

Hedge Funds

Compliance Solutions

for email and instant message record management

It's a matter of Reputation, Integrity & Control

Hedge Fund SEC Rule 203(b)(3)-2; Investment Advisor SEC Rule 204-2;
Investment Advisor SEC Rule 206(4)-7; Email & Instant Message Archiving;
Supervision & Policy Enforcement; Disaster Recovery; Business Continuity

Executive Summary

WELCOME AND THANK YOU for your interest in the Hedge Fund messaging compliance services of Global Relay Communications Inc. We are confident that you will find that our Hedge Fund compliance solutions exceed your expectations.

COMPLIANCE is more than just the preservation of records to ensure that your firm can survive regulatory, audit and evidentiary scrutiny. It's a matter of **Reputation, Integrity** and **Control**. The stakes are high and they are tied to the prosperity of your firm. Did you know that:

- SEC registered firms, upon request, must promptly provide access to the SEC for inspection of all business-related electronic records under Hedge Fund SEC Rule 203(b)(3)-2 and SEC Rule 204-2?
- Investors now expect their Hedge Funds to act with best practice including implementing internal supervisory compliance controls for messages as set out under SEC Rule 206(4)-7?

The compliance burden should no longer be thought of as solely a back office or IT matter. It should involve pro-active decision-making on the part of senior management to choose a high quality compliance solution to efficiently retain, protect, manage and ensure authenticity of records and to implement safeguards and internal supervisory controls against inadequate data management practices. Selecting a message archiving solution should be thought of as an investment in your firm's future, both in terms of risk reduction and overall firm image.

GLOBAL RELAY'S TECHNOLOGY SOLUTIONS reflect "best practices" standards that have become the benchmark for message management. As the developer, owner and operator of our technology, we have provided message archiving solutions since 1999 without a single incident of data loss. Our Hedge Fund technology, the Message Archiver, the Compliance Reviewer and the IM Interpreter, are specifically engineered to provide a total regulatory and legal compliance solution for firms subject to the regulatory compliance requirements of the SEC and similar State legislation. Our services provide reliable, cost-effective and scalable message management and compliance solutions that:

- are seamlessly implemented within hours
- eliminate risk with a 30 day trial which includes setup, activation, training and support
- do not require special equipment, programming, software, hardware or other capital outlays
- are continuously and seamlessly updated to meet current technological, legal and regulatory needs

However, our Hedge Fund compliance solutions are more than best-of-breed technology. We are a dedicated team of professionals with the highest synergy of business, technical and legal expertise. With 24/7 IT support and our full-time, in-house compliance lawyers, we help our customers on a daily basis troubleshoot and resolve key IT and business issues, as well as play a mission critical role in your equation to achieving corporate excellence. We will provide your firm with a superior balance of technology, service, support, training and affordability to efficiently meet regulatory, audit, corporate governance, discovery requests and other business needs.

YOUR COMPLIANCE SOLUTION will be tailored, without extra cost, to fit the needs of your firm whether you have an independent business with outsourced email, a single server environment, or a multinational enterprise with disparate email and IM systems (i.e. multiple servers/multiple platforms).

Subscribe to our 30-day trial today at **1.866.484.6630** (toll free) or online at: www.globalrelay.com, and let us demonstrate how our best-of-class solutions will make the difference in winning you as a customer.

Yours truly,



Warren Roy
CEO, Global Relay Communications Inc.

Hedge Fund Compliance Solutions Index

Electronic records compliance is all about **RECORDKEEPING** and **SUPERVISION**. That's why Global Relay specifically engineered the Message Archiver and the Compliance Reviewer. With this best-of-class technology, we proudly provide you with our complete Hedge Fund compliance solutions.

1. RECORDKEEPING



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Try our Website Demo or 30-Day Trial. The [Message Archiver](#) and the [Compliance Reviewer](#) demos, as well as the online sign-up for our [30-Day Trial](#) are at: www.globalrelay.com or call **1.866.484.6630** (toll free). No strings attached. For the trial, simply enable your email server and you'll be archiving within hours!

Why is our Message Archiver your indispensable business tool?

EMAIL & IM have both revolutionized and imprisoned the business world. Email is now the most prevalent form of business communication, accounting for 65% of all correspondence. Volumes and average message size grow by 42% and 22% per year, respectively. Email & IM are simple to create, handy to use, and easy to send. However, by relying solely on today's backup procedures (or worse, no procedures), data and financial loss are inevitable.

Conventional tape backups are not a substitute for message archiving:

1. it is expensive and time-consuming to recover data from a tape backup;
2. email that was accidentally or intentionally deleted will be unrecoverable within a week;
3. in the event of a hard drive crash, you will lose all messages created or received after your last backup; and
4. future upgrades of your tape hardware may make restoring data from old tapes unfeasible.

Simply put, even by performing daily tape backups on a weekly tape rotation, your email is at risk!

With reliance on email and IM as your primary business communication tools, can you afford to lose your electronic records? Even the most sophisticated companies have system crashes resulting in massive data loss. At the same time, the costs, effort and technology demanded to store and manage this wealth of information are often staggering.



SOLUTION?...SIMPLY PLUG-IN GLOBAL RELAY'S MESSAGE ARCHIVER AND STOP THE PAIN. It is an affordable, high performance solution that will provide your firm with a superior balance of technology, service and support to efficiently meet all your email and IM message management needs.

- **It's your IT department's best friend.** Your firm will never lose messages again. It's a fool-proof backup and automated disaster recovery tool, alleviating the heavy burden on your IT personnel.
- **It's a smart investment.** As an outsourced solution, just plug-in the Message Archiver. You will eliminate expenses related to growing internal message storage. No software, hardware or programming is required.
- **It puts control back in your hands.** Don't depend on disparate backup and storage systems, or the discretionary storage practices of employees to retain messages in their personal folders or create PST files. The Message Archiver provides centralized storage for your firm's email, attachments, IM, Bloomberg and Reuters.
- **It lets your office managers shine.** The Message Archiver keeps your firm organized, boosts efficiency and collaboration by automating recordkeeping. Using "best practices" procedures and safeguards, it helps enforce internal supervisory controls against inadequate data management practices.
- **It recovers messages instantly.** The Message Archiver's advanced search and retrieval system provides rapid recovery of all email, attachments, IM, indexes and audit trails, even if the original has been deleted.
- **It provides ultimate employee mobility.** All Users may rapidly view, retrieve, organize, reply to, forward, print or download any of their current or historical messages anytime/anywhere through any secure web browser.
- **It records "who said what when."** By preserving a permanent copy of every incoming, internal and outgoing email, attachment and IM, the Message Archiver provides an indisputable chronological time-date stamped record to help safeguard you in the event of customer, supplier or employee issues, errors or allegations.
- **It's a document versioning dream.** By nature, the Message Archiver provides you with a record of what versions, of which documents, were distributed to whom, and when.
- **It secures your information.** Customer message information has secure end-to-end multi-level encryption to ensure that privacy, confidentiality and non-disclosure obligations are upheld.
- **It provides you with an eDiscovery tool.** Email and IM can be legally admissible as evidence in a lawsuit. The Message Archiver produces evidentiary-quality electronic records with full audit trails on message history.
- **It improves message content and workforce productivity.** With real time firm-wide monitoring capabilities, it enables detection of inappropriate message content that violates your firm's policies or legislation. A side benefit is the measurable improvement in employee productivity and decrease of email and IM for personal use!
- **It builds confidence and mitigates risks.** Mismanaging critical customer or supplier electronic information puts your professional reputation in jeopardy and undermines stakeholder confidence. The Message Archiver is your proactive risk management solution.

Today's Electronic Messaging Challenges

Global Relay's Message Archiver provides the perfect solution to many of today's challenges in using email and IM as the primary business communication tools including:

1. Compliance
2. Litigation & Electronic Discovery
3. Business Continuity & Disaster Recovery
4. Message Management & Storage
5. Data Migration

CHALLENGE	GLOBAL RELAY SOLUTION
<h3>Compliance</h3>	
<ul style="list-style-type: none"> • Legislation (FINRA, SEC, RIA, SOX, IDA & Privacy) • Internal (governance, policies, ethics & HR issues) 	<ul style="list-style-type: none"> • Compliance archiving with monitoring • Industry specific compliance solutions • Access to in-house legal expertise • Rule interpretation, policy & audit assistance
<h3>Litigation & Electronic Discovery</h3>	
<ul style="list-style-type: none"> • Managing business & legal risks • Insurance costs, claims & liability • Proving "who said what when" • Finding the "needle in the haystack" 	<ul style="list-style-type: none"> • Proactive protection for your business • Affordable discovery & case management • Evidentiary quality messages for court • Rapid electronic search & retrieval • Archiving is your insurance policy
<h3>Business Continuity & Disaster Recovery</h3>	
<ul style="list-style-type: none"> • Continuous availability of critical data • Retrieving filed, lost & deleted messages 	<ul style="list-style-type: none"> • Instant access to existing & deleted messages • Offsite storage in mirrored MCI Data Centers • One click instant recovery to Outlook • Continuity mail, a secondary mail system
<h3>Message Management & Storage</h3>	
<ul style="list-style-type: none"> • Growing volumes vs. mailbox size • Deletion or loss of critical email • Unmanageable PST files on desktops & laptops • High cost of maintaining live access to email 	<ul style="list-style-type: none"> • Unlimited mailbox storage • One click recovery of deleted mail to Outlook • Import PST files • Online access to user, group or company-wide mail • Long-term, tamperproof storage of all messages
<h3>Data Migration</h3>	
<ul style="list-style-type: none"> • Transitioning from legacy archiving systems; inadequate archiving vendors; in-house to hosted • PST, MBox, MDir, NSF (Notes) & GroupWise files 	<ul style="list-style-type: none"> • Import all messages directly to Message Archiver • Unify all electronic records in a central archive (Email, IM, Bloomberg, Reuters, BlackBerry) • Low cost long-term storage with real-time access

SEC Rule 203(b)(3)-2 and SEC RULE 204-2(IA)

What do the Regulators require your Firm to do with its Email and IM Records?

SYNOPSIS: RULES REGARDING RECORDKEEPING OF HEDGE FUNDS

SIGNIFICANCE OF RULES: Regulators are no longer tolerating inadequate recordkeeping. In response to the explosive growth of email & IM as the principle business communication tools, requirements designed to protect investors from misrepresentation and fraud via electronic communications, and to prevent record tampering, are now mandated. The SEC has adopted amendments to **Part 275 — Rule 204-2** under the *Investment Advisors Act*, which identifies records that must be stored electronically relating to the business and imposes requirements regarding the preservation, accessibility and retention periods of all such records.

WHO MUST COMPLY: Hedge Funds registered or required to be registered under SEC Rule 203(b)(3)-2 are also subject to Rule 204-2 of the *Investment Advisors Act*. The majority of State-registered Advisors have similar compliance regulations. Note, that Rule 204-2(a) requires preservation of records relating to “its investment advisory business”, which should include preserving email & IM of a firm’s registered Advisors, as well as all associated persons to the business.

