

ACHIEVING COMPLIANCE IN ENERGY AND COMMODITY MARKETS

A leading practices discussion

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INTRODUCTION

Senior executives typically do not focus heavily on regulatory issues and requirements, leaving such matters to capable counsel and professionals. However, changes in energy and commodity markets and regulations, increased regulatory oversight, and the behavior of a few people are compelling senior executives to mandate the strengthening of their compliance programs.

Effective compliance is not simply being able to provide reports to regulatory bodies on a set schedule. It is being confident that you are compliant in “real-time,” and any snapshot of organizational and employee behavior will clearly indicate such.

In addition, a strong compliance function requires operational and reporting structures that insulate the compliance organization from the commercial success or failure of business operations. An adequate audit trail also is needed to respond to regulatory data requests and audits. The audit trail should document what actions were taken, the conditions that existed at the time of the activity, and the management oversight in place.

This whitepaper discusses leading practices in implementing compliance organizations and tools. It explores how many of these capabilities can add value to a company’s operations. The paper also examines the convergence of the financial and physical dimensions of trading. For example, the power derivative known as Congestion Revenue Rights (CRR) or Financial Transmission Rights (FTR) is a financial instrument and can be traded as such. However, the initial quantities made available for purchase and their hedge recovery are based on a physical system – the transmission grid. Understanding both the physical and financial aspects of a transaction can help organizations more effectively manage compliance risk.

THE CURRENT REGULATORY ENVIRONMENT

Lawmakers and regulators have initiated significant improvements in regulatory oversight of energy-related commodity trading since the fall of Enron and its ripple effects in lost savings and public outcry. Increasing market oversight is evident in the development of the Energy Quarterly Report (EQR) and the Energy Policy Act of 2005. The Energy Policy Act authorized the Federal Energy Regulatory Commission (FERC) to implement new tools, including penalties, to prevent market manipulation and enforce reliability regulations.

This greater regulatory oversight requires traders to understand the physical side of deals and make sure they will pass the scrutiny of regulators and their agents. Compliance organizations have to ensure that personnel receive information and training on changing regulations that may impact the organization.

Regulatory oversight is intended to maintain a healthy and fair market environment for all participants. However, even companies that take steps to strengthen compliance may continue to find themselves simply responding to regulator demands. Furthermore, given the complexity and immaturity of many of these rules, potential rule violations are not uncommon. Unfortunately, regulators and legislators typically do not sympathize with traders in such situations. They expect the trading community to have a deeper understanding of regulations and their impact. And while they may have some respect for a self-reported mistake, they can harshly penalize those who proclaim surprise at a violation.

In the last few years noteworthy penalties have been meted out to a number of large organizations for market manipulation. Regulatory pressure for improved information and greater visibility into energy markets will likely continue absent behavior changes in the trading community. Energy Risk magazine reporter David Watkins predicts “sweeping changes to the way over-the-counter markets operate in the United States” based on the June 2007 release of the Levin-Coleman report into the collapse of energy hedge fund Amaranth.

This growing scrutiny is not limited to the FEREC. Both the Financial Services Authority (FSA) in the United Kingdom and the U.S. Commodities Futures Trading Commission (CFTC) have ramped up regulatory oversight. In the wake of recent bank failures and the credit crisis, the FSA announced the hiring of 100 more supervisory staff to assist with monitoring activity. Between December 2002 and October 2008, the CFTC collected nearly \$500 million in penalties. The U.S. Federal Trade Commission (FTC) is also seeking anti-manipulation authority.

Figure 1 illustrates the relative change in oversight intensity of these agencies from 2001 to 2009.

