

COMPLIANCE SOLUTIONS SEC REGULATED FIRMS

- INVESTMENT ADVISORS
- HEDGE FUNDS
- PRIVATE EQUITY

SEC Requirements and Global Relay
Solutions for Electronic Communications
Recordkeeping & Supervision

SEC Registration Requirements under Dodd-Frank
SEC Rule 204-2
SEC Rule 206(4)-7

TABLE OF CONTENTS

GLOBAL RELAY ARCHIVE

Assisting SEC Regulated Firms in Meeting their Electronic Recordkeeping, Supervision, and Data Protection Requirements

Services At-A-Glance	2	Global Relay Archive: Controls and Features	18
Changes Brought by the Dodd-Frank Act	3	Compliance Reviewer: Controls and Features	22
Recordkeeping Requirements	4		
Supervision Requirements	5		
<i>Global Relay Technical Solutions for:</i>			
• SEC Rule 204-2 Solution, Books and Record to be Maintained by Investment Advisors	6		
• SEC Rule 206(4)-7 Solution, Compliance Procedures and Practices	14		

FOR MORE INFORMATION

Please refer to the following Global Relay publications:

- Global Relay Services Guide: a complete overview of all Global Relay compliance, message archiving, support, and professional services.
- Global Relay Compliance Solutions Guidebooks: additional publications detailing how Global Relay addresses the message archiving and compliance needs of:
 - › Broker-Dealers (FINRA & SEC)
 - › CFTC Regulated Firms
 - › FCA (UK) Regulated Firms
 - › Canadian Financial Firms (IIROC & MFDA)
 - › Health Care (HIPAA)
 - › Public Companies (Sarbanes-Oxley)
 - › Enterprises

AVAILABLE UPON REQUEST

- KPMG Report on Global Relay's Business, Operational and Security Controls: provides assurances and transparency into the high standards of Global Relay's internal controls, and how these truly differentiate Global Relay
- SOC audit reports on Global Relay's two mirrored data centers

ALSO REFER TO THE FOLLOWING SEC DOCUMENTS, WHICH CAN BE FOUND ONLINE:

- The Investment Advisor's Act of 1940: <http://www.sec.gov/about/laws/iaa40.pdf>
- Release No. IA-1945 - Final Rule Electronic Recordkeeping by Investment Companies and Investment Advisors: <http://www.sec.gov/rules/final/ic-24991.htm>
- Release No. IA-2204 - Final Rule: Compliance Programs of Investment Companies and Investment Advisors: <http://www.sec.gov/rules/final/ia-2204.htm>
- SEC Risk Alert - Investment Advisor Use of Social Media: <http://www.sec.gov/about/offices/ocie/riskalertsocimedia.pdf>

Welcome, and thank you for your interest in Global Relay's messaging compliance services for SEC regulated Investment Advisors, Hedge Funds and Private Equity Funds. We are confident that you will find that our 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.

The compliance burden should no longer be thought of as solely a back office or IT matter. It should involve proactive 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 practice" standards that have become the benchmark for message management and compliance. Our Investment Advisor technologies, Global Relay Archive and Compliance Reviewer, are specifically engineered to provide a total regulatory and legal compliance solution for firms subject to the regulatory compliance requirements of the SEC, FINRA® and SROs such as CHX and CBOE. Global Relay services provide reliable, cost-effective and scalable message management and compliance solutions that:

- are implemented within hours, with no software or hardware requirements or other capital outlays;
- are continuously and seamlessly updated to meet current technological, legal and regulatory needs; and
- provide end-user tools, including mobile apps for iPhone, iPad, Blackberry and Android.

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 private green data center undergoes

regular SOC2 audits conducted by Ernst and Young. As well, each year we engage KPMG to perform independent testing and validation upon our business, operational and security controls and report upon findings. KPMG also conducts independent security penetration testing procedures on our internet-facing systems and applications. This comprehensive third party validation, available upon request, is unique in the hosted messaging industry.