COMPLIANCE DEADLINE: Various relevant regulatory mandates have been implemented overtime; most relevant being the May 31, 2001 amendments (which reflect the terms of the *Electronic Signatures Act* that permits electronic storage of records pursuant to certain safeguards). The latest amendments to Rule 204-2 regarding the archiving requirements for supervisory compliance policies under Rule 206(4)-7 have an October 5, 2004 compliance deadline.

REQUIREMENTS: In connection with maintaining “electronic records” under **Rule 204-2**, firms must:

- preserve all SEC-mandated records (incoming, outgoing) regarding the Advisor’s business
- store on indelible electronic storage media
- retain in an easily accessible place for a 5 year retention period
- retain in an appropriate office of the Advisor for the first two years of the retention period
- arrange and index for easy search, retrieval and access
- be able to furnish records “promptly” (defined as immediately, up to a few hours of request time)
- have the ability to provide legible, true, and complete copies in original format, and printouts of such records
- be able to provide a means for regulators to access, view, and print
- store original and duplicate copies in separate locations
- establish and maintain procedures to protect from loss, alteration or destruction, and to limit record access to authorized personnel and the regulators
- ensure that if reproduced from hard copy, originals are complete, true, and legible when retrieved
- implement an annual review system and the ability to store review results (cross-referenced with Rule 206(4)-7)

REPERCUSSIONS OF NON-COMPLIANCE: Increasingly, regulatory investigations focus on business records, and on stricter enforcement of electronic records in particular. Firms cannot afford to have a lackadaisical attitude toward message management, as the consequences of non-compliance include internal and/or regulatory disciplinary actions, costly penalties, civil liability, damaged corporate reputation and loss of goodwill and clients.



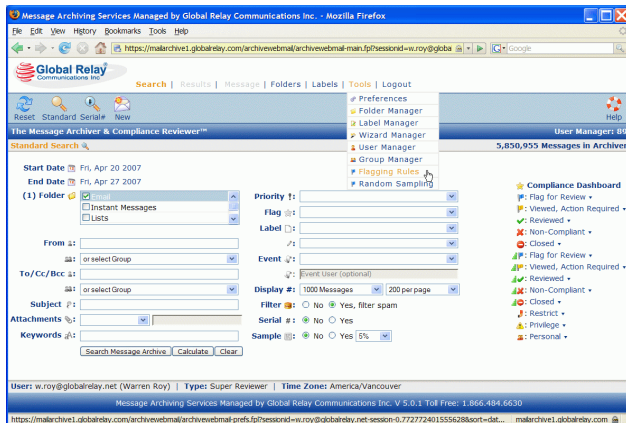
GLOBAL RELAY’S SOLUTION: Global Relay engineered the Message Archiver technology to provide Hedge Funds with a highly scalable message archival and compliance system designed in accordance with Rule 204-2 of the *Investment Advisors Act*. The Message Archiver captures and archives an authentic and complete electronic record of all email & IM communications of a firm in a secure but accessible system.

The Message Archiver



Take control...Never lose data or email again. Global Relay's Message Archiver was developed to provide Hedge Funds with a highly scalable message archival system specifically engineered to meet the stringent legal and regulatory compliance requirements for email & IM recordkeeping under SEC Rule 203(b)(3)-2 and the amended **Rule 202-4** of the *Investment Advisor Act*.

The Message Archiver captures a permanent copy of every email, attachment, IM, Blackberry, Bloomberg and Reuters message from in real time. All messages are securely archived in Global Relay's mirrored East/West Coast Data Centers providing unlimited online storage for the long-term preservation, management and retrieval of messages. Powered by true search engine technology, any messages can be found in seconds regardless of volumes or age. With personal message management tools, Users may view, restore, reply to, forward and download all their current and historical messages, and even create new mail. The Message Archiver allows for efficient responses to regulatory audits and evidentiary requests, diminishing the likelihood of securities violations, SEC enforcement actions and other liability associated with inadequate, lost or deleted records.



To find any message in 2 seconds click the “Search Message Archive” icon...

Using Google-like search engine technology, the simple user interface finds messages based on criteria contained within the message.

Search by any combination of:

- Date Range
- From (User or Group)
- To / Cc / Bcc / Distribution List
- Subject
- Keywords
- Attachment File Name (over 500)
- Serial Number
- Event
- Flag State

Features of the Message Archiver:

- consolidates email, IM, Reuters & Bloomberg in a centralized online archive
- rapid User access via any secure web browser at any time with personalized management tools
- Users may view, organize, reply to, forward, print, download or restore any messages instantly
- private individual login provided for each user for secure access to their messages using SSL/TLS
- easy-to-use search interface for all users, with multi-lingual support (Eng., French, Span., German, Jap.)
- seamlessly plugs into all email platforms capturing incoming, internal and outgoing email, IM and Bloomberg
- supports all mail platforms, Hosted Exchange or Global Relay's Hosted Email (POP/IMAP/WebMail access)
- imports historical email (PST, NSF, MDIR, Mbox etc.)
- National Security Association (NSA) level encryption for highest protection of records (AES/ RSA)
- filters can be set to display or ignore SPAM
- categorization capabilities to tag, label and prioritize messages with export to DVD
- User-defined Folders and Shared Folders for organizational, eDiscovery or compliance purposes
- messages can be written to DVD and WORM, if requested for a reasonable fee

Meets regulatory compliance requirements:

- ensures integrity and authenticity of messages with auditable & evidentiary-quality copies
- messages are serialized, time-date stamped and authenticated through write-verification
- simultaneous real-time primary online SAN storage and secondary near online storage (NOS)
- tamperproof NOS storage on dedicated WORM (Write Once, Read Many) drives
- secure, redundant offsite storage in East/West Coast Data Centers
- full text indexing for searches and full audit trails and tracking reports on message history
- complete lifecycle management with defined retention and disposal periods with flexible Litigation Holds
- for purposes of an SEC audit, messages are readily available online, or on regulator-qualified media (typically, delivery of a DVD containing an index and serialized messages in a readable format)

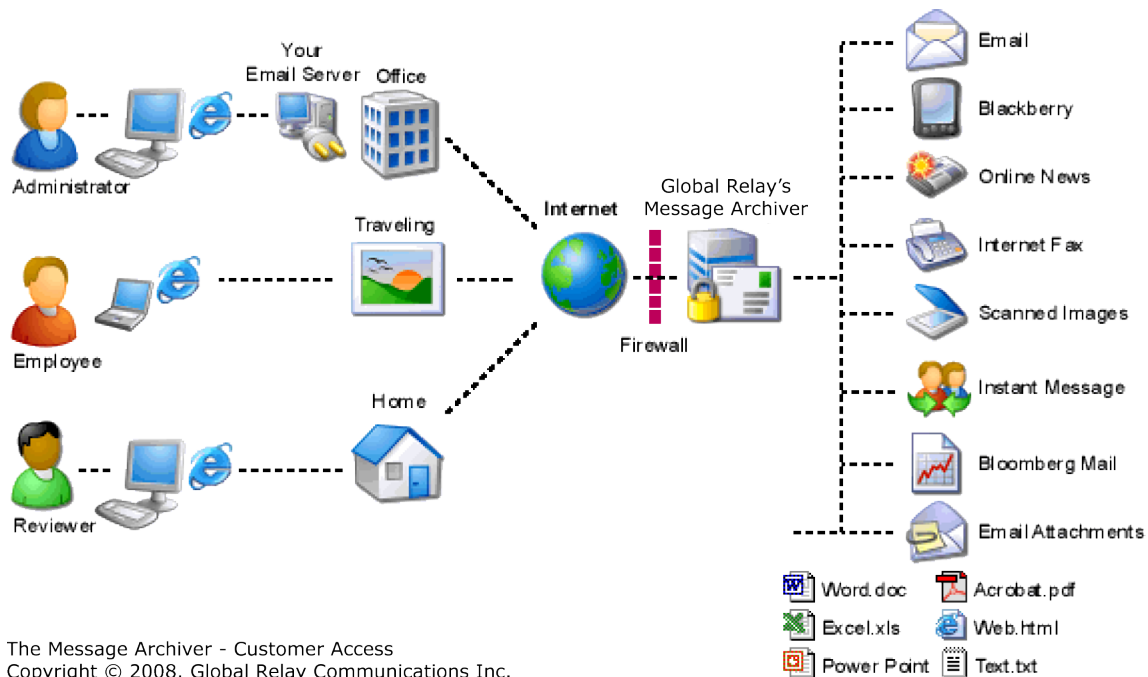
The Message Archiver: Electronic Message Capture & Access

Simple, secure and powerful, the Message Archiver works in the background archiving your email, IM & Bloomberg.



EVERY ELECTRONIC RECORD is automatically captured by the Message Archiver in real time. This includes incoming, internal and outgoing messages, whether from your firm's servers, hosted mail provider or Global Relay's servers. The process confidentially organizes and securely preserves your intellectual business assets, diminishing risks and problems that often result from poorly managed, dormant, lost or deleted records. By nature, the Message Archiver tracks "who said what, when," and provides you with a record of what versions, of which documents, were distributed to whom, and when.

Imagine the power behind having a permanent archived copy of all electronic business assets, such as:



The Message Archiver - Customer Access
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ACCESS IS MADE EASY through the Message Archiver's intuitive user interface. Using any secure web browser connected to the Internet, rapid access is provided to:

- employees, via an exclusive individual login, in order to obtain their email and IM
- managers in order to review their assigned group's messages
- business administrators, or other Authorized Users, to monitor firm-wide messages

From any location — whether office, home or traveling — all Users are able to access a permanent record of their current and historical messages, even if the original has been deleted.

User Capabilities include a simple, search and retrieval process allowing all Users to Find, View, Print, Reply, Reply All, Forward or Download messages, and even create New mail straight from the Archive.

Additional Privileges may be assigned to Authorized Users allowing them to access, search and view the email and IM of other Users, User Groups, or even firm-wide messages. Authorized Users may include the Administrator, the owner, managers, an auditor or a regulator.

The Message Archiver: Message Processing



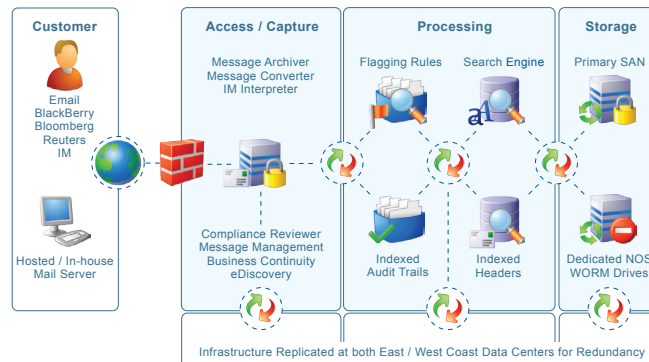
EMAIL is provided through in-house email servers operated by your firm, or as an outsourced email solution. In order to securely forward mail from the email server, journaling is enabled (e.g.: Exchange), or a simple plug-in is configured. For outsourced email, we partner with the majority of the Hosted Exchange providers or offer Global Relay's **HOSTED EMAIL**, with synchronized POP, IMAP and Webmail accounts. All incoming, internal and outgoing email, whether from your servers or hosted, is captured by the Message Archiver in real time, with secure end-to-end encryption.