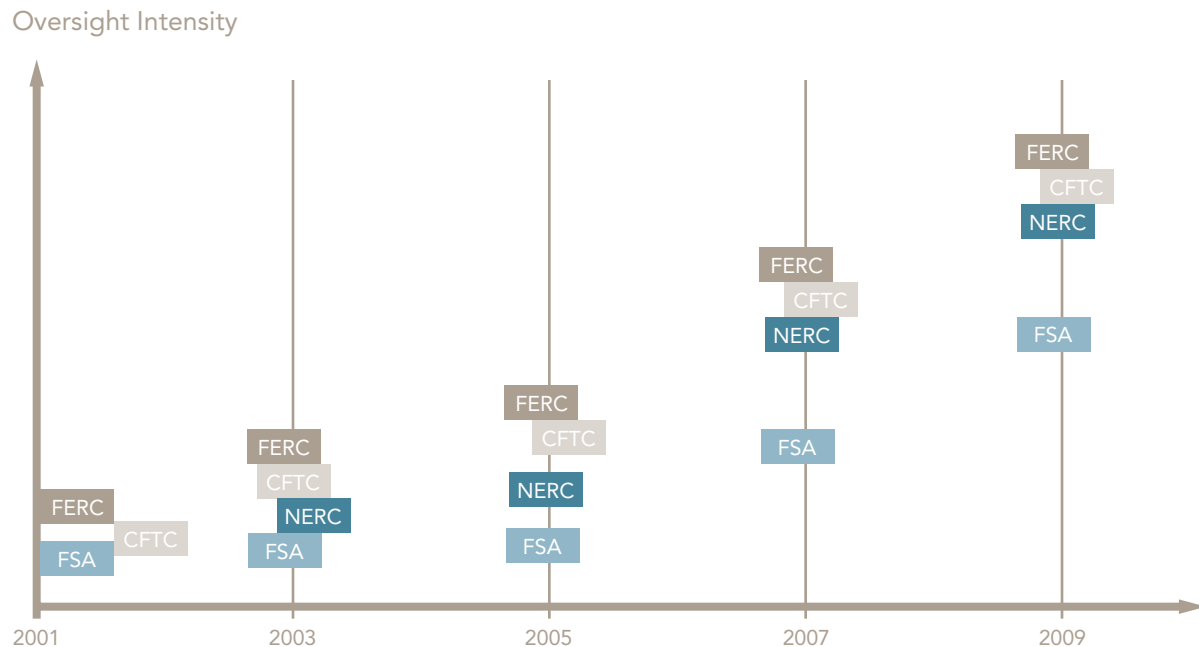


Figure 1. Regulatory Oversight Evolution

Regulatory agencies have received budget increases to expand oversight staff and capabilities. If current trends continue, greater regulatory scrutiny will likely be a significant factor in the commodity trading landscape for the foreseeable future.

A regulatory judgment resulting from market manipulation can carry significant financial risk and potentially damage a corporation's reputation. Elements of the financial exposure include:

- Consulting and legal professional services
- Regulatory settlement / alternative dispute resolution
- Staff productivity loss
- Reduced trading margins
- Organizational brand value erosion
- Reduced market capitalization

Regulatory settlement is perhaps most notable and visible among these effects. Settlements in the tens and even hundreds of millions of dollars are common.

The behind-the-scenes impact also can be significant. The disruption to day-to-day operations, the impact to brand value, and the reduced market capitalization of high-profile regulatory action can stress even the strongest organization. The CEO of a major energy trading firm had to remove himself from his current post to deal with the intricacies of investigations and settlements.

Organizations that take proactive measures will likely fare better than those that do not. Settlement summary statements of regulatory agencies repeatedly state that cooperation and a proactive posture are factors in reducing settlement fines. Tools and reports can be implemented to help with early identification of potential areas of concern based on scenarios developed from analysis of violations by other organizations.

The rules associated with market manipulation are not always clearly defined and the trading business is constantly changing. Because of this, market surveillance to mitigate risk and identify potential issues should start with identifying anomalous activity and shifts in behavior-patterns. Having such capabilities and actively self-reporting identified issues can help reduce the negative impact of regulatory judgments.

A well-organized and responsive compliance team that cultivates a “culture of compliance” will be a critical component of future commodity trading. Compliance budgets and plans will need to be modified to develop this level of “institutionalized” compliance proficiency.

THE REGULATORS’ PERSPECTIVE – A CULTURE OF COMPLIANCE

In its 2007 Federal Sentencing Guidelines, the U.S. Sentencing Commission described the elements of an effective corporate compliance and ethics program as part of the calculation of an organization’s culpability for a particular violation. This association makes the importance of compliance capabilities to the overall welfare of a company abundantly clear.

A model compliance program is composed of nine elements:

Identification of responsible parties and roles - Roles and responsibilities for those operating in business units with compliance risk must be clearly defined and documented. People should be adequately empowered to carry out their responsibilities. Typically, this is positively demonstrated through the availability of timely and well-maintained organizational charts and job descriptions; appropriate resource allocation; reporting by the compliance organization to an independent corporate officer; and provision and reinforcement of training.

Standards and procedures - Compliance standards, practices, and procedures should be written, clearly established and reasonably designed to reduce the risk of noncompliant conduct. Clear conduct standards should be established, standards material should be widely distributed, and changes to the material should be made available as appropriate within the organization.

