

# sia EAGLE Intermediaries

The sharp-eyed Compliance Tool



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## EU's Financial Services Action Plan (FSAP) and the role of Compliance

The EU's **Financial Services Action Plan (FSAP)** was designed to **open up a single market for financial services** in the EU. Begun in 1999, it comprises 42 measures designed to **harmonise the member states' rules** on securities, banking, insurance, mortgages, pensions and all other forms of financial transaction.

Within the overall objective of completing the single market in financial services, the FSAP has the following specific objectives:

- :: a single wholesale market
- :: an open and secure retail market
- :: state-of-the-art prudential rules and supervision.

One of the last major pieces of the Financial Services Action Plan is the **Markets in Financial Instruments Directive (MiFID)**. It is designed to **reduce barriers to cross-border share trading, facilitate investment and thereby boost the EU economy**. MiFID will set a comprehensive regulatory regime and impose higher standards. Within the new regulatory framework **an increasing importance is set on the role of Compliance**.

The implementation of the new directives, from Market Abuse to MiFID, implies for intermediaries to **constantly monitor and control their daily operations** through dedicated functions duly separated in their organization.

On the heels of the changing European Capital Markets regulations, with the aim of answering to the increase in demand for new generation technology for the supervision and surveillance of financial market activities, SIA delivers sia EAGLE, an **open solution** capable

of conforming with regulations, meeting compliance obligations and contributing to enhance the reputation of investment firms.

## sia EAGLE Intermediaries The unique solution for the Compliance Function

sia EAGLE is an open system capable of **integrating and managing different data sources**, giving a full overview of markets and participants behaviours, and of all the different activities of the Financial Institution and its relevant persons.

In conformity with European Directives, IOSCO principles and Country specific regulations (e.g. Italian CONSOB 11768), sia EAGLE Intermediaries performs checks on equities, bonds and derivative contracts traded both on regulated markets or MTF and Over The Counter.

sia EAGLE receives and manages data flows in order to identify market irregular behaviours, conflict of interests and to analyse order execution quality and execution policies, including:

- :: transactions: orders, trades, quotes and revoked/cancelled transactions
- :: master files: clients (including accounts and positions), financial instruments, issuers, operators
- :: qualitative information: news, financial researches
- :: quantitative information: daily and intraday prices, market volumes, exchange rates
- :: business interests: according to the business done by the Financial Institution, e.g. financing, issuing, relevant shareholdings, etc.

## sia EAGLE Intermediaries

### Modules

sia EAGLE Intermediaries is composed of the following modules:

#### :: **Market Abuse (MAD):**

- > **MAD Diagnostics T+1**, performing predefined checks that guarantee the detections of suspected transactions
- > **MAD Rules/Alerts**, ad hoc monitoring with fully user configurable rules and alerts

#### :: **Insider Trading:**

- > **Insider List**, managing the institutional list of people knowing confidential, reserved and highly sensitive information

#### :: **MiFID:**

- > **Execution Policy Monitoring**, execution policy and best execution analysis
- > **Periodical Review**, execution policy periodical review simulation
- > **MiFID Transaction Reporting**, managing trade reporting to regulators

#### :: **Conflict of Interests:**

- > **Conflict Case Registry**, group conflict of interest management
- > **Dynamic Conflict Identification Framework**, conflict of interest automatic identification engine

#### :: **Personal Dealing:**

- > **Personal Transactions Registry for MiFID Relevant Persons and controls**, managing personal relationships and transactions authorization workflow
- > **CBM registry and related parties**, managing relationships among parties and group links.

## sia EAGLE Intermediaries

### Value added functionalities

sia EAGLE is a **multi-company application**. User profiles and diagnostic thresholds are parameterized for each Financial Institution active in the sia EAGLE installation, allowing to optimize information common to all the companies in the same group loading them once.

sia EAGLE Intermediaries is a **rule based compliance system**. Rules to be applied on data and related alarm settings are fully configurable and manageable by users, allowing the compliance to implement a proactive monitoring: checking on all single transactions and providing only the evidence of the non standard/compliant behaviours.

sia EAGLE Intermediaries already includes a number of ready-to-use rules which identify irregular market behaviours (MAD), orders with low quality level (MiFID) and interests matching elements (Conflict of Interests) and it allows an inter-directive view and monitoring (e.g. personal dealing has registry duties, conflict of interest impact and market abuse links).

The solution includes **facilities to query on any entity archived in the system** like orders, trades, accounts, news, financial instrument, prices and relevant persons.