INSTANT MESSAGING (IM) is captured by the Message Archiver via our **IM INTERPRETER**. Chat sessions are securely captured from the public networks such as AOL, MSN, ICQ, Yahoo and from Reuters and LCS, or we can provide our secure, internal Jabber messaging system. Bloomberg® Messaging is downloaded from the Bloomberg® FTP site and consolidated in the Message Archiver.



MESSAGE ARCHIVER captures, serializes, time-dates and indexes all messages with authentic copies written to East/West Coast Data Centers, with a true copy of each message concurrently stored on its primary SAN, secondary NOS WORM.



RULES-BASED PARSING ANALYSIS



1. SCANNING is performed on header, text body and attachments stripping all relevant text and metadata (data on data) from the message.



2. COMPLIANCE REVIEWER, integrated with the Message Archiver, uses custom filter rules configured by authorized Users to flag keywords and phrases contained within email, attachments and IM. An audit trail and reviewer action log is appended.



3. SPAM is automatically eliminated from common database searches by the Message Archiver, through identifying common SPAM recognition tags placed in email headers by SPAM scanners.



4. INDEXING – scanned text is indexed to search engines and metadata is written to databases. These are synchronized (mirrored in real time) for redundancy and compliance purposes.



5. LIFECYCLE MANAGEMENT OF DATA, with customized retention/deletion policies including litigation holds and selective deletion.

FILE STORAGE PROCESSING



1. WRITE VERIFICATION PROCESS ensures your messages are protected as they are first encrypted and then written to the Primary Online storage systems and the Secondary NOS WORM Storage. The processed messages are automatically compared with the original before the original is deleted (original is stored in a buffer for 7 days), to verify the quality and accuracy of the storage media recording process.



2. FILE ENCRYPTION meets National Security Agency (NSA) standards by using AES encryption algorithms and secondary RSA encryption algorithms before being stored. The encryption (and decryption) process is transparent to Users.



3. PRIMARY ONLINE SAN STORAGE systems preserve in real time, simultaneously with the Secondary NOS WORM Storage systems, a permanent copy of all data archived in the Message Archiver using RAID discs with write-verification.



4. SECONDARY STORAGE (WORM) systems preserve a second copy of data in the Storage Robot, our near-online storage (NOS) using dedicated WORM drives and write-verification.



5. EAST/WEST COAST DATA CENTERS in world-class facilities with secure redundancy for business continuity, disaster recovery and long-term storage.

Bloomberg

Message Converter for Bloomberg

Global Relay's Message Converter for Bloomberg offers full conversion and import capabilities for retention and management of Bloomberg Email® and Instant Bloomberg® (collectively, Bloomberg Mail) via:

1. Global Relay's hosted Message Archiver & Compliance Reviewer,
2. FTP download to Customer's in-house archiving system, or
3. SMTP delivery to Customer's in-house archiving system

Global Relay is one of Bloomberg's leading third-party vendors for downloading and delivering Bloomberg Mail globally.

About Bloomberg Mail

Bloomberg Mail enables Bloomberg customers to communicate electronically. Currently, Bloomberg Mail includes:

- Instant Bloomberg® (instant messaging (IM) between Bloomberg users);
- B-mail® (email sent between Bloomberg users); and
- Internet Mail (Bloomberg email sent to outside email addresses and vice versa).

About Bloomberg Mail & Compliance

Compliance regulations such as SEC Rule 17a-4, NASD Rules 3010 & 3110 and IDA Bylaw 29.7 require electronic business communications, including Bloomberg Mail, to be archived and monitored for compliance purposes. Company email policies also often require all business communications to be retained for litigation, monitoring and internal purposes. Bloomberg Mail is converted into messages that are imported and consolidated in the Message Archiver, with all other email and IM of an organization, for easy online search, retrieval and monitoring.

About Bloomberg Mail File Transfer

File Transfer Protocol (FTP) is a widely used way of transferring computer files from one computer to another. Bloomberg will, upon request, upload all available Bloomberg Mail to the Bloomberg FTP site on a nightly basis for archiving purposes. The Bloomberg files are in a proprietary format and may consist of plain text or XML files. The lifecycle of Bloomberg files on the FTP site may vary (contact Bloomberg for details).

Global Relay's Message Converter & Message Archiver

1. The Bloomberg Message is a "**pull technology**" meaning, on a nightly basis, Global Relay's Message Converter automatically logs into the Bloomberg FTP site and downloads a copy of all new and available Bloomberg files and forwards them to the Message Archiver (note: Global Relay's Message Converter does not delete files from the Bloomberg FTP site, it only downloads a copy).
2. The Message Archiver parses, converts and reconstructs the Bloomberg files into a readable format before routing them to the import queues for archive indexing and processing whereby the Bloomberg messages are time/date stamped, serialized and written to a dedicated customer WORM drive.
3. Any Bloomberg files which the Message Archiver is unable to properly import are skipped, with Global Relay IT Support being electronically notified and the appropriate action undertaken to resolve the issue.

Importing Legacy (old) Bloomberg Mail

Global Relay is also able to transfer and import legacy Bloomberg Mail stored internally or with Bloomberg.

Disclaimer: Global Relay's Message Converter for Bloomberg only converts files that are made available by Bloomberg LP, and technically able to be downloaded. The Bloomberg FTP processes are subject to change at any time without notice to Global Relay. Download of Bloomberg Mail is under the express direction of the customer. The Bloomberg® name is the sole property of Bloomberg LP.



Thomson Reuters Message Converter

Thomson Reuters, through a fully integrated technology partnership with Global Relay, provides Reuters Messaging (RM) customers with a one-stop solution for real-time collaboration and compliance for firms to meet SEC and FINRA regulatory demands and address eDiscovery needs.

Global Relay's Thomson Reuters Message Converter converts all Reuters Messaging content and all active compliance actions into email, to allow:

1. Ingestion by Global Relay's hosted Message Archiver & Compliance Reviewer
2. FTP download to customer's in-house archiving system, or
3. SMTP delivery to customer's in-house archiving system

About Reuters Messaging

Reuters Messaging is a secure, high-performance communication service designed to meet the needs of professionals in the financial industry.



Reuters Messaging enables market professionals to collaborate in real-time and build a powerful, global directory of contacts. Reuters Messaging offers connectivity to public instant messaging (IM) services, including Yahoo!®, AOL®, MSN®, and premium collaboration capabilities, such as persistent chat rooms, file sharing, rich media exchanges (i.e. screenshots), and structured financial forms.

About Reuters Messaging Compliance Manager

Reuters Messaging Compliance Manager (RMCM) incorporates "Active Compliance" (pre-review) tools that enable real-time compliance monitoring of all Reuters Messaging content and policy enforcement with restricted phrase/keyword blocking and/or flagging, configuration of Chinese Walls to prevent communication exchanges amongst and between parties, and definition of custom disclaimers. All active compliance actions are logged (collectively "RMCM metadata") together with all Reuters Messaging content logged by RMCM (collectively "Reuters Messaging compliance records").

How Thomson Reuters Message Converter Works

Global Relay's Thomson Reuters Converter securely transfers all Reuters Messaging compliance records and RMCM metadata on a scheduled basis via the RMCM Message Logger. Thomson Reuters Converter then parses and assembles the RMCM XML messages into email conversations for secure archive delivery via the following steps:

1. RMCM XML message logs are downloaded on a scheduled basis using secure HTTPS "pull technology"
2. Reuters Messaging content statistics, such as the # of Users, # of messages & duration are inserted into the header
3. User email address mappings are appended to Reuters Messaging user names, if required
4. XML messages are assembled into logical conversations (based on customer-defined parameters)
5. Screen Shots are appended inline for easy review
6. RMCM metadata, including active compliance (pre-review) "actions", are appended to the header
7. File Transfer URLs are appended inline for easy retrieval of files
8. XML conversations are converted to email for user-friendly display
9. Digital fingerprint or "HASH" is created for each conversation and logged
10. Every Reuters Messaging compliance record is appended to a log file
11. Automated log file summaries are then delivered to the RMCM customer via secure email for audit and reconciliation purposes



Message Converter for BlackBerry

Global Relay's Message Converter for BlackBerry offers the downloading of BlackBerry messages (SMS/Text, PIN to PIN, and Phone logs) for compliance. Our Message Converter for BlackBerry provides full conversion and import capabilities for retention and management of BlackBerry messages to:

- Global Relay's hosted Message Archiver & Compliance Reviewer, or
- Customer's in-house archiving system.

About BlackBerry messages

BlackBerry devices enable users to communicate electronically via PIN , SMS (commonly known as text messaging) and by phone. BlackBerry Enterprise Servers (BES) enable logging of these messages for compliance purposes, placing a copy of each message into a folder on the BES as follows:

1. SMS/Text: short message service (SMS) commonly referred to as text messages are logged recording the sender, recipient and content of the message.
2. PIN to PIN: personal identification number (PIN) text messages are logged recording the sender, recipient and content of the message.
3. Phone calls: are logged recording the initiator and recipient of each phone call recording their phone numbers only, not the conversation.

Compliance Archiving

Compliance regulations such as SEC Rule 17a-4 and FINRA Rules 3010 & 3110 require electronic business communications, including those transmitted via BlackBerry, to be archived for defined long-term retention periods and monitored for post-review compliance purposes. Additionally, the amended US Federal Rules of Civil Procedure (FRCP), Sarbanes- Oxley (SO X), MiFID (UK), as well as internal corporate messaging policies often require all business communications to be retained yet accessible for litigation and internal audits.

Archiving BlackBerry Messages

1. Traditionally, BlackBerry email has been the only BlackBerry messaging form that firms have been able to capture via integration with a BlackBerry Enterprise Server. However, BlackBerry PIN & SMS messages together with Phone logs are considered "business records" and legally should also be preserved. Compliance Officers responsible for monitoring of electronic communications can now capture all message types from BlackBerry using Global Relay's Message Converter for BlackBerry for compliance and legal purposes.
2. Global Relay's Message Converter for BlackBerry enables BlackBerry PIN , SMS & Phone logs to be converted into email messages that are imported and consolidated in the Message Archiver, with all other email and instant messages of an organization, for easy online search, retrieval and monitoring.
3. Global Relay's Message Archiver & Compliance Reviewer seamlessly integrate with the Message Converter to provide BlackBerry customers with longterm storage of all BlackBerry messages, to help customers meet compliance requirements and address "litigation readiness."

How the Message Converter for BlackBerry Works

All BlackBerry PIN , SMS and Phone logs for each User are processed and chronologically displayed in a single email detailing all PIN messages, SMS messages & phone numbers dialed or received by the specific Users. Each User will have a dedicated email log of their daily BlackBerry communications. Global Relays Message Converter then delivers each BlackBerry summary by email for:

- (a) Ingestion by Global Relays hosted Message Archiver & Compliance Reviewer
- (b) FTP download to Customers in-house archiving system, or
- (c) SMTP delivery to Customers in-house archiving system via VPN/TLS/SSL

Once imported, BlackBerry messages can be searched, viewed, monitored and retrieved from the Message Archiver in the same manner as email and instant messages.