Program oversight - A compliance officer and other appropriate bodies (e.g. compliance committees) should be designated and charged with developing, operating, and monitoring compliance programs, typically with direct and independent violation-and-status reporting to the chief risk officer, president, CEO, or board of directors.

Awareness, education and training – Compliance standards and required organizational actions and procedures should be effectively communicated. The organization should provide responsible people with timely and appropriate education and training, openly demonstrated by training records and corporate communication postings.

Lines of communication - An effective communication method should be developed between the compliance function and all employees, including a hotline to receive complaints, a mechanism to respond to questions, and anonymity in submitting potential issues.

Monitoring and auditing - Monitoring and auditing systems should be implemented to detect noncompliant conduct and identify problem areas. These systems should provide status on such compliance activities as:

- Scheduled regulatory report development
- Self-reports
- Mitigation activities
- Ongoing analysis of trading activities
- Audit preparations

Enforcement - Standards should be consistently enforced through the identification of noncompliance and appropriate consequences should be based on agreed-upon, published, clear and specific disciplinary policies. Employees should be incentivized to develop appropriate awareness of their responsibility in meeting organizational compliance objectives.

Corrective action - Systems should be effectively deployed that support prompt investigation of noncompliance, reporting as appropriate, documentation of activities, and proper responses to prevent similar breakdowns in the future. These systems should accommodate necessary evolution of the compliance program.

Risk assessment - All activities should be systematically evaluated for compliance risks. A process should be instituted to regularly evaluate risks and match internal controls to the severity of noncompliance risk.

Along with these elements, a model compliance program should be transparent (supports evaluation, reporting, questions and concerns), verifiable (can confirm that internal controls are in place and working), and auditable (can track issues from identification through ultimate resolution). Following enactment of the Energy Policy Act of 2005, the FERC issued its Policy Statement on Enforcement, which clarified the commission's expectations of a "good compliance program" in terms of a culture of compliance.

CULTURE OF COMPLIANCE

For the governance model just described to function properly, compliance must be institutionalized within an organization.

Adoption of a culture of compliance needs to be driven from the top. Senior executives must recognize that compliance is more than a cost center with minimal benefits. Instead, it offers opportunities to enhance base trading operations and control and mitigate risks. In today's environment, an appropriate attitude toward the value of compliance is increasingly important to achieving corporate objectives.

All employees need to be aware of their compliance responsibilities. They must feel obligated and be incentivized to identify and report noncompliance in the same way they would recognize and suggest opportunities for continuous improvement and risk mitigation.

Figure 2 illustrates a compliance maturity curve that organizations can strive to achieve through implementing leading practices.

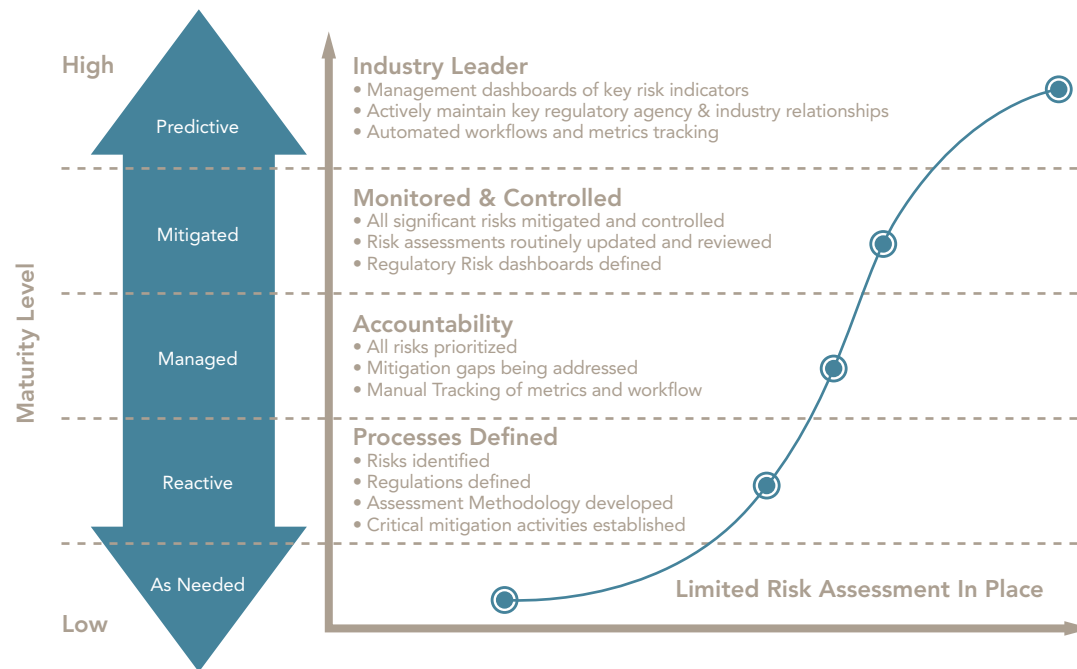


Figure 2. Compliance Maturity Curve

Compliance activities become increasingly institutionalized as an organization proceeds up the maturity curve. Compliance becomes part of each employee's business and personal criteria for finalizing any deal or shipment.

