



## 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', 'Show Allocated', 'BUY', 'SELL', 'Import', 'Show Portfolio', 'Subscribe', and 'Collapse All'. Below this is a table 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' (rows 793-802), 'Declined' (rows 795-800), and 'Pending' (rows 798-804). A pop-up window titled 'Rules Broken' is overlaid on the table, showing details for Order ID- 853 and Block ID- 888. It lists several broken rules:

Rule ID	Rule	Rule Type	Fund	Status
<b>Transaction Related Breaks</b>				
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
<b>Recent Breaks</b>				
7	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.

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.

Fund Group	Posn(L)	Cash(L)	Exp(L)	Net Exp
Fund1Fund2Fund3	206,147,678	803,658,995	222,924,524.9849	0.0000
Group By	Posn(S)	Cash(S)	Exp(S)	Gross Exp
	(25,244,808)	1,858,659	(25,798,996.9810)	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.