New	0	Approved	Failed	BCOV	EUR	GUI FP Equity	EQ	DB	Market	N/A	1,500	6,800,000	56.67%	850	650	Partially Filled	SNguyen
821	New	0	Approved	Failed	BUY	USD	APOL LW Equity	EQ	GSLN	Market	N/A	41,659	376,014,1340	100.00%	41,659	0	Filled	SNguyen
794	New	0	Approved	Pa										100.00%	10,000	0	Filled	SNguyen
796	New	0	Approved	Pa										40.00%	4	6	Partially Filled	BGobey
797	New	0	Approved	Pa										0.00%	0	2,000	Open	MSultan
802	New	0	Approved	Pa										100.00%	600	0	Filled	BGobey
Declined																		
795	New	0	Declined	Fa										0.00%	0	0	NoStatus	MSultan
800	New	0	Declined	Fa										0.00%	0	0	NoStatus	BGobey
Pending																		
798	New	0	Pending	Fa										0.00%	0	0	NoStatus	
799	New	0	Pending	Fa										0.00%	0	0	NoStatus	
801	New	0	Pending	Pa										0.00%	0	0	NoStatus	
803	New	0	Pending	Pa										0.00%	0	0	NoStatus	
804	New	0	Pending	Pa										0.00%	0	0	NoStatus	

Rule ID	Rule	Rule Type	Fund	Status
Transaction Related Breaks				
10	Liquidity Fund 1 <3days	Medium	Fund1	Rule Broken
11	If %loss < 5% then position cannot > 5% NAV	Medium	Fund1	Warning Broken
15	Greek Adj Base < 15% of NAV per position	Hard	Fund1	Rule Broken
Recent Breaks				
17	No short positions	Soft	Fund1	Rule Broken

When rules are broken, users will see an alert on the screen that shows both new breaks related to this transaction, as well as breaks outstanding from previous transactions. If a rule is broken, users have the ability to amend the order or cancel the order and start again. With the highest entitlements, certain users can submit an order even if the compliance rules are broken. Entitlements are user defined and this feature is optional. All orders are logged and the compliance status can be easily recalled at all times, allowing users to quickly see which rules were broken.

Order ID-821 Version -0 BUY-41,659 'APOLLO GROUP INC-CL A'

Bid - 13.3000 Ask - 13.3000 Last - 13.3000 Volume - 0 CCY-USD

Side: BUY Product Type: EQ Product ID: APOL UW Equity NAV: 259,566,851

Order Type: Allocated Broker: GSLN Rule: Market

Order Based On: % Exp of NAV Quantity: 41659 Type: Market Price: 10.0000

Algorithm: DAY Expiry: 4/ 9/2015 Routing: Manual Target Price: Stop Loss Price: Trader: Steve.Nguyen

Market Value (B): 193,968
Market Exposure (B): 193,968
% exp of NAV: 0.07%
Quantity: 16083.0

Auditing History

Action	Version	User	Time	Comments
1 - 41,659 'APOL UW Equity'	0	Steve.Nguyen	3/26/2015 13:43:24	Order Entered
			3/26/2015 13:43:25	Compliance Check Failed – Right click to view broken rules
		SNguyen	3/26/2015 13:43:42	Approved
Fill 1 - 41,659 @ 10.0000		Steve.Nguyen	3/26/2015 13:45:02	821

Post-Trade Compliance

Post-trade compliance applies to existing positions held within the fund. Rules are continually monitored against the compliance rules set by the user. If a rule is breached, either by trading or price movement, a message is sent detailing the break. If the user is connected to real time market data, Arbor will use these live prices when checking for breaks. All compliance breaks are logged in the database and can be easily retrieved from the Alert page.

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Fund Group: Fund1Fund2Fund3

Posn(L)	206,147,678	Cash(L)	803,658,995	Exp(L)	222,924,524.9849	Net Exp	0.0000
Posn(S)	(25,244,808)	Cash(S)	1,858,659	Exp(S)	(25,798,996.9810)	Gross Exp	0.0000

Users can also opt to have an e-mail sent to a distribution list. E-mails can be sent to different groups or recipients and can be timed to run as often as required throughout the day. The e-mails also detail information regarding the break.