Companies that reach the Industry Leader level tend to take a highly proactive approach to compliance, with frequent status measurements, reviews of trading and other operational activities, and perhaps ongoing monitoring of regulatory report preparation. This enterprise-wide approach takes into account business goals, structures and organizations; operational processes; and the complete set of compliance requirements as the organization strives to optimize performance and reduce operational costs and risk.

In a compliant environment, traders have the freedom to focus on those aspects of a deal that can be controlled to improve bottom-line performance. However, mistakes do happen. An important part of a culture of compliance is the willingness to self-report should a violation be detected.

SELF-REPORTING

Self-reporting is the voluntary and typically unprompted act of declaring oneself in violation of a regulation or rule. Self-reporting facilitates subsequent processes that govern corrective actions and plans. It also, in most cases, can support the organization's arguments for less-severe sanctions.

Self-reporting simply makes good business sense for organizations with a culture of compliance. For self-reporting to be effective and well received, it should occur in a timely manner and be followed up with actions such as developing and implementing mitigation plans to avoid future violations.

Each regulatory agency has a slightly different concept of self-reporting. And, in fact, much of a trader's activity may be protected under existing safe harbor statutes.

The key in any situation is to determine the root cause of the violation and whether the action was performed in good faith. As the complexity of transactions and their governing regulations continues to increase, distinguishing what was done in good faith and what was intentional manipulation of markets and their operations will become increasingly difficult.

REGIONAL REGULATORY IMPLEMENTATION CHALLENGES

Various factors add to the challenge of developing proper regulations and standards, including geography, economics, local regulations, history and forecasted conditions. Any standard must have clear and measurable requirements, or implementation and enforcement will become difficult.

Standards must also serve the needs of the industry and the public at large. Federal agencies have long taken a federated view to simplifying standards development and addressing implementation problems. However, recent development of electric reliability standards has drawn on various stakeholder communities and subject matter experts representing a broad spectrum of interests. This unprecedented participation is intended to provide a well-balanced set of standards that is both adequate and enforceable using regional monitoring and enforcement.

The precedent has been set. Regulators of all stripes can now expect the regulated community to want to help in providing the details. The world of cyber security provides an important lesson. Its use of "legal hackers" to test capabilities and illustrate weaknesses and gaps may offer energy regulators a clue to getting more effective monitoring programs in place.

COMPLIANCE SCALE AND SCOPE

For some organizations the hardest aspect of the compliance issue may be simply getting people's heads around the scale and scope of the compliance activities required. Figure 3 illustrates a simple mechanism to facilitate the development of an appropriate compliance response.