The system also provides **off line analysis tools capable of comparing intermediary's activities** like statistical analyses and a full set of ready-to-use queries, reports and graphs.

sia EAGLE Intermediaries allows to **export all data** in the following file format: Excel, PDF, plain text, HTML and Word.

sia EAGLE is a modular solution able to support a step by step implementation approach and it is an independent IT platform, fully separated from business technology, granting the compliance department the full segregation of data and an analysis environment with no dependencies from the business.

## sia EAGLE Intermediaries

### Security and Access Rights

All the existing functions available in sia EAGLE may be granted to **roles (user profiles) that can be freely defined** and configured by the administrator. Moreover, since sia EAGLE is a multi-company application, users can be profiled to access only specific companies, granting data segregation.

User authentication to sia EAGLE is accomplished through a user-id and password identification process; once inserted at client level this information is encrypted and sent to the server using a proprietary protocol, where validated. It is possible to integrate external directory services (e.g. Active Directory or LDAP) in case of specific internal policies.

Users' profiling functionality is extremely **flexible** and **allows to grant access to users at single function level**, easily reflecting the internal organization of different financial institutions.

## sia EAGLE Intermediaries

### External Data Feeds

sia EAGLE has been designed as an open system and may be easily **integrated with different external systems** using a set of native adapters included in the base license.

Custom adapters can be developed to integrate all the different proprietary systems of an intermediary.

Native adapters are of two different categories:

- :: adapters using APIs or designed to integrate SIA Group products
- :: adapters for data flows in standard sia EAGLE format.

The native adapters of sia EAGLE currently available are the one integrating front-end solutions, info providers and back office solutions.

The minimum integration includes the following macro data flows:

- :: transactions: orders, trades, quotes and revoked/cancelled transactions
- :: master files: clients (including accounts and positions), financial instruments, issuers, operators
- :: qualitative information: news, financial researches
- :: quantitative information: daily and intraday prices, market volumes, exchange rates
- :: business interests: according to the business done by the Financial Institution, e.g. financing, issuing, relevant shareholdings, etc.

## sia EAGLE Intermediaries

### Technical Architecture

sia EAGLE implements the Client-Server based on a 3-tier architecture:

- 1 Data level:** all applicative data are maintained in databases which guarantee integrity and consistency
- 2 Business logic level:** it is logically split in two different sub-systems, that could even be hosted on different machines:
  - > **Adapter level:** it guarantees complete integration with different data sources
  - > **Engine level:** the core service, where transactions are monitored and every action is audited
- 3 Graphic User Interface level:** the desk where all the features are made available to the users.

The main components of the system are:

- :: **Core Application system:**
  - > **Application Server subsystem:** it manages user sessions, data access control, user management, abuse case management, MAD diagnostic configuration and all other user functions
  - > **Diagnostic and Batch Procedure subsystem:** manages MAD diagnostics execution and day-end processing
  - > **Data Bus:** de-couples sia EAGLE presentation system core application system; communications are managed by TCP/IP protocol

- :: **Management subsystem:**

- > A **windows** service controls components scheduling and their correct executions
- > other **components** manage remote control, application and system traces and logs and email sending

- :: **Data Integration system:**

- > **Adapters** de-couple sia EAGLE from the external environments, normalizing received data into sia EAGLE internal format, allowing new integrations without impacts on the data model

- :: **Presentation System:**

- > **sia EAGLE Clients** and **sia EAGLE Monitoring Console** implement the presentation layer.

sia EAGLE is a departmental application available for Windows platforms. The supported operating systems are Microsoft Windows Server 2003 or 2008 (Standard or Enterprise editions), while the supported database management systems (DBMS) are Microsoft SQL Server 2005 or 2008 (Standard or Enterprise editions).

The hardware sizing is based on the volumes that have to be managed; for a standard Financial Institution the **HW minimum requirements** for the application server, database instance and for pc clients are the following:

- :: **Application Server:**

- Dual-Socket machine with two Quadcore processors (3GHz minimum), 4 GB RAM, 144 GB Hard Disk space, better if connected to a Storage Area Network.

- :: **Database Server:**

- Dual-Socket machine with two Quadcore processors (3GHz minimum), 4 GB RAM, required disks pace depends on data volumes and retentions. For example for a bank with around 2.000.000 transactions per year, 500.000 clients, and 1.000.000 end of day prices per year the required disk space is about 20 GB if the retention is 1 (one) year.

