

# FREQUENTLY ASKED QUESTIONS: INVESTMENT COMPLIANCE MONITORING

## COMPLIANCE MONITORING AT NORTHERN TRUST

This is a post-trade monitoring service that allows our clients to actively monitor their investment managers' compliance with the investment guidelines set. It is part of Northern Trust's suite of Investment Risk and Analytics Services (IRAS) and is used by asset owners globally, ranging from pension funds to public institutions and insurance companies.

Northern Trust's platform allows clients to create an automated monitoring program that is tailored to their portfolio. Clients are able to monitor results at a glance, identify and investigate breaches and take action.

## WHAT ENHANCEMENTS HAVE BEEN MADE?

The compliance monitoring platform has undergone a complete end-to-end redesign which has delivered:

- A new version of Compliance Analyst<sup>®</sup>, the automated system through which rules are monitored on a daily basis. The new system has broader data coverage, more powerful rule building capabilities and significantly greater operating capacity.
- A new version of the Compliance RADAR<sup>™</sup> workflow tool which is used by clients to monitor and identify potential, investment guideline breaches, as well as understand and resolve them. Compliance RADAR<sup>™</sup> now employs a series of dashboards with enhanced functionality to provide an enhanced and more intuitive user experience.

## WHAT BENEFITS DO THESE ENHANCEMENTS BRING?

Collectively these changes deliver greater flexibility and control for clients in how they are able to monitor investment activity across their portfolios and manage adherence to their investment guidelines.

Compliance Analyst<sup>®</sup> supports an extensive rule library which allows clients to monitor portfolios against a broad and complex range of rule types.

New workflow functionality in Compliance RADAR<sup>™</sup> makes it easier to monitor activity, collaborate to resolve potential breaches (or identified exceptions) and undertake reporting as required.

**Northern Trust has delivered a series of enhancements marking a step-change in its investment guideline monitoring capabilities.**

**This document is intended to provide background on this service and information on the recent enhancements.**

### WHY DO CLIENTS USE THIS SERVICE?

Our clients use this service to gain independent validation that their investment managers are complying with their investment guidelines when managing their assets.

In turn, this validation can be used to help achieve compliance with governance or regulatory standards that may be in place or apply to their institution. Data and results generated may also be used for reporting purposes.

**Independent verification of compliance can be used help achieve compliance with governance or regulatory standards that may be in place or apply to their institution.**

### WHAT IS MEANT BY AN INVESTMENT GUIDELINE (OR RULE)?

It is a restriction which must be adhered to when investing and managing a portfolio. An example of a relatively simple restriction would be to limit the level of exposure a portfolio has to a particular asset class, industry sector or country.

However, they may also be more complex, encompassing traits such as cost and market value or involving comparisons across sectors and indexes.

### IS COMPLIANCE MONITORING A NEW SERVICE?

No. Northern Trust has offered compliance investment guideline monitoring for more than 20 years. Previous versions of both Compliance Analyst® and Compliance RADAR™ have been available to clients for several years.

However, these enhancements mark a major step-change in the capabilities these tools can offer.

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#### Contact us

We would be pleased to discuss our services and arrange a demonstration.

Contact your Northern Trust representative for further information.

### WHO CAN USE THE SERVICE?

The service is available to all Northern Trust asset owner custody clients. This service is not currently available to asset manager clients.

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