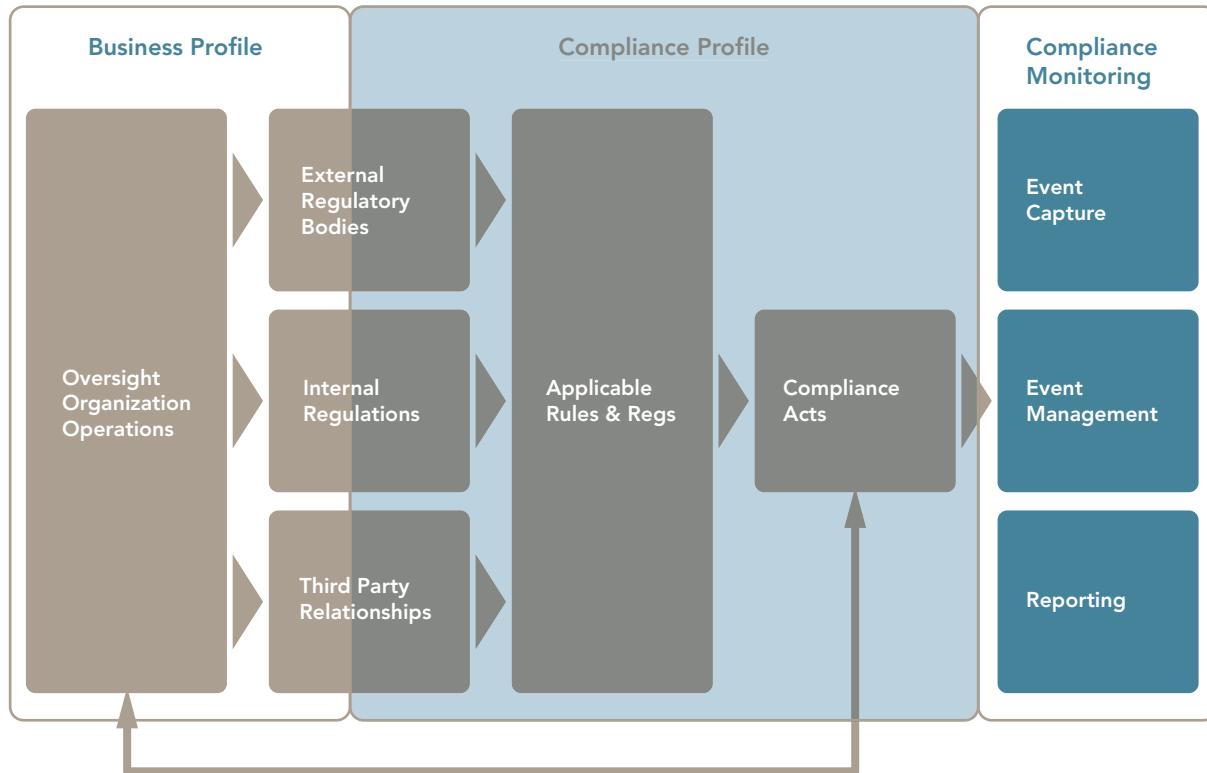


Figure 3. Compliance Data Sources

This approach starts with identifying the elements of the “business profile” and mapping these to the applicable regulatory domain, or “compliance profile.” The resulting “compliance acts” are the response to a series of triggering events.

An example trigger event could be the observation of a concentration of a certain type of trades on a given day. The compliance act would then include the analysis and investigation of this event, followed by any required reporting. As it is these events the regulator is looking for, it is obviously beneficial for an organization to trap such events early and develop the processes for managing and reporting them.

Indeed, effective compliance begins with the development and documentation of the appropriate set of these compliance acts, and the events that trigger them.

The domain of these compliance acts and events can be much broader than expected. The scope of some organizations will require consideration of numerous factors including:

- Geography; local regulatory bodies including city, county and state jurisdictions; countries; and entire regions such as Europe, Africa or the Middle East.
- Political boundaries, reporting requirements that can be imposed when commerce involves certain entity classes and countries. Examples include import/export controls for nuclear fuels, crude oil, LNG and refined products, as well as trade agreements such as NAFTA.
- Border controls, such as with the Russian natural gas pipeline into Eastern Europe and the flow of fuels and power into Mexico.
- Commodity, energy and/or emission exchanges such as the European Energy Exchange, Nord Pool, Dubai Mercantile Exchange, ICE, APX, NGX and Powerex.
- Transportation method, pipelines, vessels, storage, transmission and distribution wires.
- Regional nature of commodities such as U.S. vs. European natural gas markets, California ISO vs. Midwest ISO, and Nord Pool.

An entity can conduct business in some jurisdictions simply by registering to operate. However, it is important to understand the full scope of “regulations” an organization must respond to. Also, most countries typically have some form of federal or national regulatory agency.

Primary agencies a trader needs to consider in the United States include:

- NERC – Sets standards that define reliability requirements for planning and operating the North American bulk power system. NERC is subject to FERC oversight since the Energy Policy Act of 2005.
- FERC – Regulates the interstate transmission of natural gas, oil, and electricity, as well as natural gas and hydropower projects.
- CFTC and FTC – Protect market participants and the public from fraud, manipulation and abusive practices related to the sale of commodity and financial futures and options. These regulations aim to foster open, competitive, and financially sound futures and options markets.
- The Sarbanes-Oxley Act of 2002 – Strengthened standards for all U.S. public company boards, management, and public accounting firms. Sarbanes-Oxley established the Public Company Accounting Oversight Board (PCAOB), which is charged with overseeing, regulating, inspecting, and disciplining accounting firms in their role as public company auditors. The act also covers issues such as auditor independence, corporate governance, internal control assessment and enhanced financial disclosure.
- Department of Justice – Conducts fraud investigation and prosecution.
- Department of Homeland Security – Oversees energy generation, transportation and control infrastructure that may be subject to the Critical Infrastructure Provisions of the Energy Policy Act of 2005.
- Environmental Protection Agency – Oversees Clean Air Act and other provisions covering transportation, generation, refining and production of energy.