Disclaimer: The RIM and BlackBerry families of related marks, images and symbols are the exclusive properties and trademarks of Research In Motion Limited - used by permission. Research In Motion, RIM, BlackBerry, BlackBerry Enterprise Server and "Always On, Always Connected" are registered with the U.S. Patent and Trademark Office and may be pending or registered in other countries.

SEC RULE 206(4)-7 (IA)

How do the Regulators want your Firm to monitor its Electronic Correspondence?

SYNOPSIS: RULES REGARDING SUPERVISORY COMPLIANCE OF HEDGE FUNDS

SIGNIFICANCE OF RULES: Regulators are no longer tolerating inadequate supervision of a firm's electronic communications. In fact, it is now unlawful for your firm to provide investment advice to clients unless it implements internal supervisory compliance controls for email & IM pursuant to new Rule 206(4)-7 under the *Investment Advisors Act*. Advisors are required to establish, maintain, and enforce written supervisory policies and procedures to detect and prevent compliance violations, including the misuse of non-public material information. With the growth of email and IM as a principle business communication tool, controls designed to protect investors from misrepresentation and fraud via electronic communications are also now mandated as part of these supervisory policies and procedures.

WHO MUST COMPLY: Hedge Funds registered or required to be registered under section 203 of the *Investment Advisors Act*. The majority of State-registered Advisors have similar compliance regulations. Note, that Rule 206(4)-7(a) requires implementation of such internal controls to prevent violations by the Advisor and its "supervised persons" which includes "any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor".

COMPLIANCE DEADLINE: Various relevant regulatory mandates have been implemented overtime; however, as of February 5, 2004, all amendments to Rule 206(4)-7 relating to the establishment and enforcement of supervisory compliance policies and procedures under corresponding Rule 206(4)-7 are in effect, with a compliance deadline of October 5, 2004.

REQUIREMENTS: In connection with the supervisory compliance controls of **Rule 206(4)-7** and corresponding SEC Final Rule **Release IA-2204**, firms must:

- establish supervisory policies and procedures for all business-related communications with clients including:
 - methods of detecting and addressing prohibited electronic communications
 - safeguards for the privacy protection of client records and information
 - monitoring the accuracy of disclosures made to investors, clients, and regulators, including account statements and advertisements
 - controls for the accurate creation of required records and their maintenance in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction
- implement internal compliance controls designed to detect and prevent regulatory violations
- designate a chief compliance officer who is responsible for administering the supervisory compliance systems
- review annually the firm's written supervisory policies and procedures to ensure compliance
- implement an annual review system and the ability to store review results (cross-referenced with Rule 202-4)

REPERCUSSIONS OF NON-COMPLIANCE: Increasingly, regulatory investigations focus on electronic compliance controls of a firm. The repercussions of non-compliance regarding the supervision of messaging management include internal and/or regulatory disciplinary actions, costly penalties, damaged corporate image, and loss of goodwill. Advisors may also be denied eligibility to advise or be precluded from serving in other capacities.



GLOBAL RELAY'S SOLUTION: Global Relay engineered the **Compliance Reviewer** technology in order to provide Hedge Funds with a turn-key, unified electronic record supervisory control system with advanced monitoring, filtering, audit and eDiscovery features. Using powerful search engines, the **Compliance Reviewer** is able to retrieve, filter, review and monitor all archived email, IM, and Bloomberg messages.

FOR MORE INFORMATION, please refer to Global Relay's: 1) *The Compliance Reviewer*; 2) *The Compliance Reviewer: Supervisory System*; and 3) *The Compliance Reviewer Technical Solution for SEC Rule 206(4)-7*.

SEC Rule 206(4)-7 may be found at: [http://www.globalrelay.com/compliance/ria206\(4\)-7.html](http://www.globalrelay.com/compliance/ria206(4)-7.html).

SEC Final Rule Release IA-2204 may be found at: <http://www.globalrelay.com/compliance/riarelease2204.html>.

The Compliance Reviewer

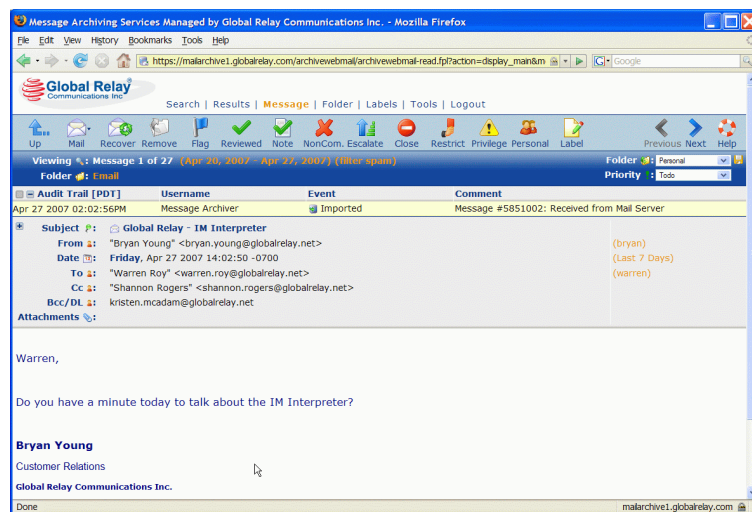


Take control...Protect your firm with an early warning system. Global Relay's Compliance Reviewer provides Advisors with a turnkey, unified supervisory system to enforce and supervise email policies designed to prevent and detect violations under the *Investment Advisors* in accordance with **Rule 206(4)-7**.


To enforce and monitor your firm's email & IM policies for proper usage, corporate governance and compliance, we provide a flexible, easy-to-use, multi-tier supervisory system with advanced rules engines for one-click compliance, one-second review, and categorization by flags, priorities, folder and labels. Messages of any user are analyzed on import and flagged for review if violations are detected as follows:

1. real time filtering for keyword or phrase violations (we provide a start-up list of suggested words);
2. specific query using flexible search criteria;
3. advanced rule-based keyword & phrase proximity analysis; or
4. random sampling rules (by User, User Group, or firm as a whole, with adjustable percentages).


A Reviewer can instantaneously retrieve for review any flagged message, evaluate and log the results. If applicable, a first level Reviewer may escalate any non-compliant message to a Super Reviewer for further evaluation.




Once a message has been:

 Flagged for review

REVIEWER may mark message as:

 Viewed, Action required

 Reviewed

 Non-compliant

 Closed

 Privilege

 Restrict


 Personal

If Escalated  message is marked:

 Flagged for review

Super Reviewer may mark message as:

 Reviewed

 Non-compliant etc.

 Closed

Business Benefits of the Compliance Reviewer:

- real-time detection of inappropriate or misleading messages, which may violate regulation or firm policies
- ability to enforce firm policies regarding appropriate email & IM usage, corporate governance and privacy
- improvement of employee productivity through decreased personal email & IM use due to monitoring

Features of the Compliance Reviewer:

- customized, automated flagging of messages for review based on flexible filtering criteria
- review of full messages and attachments, or rapid review of headers only, with virtually no latency
- keyword flagging rules can be customized for each of incoming, internal and outgoing messages
- keyword search results are highlighted in different colors within the message for quick discovery
- customized filters can exclude specific words and phrases (e.g. disclaimers or attorney-client privileged mail)
- Reviewer can log message review history with action icons and predefined or issue specific comments
- Reviewer-defined folders to categorize data for compliance or litigation purposes, with fast export to CD

Meets Regulatory Compliance Requirements:

- rapid access to review functions via any secure web browser
- advanced filtering with categorization by flags, priorities, folder and labels
- customized security rules govern multi-tier access rights and action privileges of authorized reviewers
- rules-based, automatic message flagging with review alerts to enforce timely review
- detailed time stamped logs with audit trail history of reviews and related actions taken
- flexibility to internally make adjustments to surveillance and monitoring procedures
- enables response to audit requests within minutes with online audit, search and eDiscovery tools

The Compliance Reviewer: Supervisory System

The Compliance Reviewer is configured to enforce and monitor your firm's supervisory policies and procedures.



ADMINISTRATOR sets up your firm's Users and assigns them to User Groups; appoints Reviewer(s) to monitor specific User Groups, and if required, appoints Super Reviewer(s) to assist Reviewers. Administrator also provides access to authorized persons (such as regulators, auditors and owners).



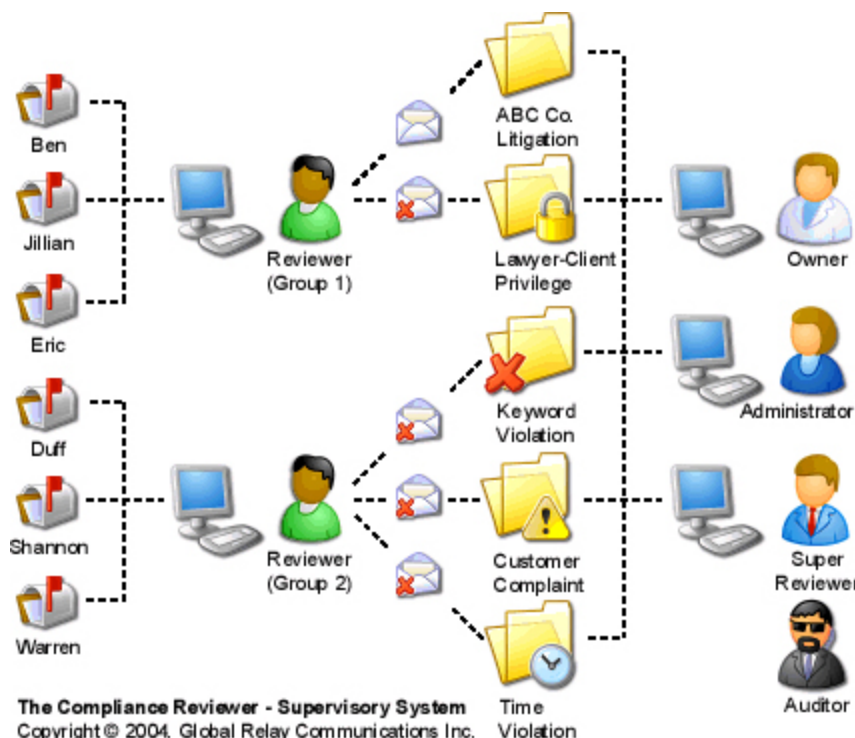
USER has access to a permanent online record of their messages from any location. Specific Users (i.e. a manager) may be assigned access to additional User accounts by the Administrator. A User can reply, forward, print or download their messages, but cannot access records relating to any supervisory review.