- :: **PC Client:**

- Pentium P4 machine with 1GB RAM, 200MB Hard Disk space and minimum video resolution 1280x1024.

## sia EAGLE Intermediaries

### Qualified Support

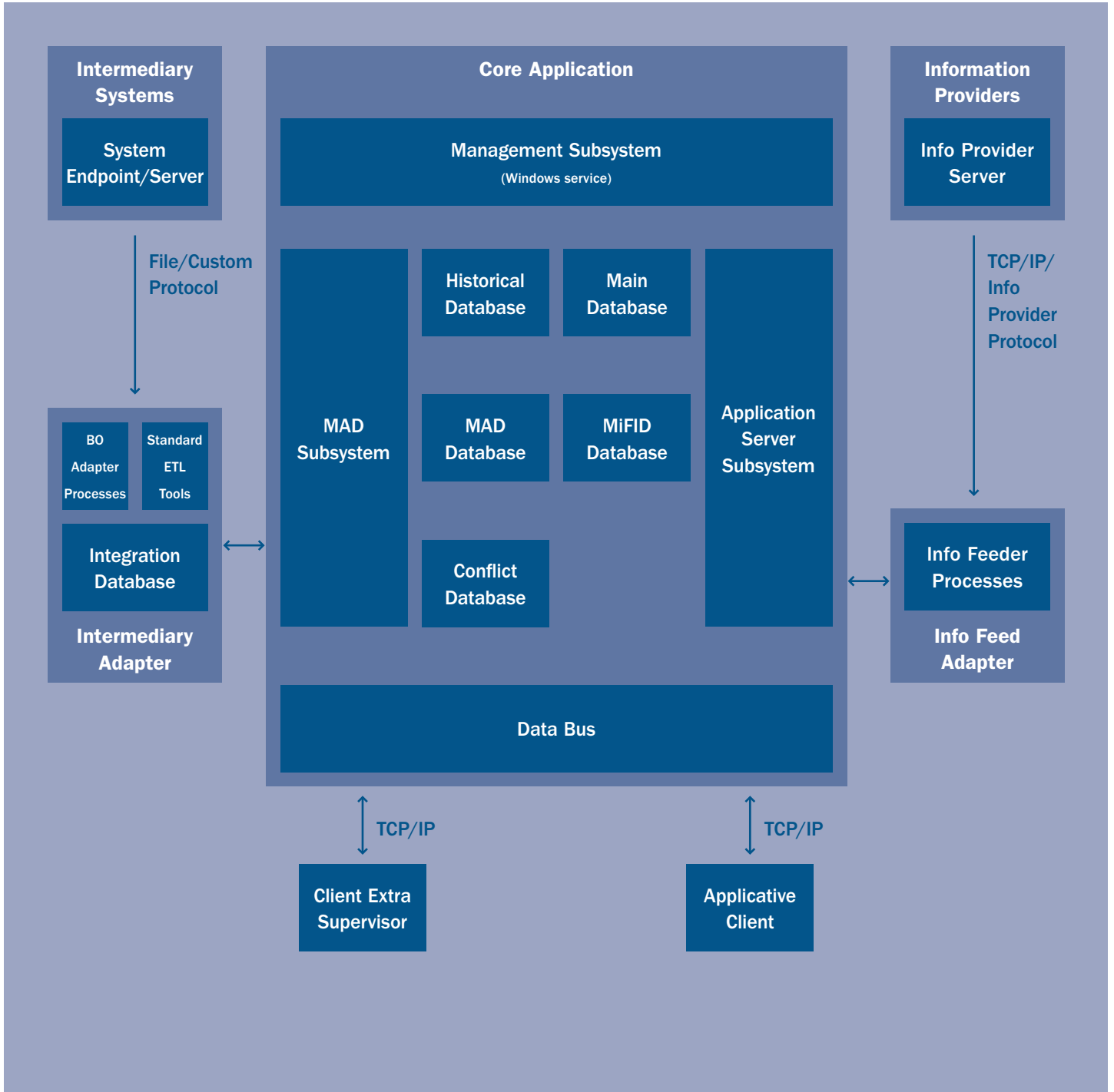
SIA offers to the international financial community a unique combination of core competencies and high level technology.

SIA is regarded as a market leader in complex programmes and projects across the whole financial market sector, including services in outsourcing.

SIA is able to provide round-the-clock service with the installation of sia EAGLE Intermediaries solution.

The service covers the facility management solution too.

The first and second level help desks offer to customers a high level of support.



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