

FINANCIAL SERVICES INDUSTRY SOLUTIONS



Managing the New Face of Regulatory Compliance

Basel II, Sarbanes-Oxley (SOX), Gramm Leach Bliley Act (GLBA), the Bank Secrecy Act (BSA), the Patriot Act...the number and breadth of regulatory standards for financial services organizations has grown exponentially over the last few turbulent years. Many of these regulations are so broad - they require you to extend your risk management to third-parties and suppliers outside of your enterprise. Not only have these regulations significantly increased the cost of compliance for financial services companies, but non-compliance with any of these standards can lead to stiff penalties and damage to your institution’s reputation and stock price, not to mention personal liability.

Given this landscape, it is not surprising that today; many financial services institutions find effectively managing suppliers to be among their most challenging initiatives. Recent industry events, such as SOX prosecutions, Patriot Act information demands from government agencies, and BSA fines, demonstrate that a lack of control over supplier information and risk can lead to significant reputational, financial, and employee liability for a company.

> Aravo has built the industry’s leading solution to address these issues for financial services firms.

And it isn’t just about banking regulations. The US Foreign Corrupt Practices Act (FCPA) implements rules and penalties regarding the use of bribes in the conduct of business, even on the part of trading partners, and other countries aren’t far behind. Given this regulatory environment, the ability to identify, manage and track key regulatory standards and compliance across your supply base is a business imperative.

KEY REGULATORY STANDARDS THAT IMPACT YOUR SUPPLIERS

Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act prohibits companies from paying bribes to foreign officials and political figures for the purpose of obtaining business, and applies not only to a company’s employees but also to its agents, contractors, investors and suppliers. The FCPA consists of two provisions: the anti-bribery provision, and internal records and process standards which require that companies keep accurate records and maintain clear, accurate, and adequate controls with employees and trading partners (including suppliers, intermediaries and subsidiaries) to protect against improper payments or influence.

Gramm-Leach-Bliley Act (GLBA)

The goal of the Gramm-Leach-Bliley Act (GLBA) is to “to enhance competition in the financial services industry by providing a framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers.”

In working with suppliers, the GLBA requires institutions to: Identify all vendors with whom they share customer non-public information; Ensure there are contractual provisions in place with these vendors that require them to provide appropriate protection of the non-public data; and, Document the steps the financial institution has taken to become confident in the vendors’ efforts in this endeavor.

KEY BENEFITS

- > Comprehensive regulatory compliance
- > Brand protection
- > Automated risk mitigation
- > Reduced fines and compliance costs
- > Enhanced visibility
- > Verifiable processes and procedures
- > Optimized supplier performance



Bank Secrecy Act (BSA)

The Bank Secrecy Act of 1970 (BSA) requires financial institutions in the United States to assist U.S. government agencies to detect and prevent money laundering (Anti-Money Laundering – AML).

Regulators and examiners continue to put pressure on financial institutions to improve their management of third-party vendor relationships and, in particular, the risks associated with these relationships.

Sarbanes-Oxley Act

Section 404 of the Sarbanes Oxley Act of 2002 requires Public companies to include a declaration of responsibility for internal controls in their annual financial reports which are then subject to an external audit. Among these controls, companies must provide reasonable assurance that risks in all steps of the procurement and expenditure cycle are reduced to an acceptable level.

Controls include: documentation of transactions, authority level, timely authorizations, and policy compliance. There also are strict requirements in consideration of potential fraud which involves selection and management of suppliers, control of non-approved suppliers, and contractual considerations when providing integral information to third-party providers. Companies now must demonstrate that these controls and safeguards are in place and are effective.

SOLUTION SUMMARY

Aravo Solutions for Financial Services is the industry's leading SaaS solution for managing the entire lifecycle of your diverse global suppliers. Aravo helps your procurement, legal and finance teams easily and quickly manage your exposure to regulated/mandated compliance requirements, as well as lower your cost of compliance. It provides a consistent due diligence process across your extended enterprise – managing supplier policy, credentials, and compliance documentation in a single, globally available, repository. With built-in compliance templates, support for compliance audits, configurable workflows to track credential renewals and new regulatory requirements, and compliance ratings to highlight the most at risk supplier relationships, Aravo ensures you can minimize supplier risk across your supply chain.

In addition, to providing added competitive advantage in your markets, Aravo Solutions for Financial Services accelerates new supplier discovery and on-boarding processes, delivering a 360 degree view of supplier relationships and performance, and providing the single source of truth for all supplier information. Aravo helps you reduce costs, avoid regulatory failures, increase productivity, and quickly take advantage of today's fast moving global opportunities.



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About Aravo

The world's best-run businesses utilize Aravo's SaaS Supplier Information Management platform to reduce the cost of managing suppliers by up to 72% and to transform their supplier on-boarding, compliance, enablement, and risk management challenges into competitive advantage. General Electric, Goldman Sachs, Accenture, and Deutsche Bank rely on Aravo to manage information and processes for over 1.5 million global suppliers. Aravo is based in San Francisco, with offices in Chicago, New York, and Ahmedabad, India, and is backed by over \$50 million in investment from Cisco Systems, Big Sky Partners, and the Charles Schwab family. For more information regarding Aravo's award-winning solutions please visit <http://www.aravo.com> or view our blogs at <http://www.2sustain.com> and <http://atrisk.net>

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KEY FUNCTIONALITY

- > **Supplier/Trading Partner Profiles**
Aggregate all supplier and trading partner information, including profiles, contacts, facilities, contracts and relationship level, in Aravo's single system of record.
- > **Compliance Surveys**
Utilize pre-loaded questionnaires from Aravo or create your questions, and quickly build new assessments. Ratings calculations and risk scores populated from assessment results. Configurable formulas based on internal and external drivers. .
- > **Compliance Certifications**
Manage compliance to standards associated with supplier and trading partner relationships by ensuring receipt of required certification documents (e.g. acknowledgement of receipt of FCPA policy). Enable suppliers and internal stakeholders to complete their assigned assessments with no prior training, adding question-specific comments and attaching supporting evidence as needed. Automated reminder and escalation emails to appropriate users as certification due dates approach.
- > **Compliance Scoring**
Perform business impact analyses against suppliers to auto-calculate criticality, which determines the appropriate assessments for the supplier relationship. Additionally, manage compliance to standards associated with suppliers relationships by business unit, geographic location, service/commodity provided, etc.
- > **Compliance Reporting**
Reporting functionality provides clear visibility into high-risk areas of your business, the status of supplier assessments and your organization's overall compliance exposure. Maintain permanent audit histories and data repository for all Federal reporting needs.