REVIEWER has access to messages of its assigned User Group(s) in order to carry out the first level review. Messages may be "Flagged for Review" through real-time keyword scanning, specific search criteria or random sampling. The Reviewer then may review the flagged message. Through simple color-coded icons, the Reviewer marks the message as "Reviewed" or "Non-compliant". If "Viewed, Action Required", such messages will be marked accordingly, and become subject to a time violation if not dealt with. An explanatory comment must accompany all non-compliant and/or "Escalated" messages, in order to assist the assigned Super Reviewer, or otherwise detail the review process. Messages may be organized into Reviewer-defined folders. Once a non-compliant message has been fully dealt with, it may be marked as "Non-compliant - Closed". Messages can also be marked "Privileged", "Restricted" or "Personal".



SUPER REVIEWER has all access and review capabilities of the Reviewer, as well as firm-wide access to all User messages (unless specifically restricted) to carry out the second level review. Similar to the Reviewer, once a message has been "Escalated" and "Flagged for Review", the message may be marked as "Reviewed", "Non-compliant" or "Viewed, Action Required". Once it has been "Escalated" to the Super Reviewer, the Reviewer can no longer take any actions. The Super Reviewer has access to any Reviewer-defined folders. Once a non-compliant messages has been fully dealt with, it may be marked as "Non-compliant - Closed".



CUSTOMIZED STRUCTURE

To organize the review of flagged messages of Advisors, the firm Administrator may establish multiple User Groups by domain, department, office, division or management team, and may assign multi-tier Reviewers. The Owners, managers, auditors or regulators can also be assigned review privileges.

The firm can directly manage the review structure and adjust User Groups, access rights or levels of review to fit the firm's evolving needs.

Reviewer-defined priorities, labels and shared folders, help organize reviews.

Summary: Hedge Fund Best Practices Compliance Guidelines for Email & IM

The following is a summary of “best practices” guidelines to assist your firm in complying with mounting securities requirements that have contributed further pressure and complexity to the task of managing messages. **The complete Guidelines are provided to Users of Global Relay’s Message Archiver and Compliance Reviewer.**

Advisors must ensure that actual archival deployment strategies for your firm meet the compliance requirements mandated for Hedge Funds. All messages deemed to be official business records should be subject to your firm’s message management policies and procedures. These suggested guidelines are developed on the basis that your firm is employing a message archiving and supervision solution, such as Global Relay’s Message Archiver and Compliance Reviewer. Accordingly, these best practices compliance guidelines are divided into three sections:

1. General Email & IM Policy requirements;
2. Recordkeeping in accordance with SEC Rule 204-2; and
3. Supervision of Electronic Records in accordance with SEC Rule 206(4)-7.

A. GENERAL EMAIL & IM POLICY

An email & IM policy should be driven by corporate governance objectives (in addition to IT demands) that address usage, management and where applicable, regulatory requirements such as recordkeeping and supervision. Such policies for email & IM records should be incorporated into the current recordkeeping policies of your firm. The message archiving system employed should adhere to such email & IM policies with scalable technology that implements record management functionality into messaging systems in order to properly manage and supervise the message management lifecycle. In general, an email & IM policy should address the following:

1. General Policy Overview
2. Discovery and Retrieval
3. Content Management
4. Retention and Disposal
5. Privacy

B. RECORDKEEPING

Global Relay’s Message Archiver is messaging archival and compliance system that captures and preserves an authentic and complete copy of all electronic records of a firm in a secure but accessible system. The following describes best practices standards for Advisors in managing email & IM as records of business, and the obligations of the Hedge Funds pursuant to SEC Rule 204-2:

1. Email & IM Capture
2. Preservation and Management
3. Access Rights and Privileges
4. Redundancy
5. Retention and Disposal
6. Regulatory Requests
7. Legal

C. SUPERVISION OF EMAIL

Global Relay’s Compliance Reviewer is a messaging surveillance and audit system used in conjunction with the Message Archiver and IM Interpreter in order to meet regulatory compliance requirements for supervision. The Compliance Reviewer effectively enables the review, monitoring and retrieval of electronic records stored within the Message Archiver. The following describes best practices standards for Member firms in the supervision of its employee’s email & IM as records of business pursuant to SEC Rule 206(4)-7:

1. General
2. Reviewers and User Groups
3. Access Rights and Privileges
4. Searches
5. Reviewer Actions
6. Audit Trail
7. Evaluation

Benefits of Global Relay's Software-as-a-Service (SaaS) Solution For Hedge Fund Electronic Recordkeeping and Supervision

Establishing a message management system and satisfying the Hedge Fund compliance requirements imposed by the SEC relating to email & IM recordkeeping and supervision are complex, and potentially expensive if done in-house. As the developer, owner and operator of our technology services, Global Relay is able to provide your firm with cost-effective, complete, high-quality solutions to achieve compliance, as well as to ensure that your email, instant messages and Bloomberg messages are properly backed up and managed.

Global Relay's Outsourced Message Archiver & Compliance Reviewer Solution

- superior technology with time test reliability since 1999
- it's a seamless, turnkey solution that plugs into your existing system and is activated within hours
- no special equipment, programming, hardware, software or other capital outlays
- affordable, typically costing as little as 25% to 50% of a comparable in-house solution
- predictable budgeting
- unmatched speed enabling you to find any message in under 2 seconds
- user-friendly with virtually no learning curve
- off-site, mirrored storage in East/West Coast Data Centers
- accessible from any secure web browser
- technology is continuously and seamlessly updated to meet current technological, legal & regulatory needs
- includes SEC recommended non-rewriteable, non-erasable dedicated WORM media with off-site backup
- secure, National Security Association (NSA) level AES and RSA dual encryption for highest protection
- unlimited mailbox storage and scalability, designed to support millions of Users
- provable authenticity of records and audit trails which are evidentiary quality for court & SEC
- 24/7 IT Support & immediate audit support
- dedicated professional compliance team with the highest synergy of business, technical and legal expertise
- mission critical reliability, not a single incident of data loss in eight years of providing message archiving
- individual User accounts can be associated with multiple email addresses, aliases and distribution lists
- 30 day total satisfaction guarantee
- we will tailor an all-encompassing compliance solution for firms of any size, structure, nature
- enables your firm to focus on its core business

In-House Software & Hardware Solutions

- significant initial and ongoing expense in software, hardware and IT personnel
- time consuming to research, plan and coordinate with multiple software and hardware vendors
- finding the in-house expertise to implement, manage and update a compliant solution may be challenging
- logistically difficult and intrusive to establish an internal data center
- your valuable electronic assets may not be safe in the event of a disaster
- difficult to fulfill SEC requirement to have separate storage locations for duplicate copies of email
- costly legal services related to ongoing state and federal compliance issues
- mailbox licensing may be expensive and operationally difficult
- risk of messages not being captured properly, or not stored securely with satisfactory encryption
- independent security audits may be required to ensure security and compliance standards are met
- replacement by hardware vendors of defective components may result in days of downtime
- if relying on PST files: (1) they are susceptible to corruption resulting in data loss; (2) regulators, by nature, would have access to all information in Outlook including contacts, calendar and lawyer client-privileged mail

Conclusion

Global Relay eliminates the financial and operational risks of implementing a compliant message archiving and supervision solution for Hedge Funds. Our 30-day trial, which includes setup, activation, training and support for your firm demonstrates our commitment to you, our belief in our team and our solution.

Six Steps to Compliance for Hedge Funds

Getting Started...The Message Archiver and the Compliance Reviewer can be set up and made operational for your firm within hours.



30-Day Trial. Let's start you on the road to compliance without risk of commitment. No software, hardware, programming, or other capital outlays are required. Satisfaction is guaranteed since you have 30 days to try out our Services. If not fully satisfied, we can disengage the Services instantly upon request. In the meantime, your data is legally and confidentially protected, as well as securely stored.



1. Gathering Info. Let's talk. We recognize that compliance starts with combined proactive decision-making on the part of your compliance officers, IT technicians and senior management. We have the business, technical and legal team to match. Try our online demos at: www.globalrelay.com, or schedule a live product demonstration. We also can provide you with a Fee quote.



2. Sign Up. To sign up, starting with the 30-day trial, complete the [Registration Information](#) form online at: www.globalrelay.com/signup.aspx. Linked to the online signup is our online Services Terms & Conditions that you must carefully read and "Accept" to complete your registration.



3. Installation. Upon receipt of your online signup request, Global Relay's Provisioning Team will work with your IT contact or hosted mail provider to complete the installation. For archiving customers, if your firm operates its own mail servers, simple journaling or plug-in instructions will be provided. Global Relay will test, monitor and troubleshoot the connection to confirm that the mail is flowing into the Message Archiver. Instant Messaging, Bloomberg, Reuters and BlackBerry message capture will also be activated at this time, as required.



4. Welcome Package. Once the mail is confirmed to be flowing, we send you a Welcome email, as well as provide your Administrator with account information. At this point, your Administrator may assign User access rights and set up User Groups.



5. Online Training. While our technology is extremely intuitive, we offer free training sessions held by conference call, concurrently while you access the system through any secure web browser. These sessions run about 60 minutes. If you require further assistance, our team of well-trained technical support professionals will gladly guide you through any questions.



6. Usage Consultation & Ongoing Support. Upon expiry of the 30-day trial, assuming you are satisfied with our Services, you will be engaged as a full customer. The Fee Agreement is required to be signed and faxed back to Global Relay. Upon request, we can provide you with messaging statistics, such as usage reports (standard statistics can also be found within your system). For compliance archiving customers, the tamperproof, dedicated WORM drive will be activated.

Enjoy the peace of mind that comes with our Hedge Fund Compliance Solutions.

Global Relay's Suite of Hosted Business Services

Global Relay's proprietary technologies have been specifically engineered to secure, filter, capture, index, archive, monitor and unify all email and attachments, together with other electronic communications such as instant messages (IM), Blackberry, e-fax, Bloomberg, Reuters, and imported historical email for instant online search and retrieval within seconds from anywhere. Global Relay offers businesses a proactive, all-in-one hosted solution to address messaging compliance, management, storage, security, eDiscovery, business continuity and disaster recovery.



MESSAGE ARCHIVING & MONITORING

Enterprise Archiving, our fully-managed message archiving, monitoring and eDiscovery solution which mirrors data in our East/West Coast Data Centers integrating HP servers, Sun Microsystems' operating systems, and Blue Arc NAS/SAN storage, to provide unmatched performance, resilience and scalability:

- 1. The Message Archiver**, our core message archiving system. Powered by true search engine technology to retrieve any message in seconds regardless of volume or age, it offers unlimited online storage for the long-term preservation, management and retrieval of email, attachments and IM. With personal message management tools, Users may view, reply to, forward and download all their current and historical messages, and even create new mail. You will never lose email again.
- 2. The Compliance Reviewer**, our multi-tier, turn-key supervisory system with one-click compliance, one-second review, and categorization by flags, priorities, folders and labels. Email & IM policies for proper usage, corporate governance and compliance are easily enforced and monitored. Rogue messages are identified by keyword filtering, specific query or random sampling.
- 3. The Storage Robot**, our secondary near-online storage (NOS) using dedicated, tamperproof WORM (**Write Once, Read Many**) drives with write verification (used in addition to primary online SAN storage), to provide an authentic, evidentiary quality copy of every message.