Other countries typically have a similar set of “cabinet”-level regulators. The European Union and other multinational jurisdictions also have regional “cabinet” regulators. Examples of regional regulations include emission restrictions in the Pacific Rim and economic considerations in doing business with members of the African Economic Community.

Organizations operating in multiple locations around the world have global-level concerns requiring regulatory understanding, reporting, and compliance capability at an appropriately broad and deep level. Finally, particular business functions may be subject to some elements of contract compliance or have a third-party dependency.

ESTABLISHING AN APPROPRIATE COMPLIANCE RESPONSE

The goal at this point is to craft a response that captures the entire domain of compliance requirements in a prioritized action plan. With this plan complete you can focus on determining and developing specific and appropriate compliance activities for your organization. Regulations that an organization must comply with in combination with its own internal regulations and controls represent the requirements driving each “compliance act.” With complex businesses there are frequently tens, if not hundreds of these potential compliance acts. Therefore, it is often necessary to prioritize this list. One method is to apply sorting criteria based on the potential impact of noncompliance or compliance risks for each of these compliance acts. Two such categories are:

1. What is the likelihood (high, medium, low) of a violation given the organization’s current state? Current compliance capabilities should be clearly described at this point and agreed upon by all stakeholders involved with the compliance risk assessment. Criteria should be developed for estimating likelihood. Legal and market expertise are typically sought to assist with scoring to confirm accuracy and understanding of the criteria and potential impact.

The importance of determining the evaluation basis cannot be overstated. For example, the likelihood of providing “poor” data in a weekly trading activity report to a public utility commission (PUC) is relatively high. This would drive some organizations to assign a greater likelihood of violation and a higher priority to such reports. However, in this hypothetical organization the report is generated electronically and already has a validation and approval “system” built in. The “raw” likelihood of compliance risk in the current state would be high. However, the “mitigated” risk would be low.

2. What is the impact of noncompliance on your organization? Criteria can be calibrated and described in various ways, such as their impact on earnings and their effect on political, regulatory and financial conditions. It is important to recognize that most of these criteria will contribute to the organization’s overall financial health at some point. For each criterion the impacted department or business is typically the principle stakeholder. It is this stakeholder who should be the principle source of the estimate for the impact analysis.

Determining an appropriate response would not be complete without also considering: What is the impact of compliance on your organization? The development of a responsive compliance organization also has an impact on your organization. Typical considerations include:

- Dedicated compliance program
 - » Full-time staff
 - » Specific processes and controls
 - » Compliance monitoring and reporting
 - » Reporting structure independent of the organization being monitored

- Institutionalization of behaviors
 - » Management communications
 - » Performance metrics for compliance activities
 - » Code of conduct
 - » Training

- Modified oversight and controls
 - » Delegation of authority and segregation of duties
 - » Independent external review
 - » Job ratings for skills and experience level
 - » Employee screening
 - » Audited controls and tracking of issues identified and mitigating activities

- Application of automation and technology
 - » Surveillance capabilities
 - » Managed workflow
 - » Document management and records management

This exercise can produce a unique, broad compliance response that addresses the highest priority business requirements. Unfortunately, "compliance" in today's world is a moving target, and your compliance response should be revisited periodically for:

- Changes in business structures
- Acquisitions and divestitures
- New regulations
- Market restructuring or changes
- New markets you are considering entering
- Issues with existing mitigations that affect business and compliance profiles throughout the organization.

COMPLIANCE AND THE ORGANIZATION

As an organization evolves its compliance capabilities, it typically modifies internal reporting structures to meet the changing expectations of regulators and its own corporate compliance and ethics mandates. The single biggest regulator concern is the independence of the compliance function from the lines of business it monitors.

In some organizations, the compliance office may oversee several organizations, or there may be separate offices for trading, plant operations, pipelines and other businesses. In any case, an independent solution is remarkably simple: the compliance office and the person responsible for it should report to one of the following, all of whom are bound, measured and tested by existing regulatory controls in public companies:

- A corporate officer who does not personally benefit from that organization's success
- The chief of corporate ethics and compliance, who typically reports to the board of directors or CEO

For its self-protection, an organization should not consider this independence to be a barrier to data sharing or inclusion of compliance functions in routine discussions of trading, operations, or reporting strategy. Compliance should be institutionalized to prevent it becoming just another reporting activity. Compliance should be considered an intrinsic element of the business. Otherwise, as with other reporting functions including audits and regulatory inspections, there may be little opportunity to fix a problem in a way that reduces the costs of the violation. This may be counterintuitive for a trader and intrusive for a plant operator, as Figure 4 illustrates.