Compliance Archiving, provides industry-specific solutions developed to meet the stringent regulatory compliance requirements mandated for electronic records, with advanced Audit & eDiscovery tools.

Our technology provides compliance with: SEC Rule 17a-4; NASD Rules 3010 & 3110; NYSE Rules 342, 440 & 472; RIA SEC Rules 204-2 & 206(4)-7; IDA Bylaw 29.7; FSA, *Sarbanes Oxley Act*; HIPAA; *Graham-Leach Bliley Act*; PIPA & PIPEDA; *Patriot Act*; *Data Protection Act*, Basel II, FERC; FCC, and more.

Legacy Data Importer imports historical email from PST, MDIR & Mbox files, backup tapes etc. to the Message Archiver for rapid search and retrieval.



MESSAGE CONVERTERS for each of Bloomberg, Reuters and BlackBerry enable messages to be automatically downloaded and consolidated in the Message Archiver, or converted for external delivery to third-party archives.



EMAIL, our secure email system provides simultaneous POP, IMAP and Webmail access.

- includes Virus Scanning & SPAM Filtering
- support for Outlook & Outlook Express and seamlessly integrates with the Message Archiver



EMAIL FILTERING shields your corporate Exchange/in-house email servers from attack.

- provides front-end Virus Scanning & SPAM Filtering
- 7-day Store & Forward mail-queuing in the event of a network outage or server upgrade/repair
- 7-day Storage Buffer to recover lost email between the time of a server crash and your last backup



EMAIL CONTINUITY, our secondary "always on" 30-day rolling Webmail system with POP & IMAP access for complete email continuity in the event of a disruption or disaster.

- includes Virus Scanning & SPAM Filtering
- support for Outlook & Outlook Express and seamlessly integrates with the Message Archiver



IM INTERPRETER facilitates the secure capture of instant messages (IM) by the Message Archiver for easy search, retrieval and monitoring. We offer three IM solutions depending on a firm's requirements:

- 1. Enterprise IM**, our secure, internal Jabber messaging system
- 2. Hosted IM Filtering** & capture of AOL, MSN, ICQ, Yahoo & LCS via Akonix L7 Security Servers
- 3. IM Capture** of Akonix, Facetime & IM Logic Proxy Servers via SMTP



The Message Archiver & The Compliance Reviewer

Technical Solutions For

- Hedge Fund SEC Rule 203(b)(3)-2
- Investment Advisor SEC Rule 204-2
- Investment Advisor SEC Rule 206(4)-7

The Message Archiver Technical Solution for Hedge Funds Falling Under Investment Advisor SEC Rule 204-2 – Recordkeeping

Global Relay's Message Archiver is specifically engineered in accordance with the Securities and Exchange Commission (**SEC**) **Part 275 - Rule 204-2 — Books and Records to Be Maintained by Investment Advisors** under the *Investment Advisors Act of 1940* and the corresponding **Release No. IA-1945 Final Rule: Electronic Recordkeeping by Investment Companies and Investment Advisors**, to provide solutions regarding the recordkeeping requirements as they apply to incoming and outgoing messages of Advisor's business. The requirements are met as follows:

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
<p>Preserve Accurate Records (a)</p>	<p>Every Firm registered or required to be registered under section 203 of the Act shall make and keep true, accurate and current the following books and records relating to its investment advisory business:</p> <p>The provision lists 17 types of records. In particular, Item 7: Originals of all written communications received and copies of all written communications sent by such investment advisor relating to (i) any recommendation made or proposed to be made and any advice given or proposed to be given, (ii) any receipt, disbursement or delivery of funds or securities, or (iii) the placing or execution of any order to purchase or sell any security; Item 11: A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that the investment advisor circulates or distributes, directly or indirectly, to 10 or more persons...; Item 17: A copy of the investment advisor's policies and procedures formulated pursuant to Rule 206(4)-7(a)..., and any records documenting the investment advisor's annual review of those policies and procedures conducted pursuant to Rule 206(4)-7(b).</p>	<p>Types of Electronic Communication - The Message Archiver uses a server-based system engineered to capture and archive all incoming, internal, outgoing email & IM of an Advisor. This ensures compliance with paragraph (a) of Rule 202-4, which requires Advisors to preserve records relating to its "investment advisory <u>business</u>" including "originals of all written communications <u>received</u> and copies of all written communications <u>sent</u>" of certain records.</p> <p>SPAM - The industry interpretation of "relating to its investment advisory business" appears to exclude SPAM. Global Relay offers an optional Anti-Spam & Virus Hosted Email Filtering that can either tag SPAM so it is not displayed in the User inbox, or quarantine it for review prior to it being deleted (or redirected to the User).</p> <p>IM - If an advisor conducts business communications by Instant Messaging (IM), industry interpretation suggests to include IM in the definition of "investment advisory business", therefore, an Advisor's policies and procedures on electronic communications should either restrict IM from being used for business or implement one of Global Relay's IM solutions which include capture IM from the public networks, as well as a secure, private internal Jabber messaging system.</p> <p>Message Converter for Bloomberg enables Bloomberg® Messages to be automatically downloaded from the Bloomberg® FTP site and consolidated in the Message Archiver.</p> <p>Legacy Data Importer imports historical email from PST, MDIR & Mbox files, backup tapes etc. to the Message Archiver for rapid search and retrieval.</p> <p>Users – Again, Rule 202-4(a) requires Advisors to preserve records relating to its "investment advisory <u>business</u>" and the industry interpretation of this phrase suggests inclusion of not only records of representatives, but also of all associated persons to the business.</p> <p>Encryption – As part of the process to "make" a true and accurate record, before being written to the storage systems, each message is encrypted meeting National Security Agency (NSA) standards by using AES and secondary RSA encryption algorithms. The encryption (and decryption) process is transparent to Users. The actual storage process applied to "keep" the records true and accurate, and verification of the same, is described below.</p> <p>Documentation of the Review Process - During the lifecycle of a message, all actions by any User, auditor, or the system itself, associated with the message</p>

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
		<p>are logged, including all reviews of the same. The Message Archiver's detailed logs provide a full audit trail verifying the integrity of the message. These logs are available to any authorized administrative User.</p> <p>Rule 206(4)-7 - Note, in reference to Item 17, refer to Global Relay's <i>Technical Solution for SEC Rule 206(4)-7</i> regarding the general advisor supervisory policies and procedures and review of the same.</p>
<p>Storage Period and Access</p> <p>Books & Records (e)(1)</p> <p>Corporate Records (e)(2)</p> <p>Published Materials (e)(3)</p>	<p>All books and records required to be made under the provisions of paragraphs (a) to (c)(1)(i), inclusive, and (c)(2) of this section (except under (a)(11), (a)(16), and (a)(17)(i) of this section), shall be maintained and preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such record, the first two years in an appropriate office of the investment advisor.</p> <p>Partnership articles and any amendments thereto, articles of incorporation, charters, minute books, and stock certificate books of the investment advisor and of any predecessor, shall be maintained in the principal office of the investment advisor and preserved until at least three years after termination of the enterprise.</p> <p>Books and records required to be made under the provisions of paragraphs (a)(11) and (a)(16) of this rule shall be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the investment advisor, from the end of the fiscal year during which the investment advisor last published or otherwise disseminated, ... the communication.</p>	<p>Books, Records & Published Materials - Global Relay's Message Archiver is an message archival system for the long-term preservation, access and retrieval of email & IM. It employs retention scheduling to manage the lifecycle of messages ensuring compliance preservation periods are met. Under Rule 204-2(e)(1), and similar with Rule 204(e)(3) below, Advisors have to maintain and preserve in an "easily accessible place," all books and records listed in paragraphs (a) to (c) of Rule 204-2. The SEC five year retention requirement can be applied to electronic records listed in this Rule 204-2(e)(1)&(3). Following best practice standards, the Message Archiver is able to provide "easily accessible" real-time access to messages through the primary online storage system using RAID discs with write-verification during the first two years of the Advisor's five year retention requirement. For the remainder of the retention period, the messages are preserved and able to be accessed promptly through the Storage Robot, our secondary near-online storage (NOS) robotic tape library using dedicated WORM (write once read many) drives with write-verification.</p> <p>Corporate Records - Similarly, the electronic corporate records referred to in this Rule 204-2(e)(2) can be archived in the Message Archiver for the corporate life of the firm. Following industry standards, real-time access to such records should be provided for at least two years. This can be done through the primary online storage system using RAID discs for two years, and then have the messages preserved with the ability to be accessed promptly through the Storage Robot, our secondary near-online storage (NOS) robotic tape library using dedicated WORM drives for the corporate life of the firm. If requested, such messages can be copied to various storage media for a lifetime corporate record upon dissolution of the firm.</p> <p>Inclusion of Electronic Records - Note, that this is the same extensive list of documentation under Rule 204-2(e) that Advisors had to maintain both before and after the introduction of electronic records. Accordingly, the requirements are not specific to electronic records. Global Relay's real-time access to messages through the Message Archiver's primary online storage system using RAID discs with write-verification more than satisfies the industry interpretation of "an appropriate office" with regard to electronic records.</p>
<p>Electronic Storage Media</p> <p>General (g)(1)</p>	<p>The records required to be maintained and preserved pursuant to this part may be maintained and preserved for the required time by an investment advisor on: (i) "Micrographic media", including microfilm, microfiche, or any similar medium; or (ii) "Electronic storage media", including any digital storage medium or system that meets the terms of this section.</p>	<p>In order to fulfill SEC's oversight responsibilities, the SEC needs to be confident that the integrity of the Advisor's records is being preserved and that these records are continually accessible. Global Relay's Message Archiver uses electronic storage media that more than satisfies the applicable conditions set forth in paragraph (g)(i) of SEC Rule 202-4 (described in more detail in Global Relay's solution for paragraph (g)(3)(i) below).</p>

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
Electronic Record Index & Retrieval (g)(2)(i)	The investment advisor must arrange and index the records in a way that permits easy location, access, and retrieval of any particular record.	<p>Global Relay's Message Archiver maintains in real-time, a database, which contains accurate information pertaining to the messages stored on the primary and secondary file storage systems. The Message Archiver database contain indexes of all relevant data on each message including all message header information (Date, From, To, Cc, Subject, attachment name) and keywords from the message and attachment(s). This index data is generally referred to as metadata (data on data), which is used when searching for messages within the Message Archiver.</p> <p>The Message Archiver's easy and efficient search and retrieval capabilities provide prompt and effective record access of email & IM records and attachments. Exact copies of all email & IM records, indexes and metadata are immediately available to authorized Users (such as the SEC). Online access, viewing, forwarding as email, downloading as files and printing of indexes and messages is done through a secure web browser based on a variety of search parameters.</p>
Time Limit to Fulfill Request (g)(2)(ii)	The investment advisor must provide promptly any of the following (items (g)(2)(ii)(A)-(C) below) that the Commission (by its examiners or other representatives) may request:	The amendment states that records are to be provided "promptly" following a SEC request. While the "promptly" standard imposes no specific time limit, the SEC expects that in most cases Advisors could, and therefore will be required to, furnish records immediately or within a few hours of request. Only in unusual circumstances would an advisor be permitted to delay furnishing electronically stored records for more than 24 hours. Global Relay is able to make immediately available, copies of all messages, indexes and metadata stored within the Message Archiver, to be reproduced by authorized Users promptly.
Verified Electronic Records (g)(2)(ii)A	The investment advisor must provide promptly a legible, true, and complete copy of the record in the medium and format in which it is stored that the Commission may request.	All messages stored within the Message Archiver are forwarded directly from the Advisor's email server, with no User intervention. All such records are stored in their original format. Global Relay's Message Archiver automatically verifies the quality and accuracy of the storage media recording process as email & IM messages and attachments are written to the Message Archiver primary and secondary file storage systems. The accuracy and completeness of the write-verification recording processes is ensured through data comparison. As messages are processed, the Message Archiver automatically compares the post-processed message with the original message before the original message is deleted. The Message Archiver also provides automated 7 day external storage as an added level of redundancy in the write-verification process.
Record Print Outs & Logs (g)(2)(ii)B	The investment advisor must provide promptly a legible, true, and complete printout of the record that the Commission may request.	Exact copies of all messages, indexes and metadata stored within the Message Archiver are immediately available to be reproduced by authorized Users. During the lifecycle of a message, all actions (viewing, replying, forwarding, downloading, flagging, notation, review) by any User, Reviewer, Super Reviewer, Administrator or the system itself associated with the message are logged. The Message Archiver's detailed logs provide a full audit trail verifying the integrity of the message. These logs are available to any authorized administrative User.
eRecord Access (g)(2)(ii)C	The investment advisor must provide promptly means to access, view, and print the records that the Commission may request.	Access to view, print and download messages is done through the Message Archiver's secure, user-friendly web browser interface accessible by authorized personnel from any desktop. Authorized Users are able to easily conduct searches using structured queries based on various search parameters (all, date, date range, To, From, Cc, Bcc, Distribution List, Subject, keywords contained within a message or attachment, attachment file name or any part of or combination of the preceding). The Message Archiver is able to retrieve messages in bulk and download such records on any media requested by the SEC.

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
Duplicate Copies (g)(2)(iii)	Separately store, for the time required for preservation of the original record, a duplicate copy of the record on any medium allowed by this section.	Global Relay's Message Archiver ensures all messages are copied in the Storage Robot, our secondary near-online storage (NOS) robotic tape libraries using dedicated WORM (write once read many) drives and write-verification. As an added benefit, by separately storing the duplicate copies, further disaster recovery steps are implemented.
Indelible Storage Media (g)(3)(i)	In the case of records on electronic storage media, the investment advisor must establish and maintain procedures to maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction.	<p>"Best practices" standards dictate the use of dedicated WORM drives and redundant backup systems in order to properly safeguard electronic records against loss, tampering or destruction. Global Relay's Message Archiver archives a perfect and permanent copy of all messages, including attachments, in the Storage Robot, our near-online storage (NOS) robotic tape libraries using non-tamperable dedicated WORM (write once read many) drives, eliminating the risks associated with lost, altered, destroyed or deleted messages.</p> <p>Given the explosive growth of email & IM as principle business communication tools, the SEC has recognized that legislated indelible WORM storage formats may be warranted. Accordingly, although SEC Rule 204-2 is silent "at this time" on the specific media to be used to ensure preservation of an authentic and permanent record, Global Relay provides dedicated WORM drives as a precautionary/pre-emptive measure since adoption by the SEC of standards similar to the SEC Rule for electronic recordkeeping for broker-dealers, which specifically require electronic brokerage records to be preserved in a WORM format, are likely to follow.</p>
Limited Access (g)(3)(ii)	In the case of records on electronic storage media, the investment advisor must establish and maintain procedures to limit access to the records to properly authorized personnel and the Commission (including its examiners and other representatives).	Administrators, auditors and supervisory reviewers can be assigned access privileges on a corporate-wide basis. All information stored within Message Archiver can be made promptly available to the SEC, provided the Advisor has furnished access to the Message Archiver (either by providing access information directly or by placing access information in escrow with a third party).
Convert Originals to Electronic (g)(3)(iii)	In the case of records on electronic storage media, the investment advisor must establish and maintain procedures to reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.	All messages stored in the Message Archiver are forwarded directly from the Advisor's email server, with no User intervention. As stated above, all such records are stored in their original format and the quality and accuracy of the recording process is automatically verified as messages and attachments are written to the Message Archiver primary and secondary file storage systems.
SEC Rule 17a-3 & 17a-4 (h)(1)	Any book or other record made, kept, maintained and preserved in compliance with SEC Rule 17a-3 and Rule 17a-4 , which is substantially the same as the book or other record required to be made, kept, maintained and preserved under this section, shall be deemed to be made, kept maintained and preserved in compliance with this section.	Global Relay's technology was specifically engineered to meet the more stringent electronic recordkeeping requirements of SEC Rule 17a-3 and Rule 17a-4 imposed by the SEC on Broker-Dealers. Accordingly, any record preserved in compliance with the Broker-Dealer rules, will be deemed to be compliant under the Investment Advisor requirements. Note, that Advisors under <i>Release No. IA-2204 Final Rule: Compliance Programs of Investment Companies and Investment Advisors</i> , who are also registered as Broker-Dealers, are not required to segregate their Firms compliance policies and procedures from their Broker-Dealer compliance policies and procedures.
One Record (h)(2)	A record made and kept pursuant to any provision of this Rule 204-2(a), which contains all the information required under any other provision of paragraph (a) of this section, need not be maintained in duplicate in order to meet the requirements of the other provision in this Rule 202-4.	Duplication of records required to be preserved under more than one provision of paragraph (a) of Rule 202-4 is irrelevant with respect to electronic records, as the Message Archiver automatically captures a copy of every message, consolidating them into a unified, secure archive in Global Relay's Data Center. The simple search and retrieval process provides rapid access to each message stored within the unified archive, even if the original message has been deleted.

The Message Archiver & Compliance Reviewer Technical Solutions for: Investment Advisor SEC Rule 206(4)-7 — Internal Compliance Programs

Global Relay's Message Archiver and Compliance Reviewer are specifically engineered in accordance with the Securities and Exchange Commission (SEC) **Part 275 - Rule 206(4)-7 — Compliance procedures and practices** under the *Investment Advisors Act of 1940* and the corresponding **Release No. IA-2204 Final Rule: Compliance Programs of Investment Companies and Investment Advisors**. Our technology provides Investment Advisors with a turnkey internal compliance system for electronic communications and records in accordance with the firm's written supervisory policies and procedures designed to prevent and detect violations under the Act. The requirements are met as follows:

RULE 206(4)-7	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
General Application of Compliance Procedures & Practices	If you are a Firm registered or required to be registered under section 203 of the <i>Investment Advisors Act of 1940</i> (15 U.S.C. 80b-3), it shall be unlawful within the meaning of section 206 of the Act (15 U.S.C. 80b-6) for you to provide investment advice to clients unless you:	All Firms under the jurisdiction of the SEC ("Advisors") must, on or before the compliance date of October 5, 2004, adopt adequate compliance policies and procedures that satisfy the requirements in the new rules. Global Relay's Message Archiver and Compliance Reviewer, which are designed to provide Advisors with internal supervisory compliance controls relating to the electronic record compliance requirements under SEC Rule 206(4)-7, can be set up and made operational for an Advisor <u>within hours</u> .
Implement Policies and Procedures (a)	<p><u>Policies and procedures.</u> Adopt and implement written policies and procedures reasonably designed to prevent violation, by you and your supervised persons, of the Act and the rules that the Commission has adopted under the Act.</p> <p>Note, that "supervised person" is defined in SEC Rule 202(a)(25) of the Advisors Act as "any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor".</p>	<p>Each Advisor must establish written supervisory procedures and a system for applying the procedures, which may reasonably be expected to prevent and detect any violations of federal securities laws, and rules and orders thereunder.</p> <p>In response to the explosive growth of email & IM as the principle business communication tools, a major focus of implementing internal supervisory compliance controls is for Advisors to establish procedures designed to protect investors from misrepresentation and fraud via electronic communications and to prevent record tampering. Industry standards dictate that a recitation of the SEC rules or a laundry list of "thou shalt nots" will no longer satisfy SEC requirements, such as SEC Rule 206(4)-7. Procedures which are designed to help the Advisor's designated "supervisor" prevent and detect violations of the law by "supervised persons," must not only be outlined, but also implemented on a regular and on-going basis.</p> <p>Global Relay's Message Archiver and Compliance Reviewer incorporate archiving and monitoring technology developed to meet current best practices standards of the securities industry in the implementation of supervisory compliance system controls relating to electronic records of Advisors. See the attached Schedule A for a description of <i>Global Relay's Supervisory Compliance System Controls and Features</i>.</p>
Annual Review (b)	<p><u>Annual review.</u> Review, no less frequently than annually, the adequacy of the policies and procedures established pursuant to this section and the effectiveness of their implementation.</p>	<p>Global Relay's Compliance Reviewer technology has a reporting module with the ability to monitor, track and provide statistics on an Advisor's monitoring and surveillance activities to ensure effective implementation and compliance, as well as for audits and periodic re-evaluation by the Advisor. The Advisor's compliance personnel may view the results of supervisory reviews and the auditing of reviews to ensure the executed reviews comply with the policy goals of the Advisor.</p> <p>An annual review may be performed by the Advisor with the assistance of our in-house legal counsel to ensure that the Advisor maintains best practices compliance in connection with IA/SEC regulations. Moreover, Global Relay's technology is updated as required to ensure that compliance requirements are met for new and amended rules as they are introduced.</p>