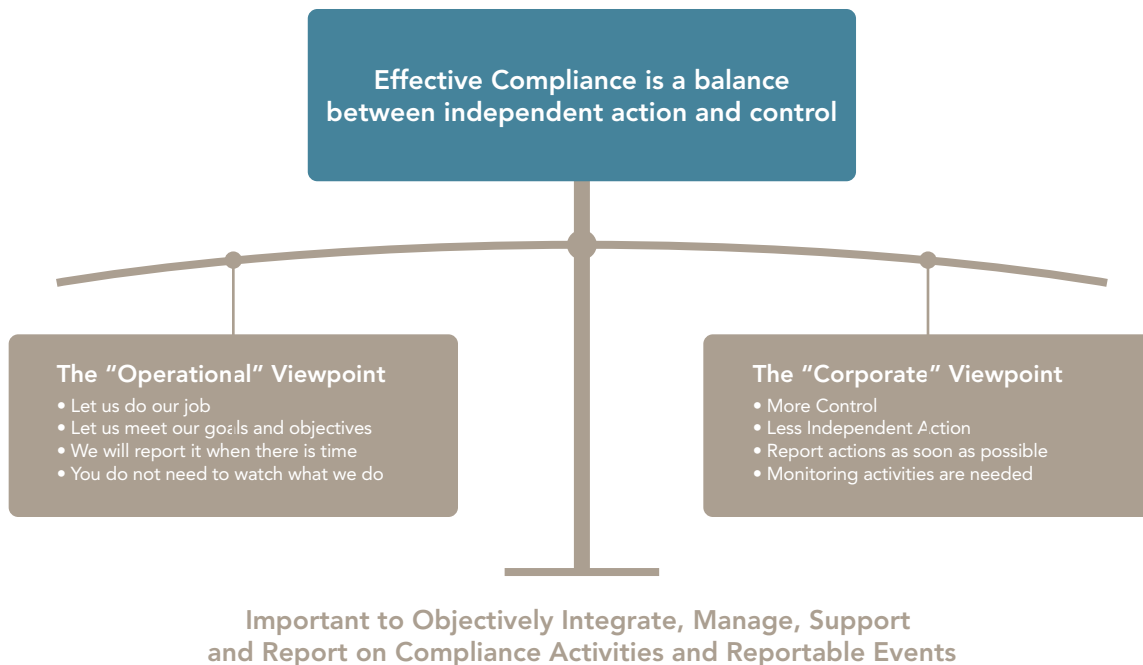


Figure 4.

The “working community” is often uncomfortable with this compliance approach. But to a regulator it is simply more evidence of a compliance culture. It reflects the degree of control regulators increasingly seek in complex trading environments with a mixture of physical and financial elements and perhaps even physical operations.

Many organizations are considering automation of trade monitoring and surveillance and fundamental compliance workflows to provide the required objectivity and data timeliness. Compliance capabilities including dashboards, frequent reporting and trade analysis may provide the opportunity to self-report violations rather than have them surface during a regulatory review or audit.

ELECTRONIC TRADE MONITORING AND SURVEILLANCE

While monitoring and surveillance activities continue to challenge trading organizations, performing them effectively and efficiently remains a high priority. Firms wishing to take leadership in addressing these requirements face harsh realities regardless of whether equities, bonds or commodities are being traded. Commodities, however, introduce unique challenges:

Ever increasing data volumes – Trading activity and associated trade data continue to grow as global markets develop. Sifting through and making sense of this data can be arduous and time consuming.

Multiple facets (dimensions) of trade data – Commodities trade data brings physical constraints into trading. Modeling the physical nature of commodities requires multiple dimensions and is difficult because of the intricacy of linking all dimensions to form a complete picture. It is not uncommon to have to analyze multiple dimensions against multiple measures. One example is analyzing trader, location and time (dimensions) against trade margin and trade volume (measures). The effective visualization with traditional charts and graphs of anything beyond a two by two measure requires a uniquely capable analyst and tools to assist in conducting the analysis.

Resources – Organizations must do more with less today. Monitoring and surveillance teams have limited compliance-focused resources to identify events and follow through on issues. Other not so obvious realities include the fact that many of today’s compliance-focused resources are geared more toward legislative compliance than analytics or surveillance. While huge fines and regulatory penalties are at stake, few organizations have hired people able to analyze trade data with an eye toward shifts in trading behaviors. Also, it is natural to focus resources on definable rules. However, organizations that want to be proactive should focus them on identifying behaviors and, more importantly, behavioral shifts.