RULE 206(4)-7	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
<p>Chief Compliance Officer (c)</p>	<p><u>Chief compliance officer.</u> Designate an individual (who is a supervised person) responsible for administering the policies and procedures that you adopt under paragraph (a) of this section.</p> <p>(See definition of "supervised person" in Section 206(4)-7(b) above).</p>	<p>Usually, the Chief Compliance Officer, who is designated with the responsibility of administering the supervisory compliance policies, will be appointed as the Advisor's Reviewer or Administrator with respect to Global Relay's compliance technology surveillance system. This monitoring system applies customized security rules to govern multi-tier access rights and action privileges of authorized persons, such as the CCO or other compliance department staff. For details, refer to <i>Compliance Monitoring System</i>, Section 2 of attached Schedule A.</p> <p>Typically, within a small Advisory firm, one Reviewer can monitor all User email & IM. The Reviewer in this case is often the business owner, the partner, chief compliance officer or other supervised person specifically charged with overseeing compliance. For growing, complex or large Advisory firms, the Administrator may establish multiple User Groups (Group 1, 2, 3 etc.) to organize Users into appropriate departments, divisions, business units, management teams or offices. A multi-tiered supervisory review system may be adopted consisting of multiple Reviewers and Super Reviewers. In this case, the Super Reviewer has all access and review capabilities of the Reviewer, as well as firm-wide access to all User email & IM (unless specifically restricted) to carry out the second level review.</p>
<p>Release No. !A-2204 Final Rule: Compliance Programs of Investment Companies and Investment Advisors</p>		
	<p>Nature of Firm. The Release states that each Advisor should adopt policies and procedures that take into consideration the nature of that firm's operations.</p> <p>Key Considerations. Rule 206(4)-7 requires Advisors to consider their fiduciary and regulatory obligations under the <i>Advisors Act</i> and to formalize policies and procedures to address them.</p> <p>Policy Elements. Release No. !A-2204 does not enumerate specific elements that Advisors must include in their policies and procedures as Advisors are too varied in their operations for the rules to impose a single set of universally applicable required elements. The relevant elements, at a minimum, that the SEC expects an Advisor's policies and procedures to address include:</p> <ul style="list-style-type: none"> • controls to monitor the accuracy of disclosures made to investors, clients, and regulators, including account statements and advertisements; • controls for the accurate creation of required records and their maintenance in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction; • safeguards for the privacy protection of client records and information. 	<p>Nature of Firm. Global Relay's legal and IT departments are tightly integrated to ensure that actual deployment strategies for a Hedge Fund of any nature, size, structure and customer base, satisfy the compliance requirements that each such Advisor is mandated to comply with.</p> <p>Key Considerations. Prevention and detection of violations under the <i>Advisors Act</i> are key objectives of an Advisor's compliance policies and procedures. The Message Archiver and the Compliance Reviewer help facilitate an electronically centralized, comprehensive, internal compliance program to aid the Advisor in its first line of defense regarding investor protection. Global Relay's technology standards more than address the SEC regulatory and fiduciary obligations, as they were originally engineered based on the more stringent SEC compliance requirements mandated for Broker-Dealers.</p> <p>Policy Elements. Advanced surveillance and review functions of the Compliance Reviewer enable efficient audit, review, monitoring and retrieval of the archived messages in order to efficiently and effectively meet internal, corporate governance, subpoena and discovery requests and disclosures.</p> <p>With National Security Association (NSA) level encryption of all messages, duplicate storage with WORM drives and write verification, the Message Archiver ensures the integrity & authenticity of messages with auditable & evidentiary-quality copies, mitigating the risks and liability associated with inadequate, lost, altered, destroyed or dormant records. In addition to being securely stored, the electronic records are legally and confidentially protected, ensuring privacy.</p> <p>Note, please refer to Global Relay's <i>Technical Solution for SEC Rule 204-2 regarding Books and Records to Be Maintained by Investment Advisors</i>.</p>

SCHEDULE A

Global Relay's Supervisory Compliance System Controls and Features for E-Records

All email & IM records deemed to be official business records should be subject to the provisions of the Advisor's email & IM records management and supervisory review policies and procedures. As discussed in Global Relay's *Technical Solution to SEC Rule 204-2 regarding Recordkeeping*, the Message Archiver has the capability of capturing all such incoming, internal and outgoing messages and attachments of an Advisor, and the Compliance Reviewer may be used to flag for review all such incoming, internal and outgoing messages and attachments, or selectively flagging only outgoing email or IM.

1. OVERVIEW OF COMPLIANCE SYSTEM CONTROLS AND FEATURES

Once written supervisory compliance policies and procedures have been established relating to electronic correspondence and records, the Message Archiver and the Compliance Reviewer make the enforcement of an Advisor's compliance and supervisory policies simple by enabling an Advisor to:

- (a) **Implement Procedures** - Procedures to detect and prevent compliance violations may be cost effectively implemented through a rules-based system in accordance with the Advisor's written supervisory policies. This may include multi-tier Reviewers and Super Reviewers, if applicable, and customized surveillance and monitoring privileges and capabilities to match each Advisor's policies regarding review of email & IM records and email & IM use.
- (b) **Archive Records** - In accordance with corresponding **SEC Rule 204-2**, and the Advisor's compliance policies established to prevent violations, all messages, attachments and associated indexes are serialized and duplicated with permanent, identical copies simultaneously written to both a primary online storage system using RAID discs with write-verification, and in the Storage Robot, our secondary near-online storage (NOS) robotic tape library using dedicated WORM (write once read many) drives with write-verification. This eliminates the risks associated with lost, tampered, modified or deleted messages. The Message Archiver automatically preserves all messages, attachments and indexes in their original format, which are easily searchable and retrievable through a secure web browser and easy-to-use interface allowing authorized Users to conduct searches using structured queries based on various search parameters.
- (c) **Set Record Retention Schedules** - The Message Archiver employs retention scheduling to manage the lifecycle of messages, audit trails and indexes ensuring compliance preservation requirements and supervisory policies are met. Following best practice standards in accordance with corresponding **SEC Rule 204-2(e)(1)&(3)**, the Message Archiver is able to provide "easily accessible" real-time access to messages through the primary online storage system during the first two years of the Advisor's five year retention requirement. For the remainder of the retention period, the messages are preserved and able to be accessed promptly through the Storage Robot, our near-online storage (NOS) system robotic tape library using dedicated WORM drives.
- (d) **Electronically Supervise** - The Compliance Reviewer enables an Advisor's designated Compliance Officer, other Reviewers, Super Reviewers and the Administrator, to supervise its employees by using various review configurations to review any User's messages via any secure web browser. For details, refer to *Compliance Monitoring System*, in Section 2, below.
- (e) **Review & Document** - Global Relay's Compliance Reviewer enables supervisory review to be conducted on demand by reviewing random samples or definitive selections of all incoming or outgoing message communications of specified Users via any secure web browser. The Reviewer is able to document actions and evaluations by applying simple icon indicators, together with optional predefined or issue specific explanatory comments to further detail supervisory review results. For details, refer to *Detecting Compliance Violations*, in Section 3, below.
- (f) **Schedule Review Time Frames** - For review purposes, a rules-based schedule for automatic message flagging and review may be implemented and customized to enforce policy time deadlines for review. If Reviewer fails to review within the set time frame, an icon indicator will automatically mark the flagged message accordingly. Reviewers also have the ability to flag and review on demand.
- (g) **Train Employees** - Most Advisors' compliance policies include provisions for the education and training of registered and approved persons as to the Advisor's policies and procedures governing the compliance procedures and reviews, as well as follow-ups to ensure that such procedures are implemented and adhered to. Global Relay will assist in this process by providing support for employee

education and training with respect to Global Relay's Message Archiver and Compliance Reviewer. The intuitive user interface is simple, virtually eliminating any learning curve. An audit trail of all Reviewer actions, whether the employee is having a training session or is carrying out an actual review, is automatically logged and available, if required for proof of training.

- (a) **Report** - During the lifecycle of a message, all actions (viewing, replying, forwarding, downloading, flagging, notation, review) by any User, Reviewer, Super Reviewer, Administrator or the system itself, associated with the message are logged, archived, and are available online with the associated message. The Message Archiver's detailed logs provide a full audit trail verifying the integrity of the message, which may be forwarded, downloaded or printed, for internal or SEC inspection purposes. Compliance-related messages may also be organized into Reviewer or Administrator defined folders.

2. COMPLIANCE MONITORING SYSTEM

An Advisor may establish a highly scalable, multi-tier surveillance and monitoring structure for one or more domains, which may include one or more administrators, Reviewers and Super Reviewers, each with defined access privileges depending on review level. The Administrator has the ability to set up the Advisor's Users and assigns them to User Groups. A User Group may be set up for each separate business unit or division. The Administrator appoints Reviewers to monitor specific User Groups, and one or more partners, directors or officers may be appointed as Super Reviewers to assist Reviewers and be charged with overall responsibility for ensuring compliance with the By-law. The names of persons who prepared, reviewed and approved correspondence are readily ascertainable from the retained records. A Reviewer has access to email & IM of its assigned User Group(s) in order to carry out the first level review. By the Reviewer being assigned specific Users to monitor, it ensures confidentiality within the Advisor, by preventing inappropriate viewing of messages. Reviewer actions include the ability to annotate and escalate a reviewed message to a superior or Super Reviewer.

3. PREVENTING & DETECTING COMPLIANCE VIOLATIONS

Once the Advisor's written supervisory compliance policies and procedures have been established, the Compliance Reviewer's rule-based system can be employed to monitor message activity to enforce adherence to such policies and procedures. The Compliance Reviewer enables the review, monitoring and retrieval of an Advisor's email & IM records stored in the Message Archiver, and therefore has the ability to monitor, detect and flag for review messages that may contain prohibitions set forth in the Advisor's policies.

- (a) **Flagging for Review** - Messages of any User may be flagged for post-delivery review by any combination of the following methods:
- (i) real time import scanning for keyword violations (a predetermined keyword list can be created that detects one of the above prohibitions have been violated);
 - (ii) structured query based on various search criteria (all, date, date range, To, From, Bcc, Distribution List, CC, Subject, keywords contained within a message or attachment, attachment file name or any part of or combination of the preceding);
or
 - (iii) by defined random sampling rules (by User, User group, or Advisor as a whole).

(b) **Supervisory Review & Evaluation** - An Advisor may establish a flexible and scalable multi-tier review system, consisting of authorized Reviewers and Super Reviewer(s). Reviewers and Super Reviewers, via an intuitive user interface, can instantaneously retrieve for review any flagged email or IM. Using a simple color-coded icon indicator based system, a Reviewer is then able to evaluate and select the appropriate action icon to log the status of the message (as "Flagged for Review", "No Action Taken," "Compliant", "Non-compliant", "Escalated"). If monitoring large numbers of registered representatives, a first level Reviewer may escalate any non-compliant message to a Super Reviewer for further evaluation.

(c) **Explanatory Evaluation Comments** - In addition to marking the message status, a predefined or issue specific comment must accompany all non-compliant and/or escalated messages. For compliance purposes, an Advisor is able to create a predefined comment list that may include prohibitions set out in the Advisor's compliance policies (e.g.: "False or Misleading Information"; "Unjustified Promise of Results"; "Unwarranted Conclusions"; "Future Forecast"; "Inadequate Description of Risks"; "Abusive Content"; or "Detrimental to Public Interest").

(d) **Examples** - Specific examples of messages of a User that may be flagged for post-delivery review include:

- (i) **Email correspondence** - Reviewers and Super Reviewers are able to specifically review samples of all email messages from each individual advisor. Such sampling may specify each advisor's username in order to ensure capturing some of their advisor's public correspondence. Messages of an advisor that includes recommendations to a customer may also be flagged for review by customer name, key words or phrases.

(i) *Customer Complaints* – A value added ability of the Compliance Reviewer is that through keyword flagging, notification of customer complaints delivered to the Advisor by email may be flagged and brought to the attention of the Advisor.

(e) *Transparency*: Note, that an Advisor's supervisory policies and procedures should maintain transparency and disclose the functionality of email & IM archiving technology to all employees with User mailboxes. Proper notice should be given to employees to ensure that such employees are fully informed of email & IM retention, monitoring, supervisory review, usage and archive policies being undertaken and upheld within the Advisor.

To learn more, visit www.globalrelay.com
or call 1.866.484.6630 (toll free)