Technology challenges – Brute force methods no longer work. The days of loading trade data into spreadsheets and crunching the numbers is quickly fading. As noted earlier, data volumes are too large and trade dimensions too numerous to understand results beyond simple comprehension. While spreadsheet technology continues to improve, the ability to navigate large spreadsheet data sets is limited. Spreadsheets are flexible and easy to use, but fall short in complex analytic and visualization capabilities.

Multiple systems – Many organizations have more than one system for portfolio management. This complicates the already difficult task of analyzing information and evaluating the full scope of activities.

EVOLUTION OF MONITORING AND SURVEILLANCE CONTROLS

Monitoring and surveillance control mechanisms and approaches have matured through the years. Organizational approaches can be categorized as:

Sampling – Many organizations practice some form of sampling. Sampling entails a deep-dive analysis of a data subset, such as one day's or one week's. However, using such a subset as a representative sample has flaws. Chief among them is the lack of a behavioral comparison across the broad spectrum of all trades.

Spreadsheets – Spreadsheets are by far the technology used most extensively for monitoring and surveillance activities. As noted, they fall short in navigating large volumes of multidimensional data and presenting the data in a visually useful form.

Event identification – Use of event identification has grown over the past few years. Tools and techniques are available to codify specific behaviors and have those behaviors surfaced as events. Events can then be tracked and managed in a single interface.

Advanced event identification – This focuses on more subtle behavior identification:

- Shifts in behavior patterns – Identifying baseline behavior patterns. Any deviation from baselines may indicate improper action.
- Biggest value vs. most unusual – The most unusual value, rather than the biggest or smallest, is typically more interesting and requires analysis. A particular trader showing a significant volume in a particular location does not mean unusual activity. The volume traded must be put in the perspective of the overall market activity at that location and by that trader.

CONSIDERATIONS IN PLANNING A MONITORING AND SURVEILLANCE APPROACH

Not every organization needs to apply advanced event identification. Many factors weigh into determining the right level of monitoring and surveillance for a particular firm:

Size of trading organization (number of trades, books, traders) – Trading firm size is easiest to gauge. Smaller firms may be able to analyze all trading activity in spreadsheets, while most medium-sized and large firms quickly outgrow them. The greater the trading activity, the greater the need for a more robust solution.

Types of trading activity – Firms that primarily trade around their assets are typically entering into long-term, well-defined trades. While large in value, such trades typically are not vulnerable to manipulation. Most violations occur in shorter-term, speculative trading. However, recent highly public instances in which the timing of longer-term deals was used to manipulate markets have resulted in fines. Firms that engage in speculative trading may need to investigate more advanced solutions for monitoring their traders' behavior.

Multiple trade systems – Firms that have multiple trade systems may need to invest in solutions that can bring those trades together and compare them in an "apples-to-apples" manner.

REALIZING COMMERCIAL VALUE THROUGH COMPLIANCE IN ETRM IMPLEMENTATIONS

Compliance even affects the design and operation of energy trading and risk management (ETRM) systems. Perhaps more importantly, an organization that is institutionalizing compliance needs to understand how its ETRM system can provide added value. Compliance features of an ETRM implementation may include:

- Provision of flexible and frequent trade reports and trend analyses with adjustable considerations of time, value, location and counterparty variances
- Information management based on regulatory data retention and recordkeeping requirements for:
 - » Trade data
 - » Actual market prices paid
 - » Price forecasts, forward curves and other market data used in valuations
 - » Valuation results
 - » Credit issued and assumed
 - » Human actions
- Transparency of risk calculations used in valuing trades
- Automated interface with compliance tools such as trade analysis and activity reporting

Many organizations already have many individual technology and process pieces required for an effective compliance solution. However, they need a comprehensive plan to pull these pieces together into an effective compliance capability. Once this is accomplished, these elements can provide the organization an integrated view into trading operations that can help improve trading profitability.

Enhancing ETRM features such as reporting and information management provides both trading and operations with a holistic view of their behaviors. This helps them analyze and improve their own effectiveness and efficiency and enhance modeling of the markets they do business in.

STRENGTHENING COMPLIANCE

Trading activity compliance requirements will only continue to grow. By adopting approaches and practices outlined here, and creating a true culture of compliance, companies can better position themselves to meet these rigorous demands, improve organizational performance and enhance competitiveness.

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