Further, our Investment Advisor compliance solutions are more than just best-of-breed technology. We are a dedicated team of professionals with the highest synergy of business, technical and legal expertise. With 24x7x365 IT support, full-time, in-house compliance lawyers, and professional Audit & eDiscovery and Data Services teams, we help our customers troubleshoot and resolve key IT and business issues on a daily basis, 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 assist you in meeting regulatory, audit and discovery requests, corporate governance requirements, and other business needs.

Your compliance solution will be tailored, without extra cost, to fit the needs of your firm, whether it is an independent business with outsourced email or a single server environment, or a multinational enterprise with disparate email and messaging systems (i.e. multiple servers/multiple platforms).

Call Global Relay at +1.866.484.6630 or visit us 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,



Shannon Rogers
President & General Counsel

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FINRA's Compliance Vendor Directory (CVD) seeks to assist firms as they research potential vendors in support of firm compliance requirements. The information in the CVD is provided solely as a convenience to firms. FINRA does not endorse the products listed in the CVD and firms are not obligated to use them. Their use does not ensure compliance with FINRA rules or other regulations or laws.

SERVICES

AT-A-GLANCE

GLOBAL RELAY ARCHIVE

Securely captures and preserves email, public instant messaging, mobile messaging, Bloomberg®, Thomson Reuters, Pivot, ICE, social media (LinkedIn, Twitter, Facebook, Google+, Instagram and YouTube), Chatter, Yammer, web pages and more. Check with Global Relay if you need to archive a message type that is not listed here.

COMPLIANCE REVIEWER

Complete message supervisory system that is configured to enforce and monitor your supervisory policies and procedures.

AUDIT AND EDISCOVERY

Solutions are readily accessible within Global Relay Archive, providing efficient online tools for collaboration, case management and responses to legal data requests.

GLOBAL RELAY SEARCH

Provides users with 24/7 “anywhere access” to archived data via mobile apps, Outlook and the Web.

GLOBAL RELAY MESSAGE

Global Relay’s flagship messaging and unified collaboration communications service, designed to address the messaging, federation, compliance, privacy and security needs of firms in regulated industries. Global Relay Message is currently in beta.

GLOBAL RELAY SERVICES ARE PRESENTED IN THREE “PILLARS”:

MESSAGE

- **Global Relay Message¹**
Secure, fully compliant messaging platform
- **Email Services**
Secure email with spam and virus filtering, shared calendars and contacts
- **Message Hub**
Federate your Microsoft OCS/Lync with Thomson Reuters Messaging

ARCHIVE

In-house, Hosted Exchange, Zimbra, Notes, Google Apps and more



SEARCH

- Access messages anytime, anywhere
- Search across all message types
- Easily Reply, Reply All, Forward and Recover messages
- SAML enabled



1. Global Relay Message is our messaging and collaboration platform for the financial community. In Beta - available soon.

All trademarks are the property of their respective owners. Third party trademarks are used to identify supported data types.

SEC REGISTRATION REQUIREMENTS

THE DODD-FRANK ACT

SIGNIFICANCE OF RULES

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law, bringing sweeping changes to the way the American financial industry is regulated.

Specifically, the Dodd-Frank Act eliminates the exemption of “private advisors” from SEC registration found in the Investment Advisors Act of 1940. *Many Private Equity Funds and Hedge Funds are affected by these changes.* The deadline for SEC or state registration for firms that fall under the new rules mandated by DoddFrank was March 30, 2012.

Now that many Private Equity Funds and Hedge Funds have Investment Advisor status, they are subject to SEC requirements for recordkeeping and monitoring of electronic communications. Non-compliance with these regulations may result in regulatory disciplinary action, costly penalties and a loss of goodwill and reputation.

The Dodd-Frank Act requires advisors with over \$25m AUM to register with either their state or the SEC.

- Advisors with between \$25m and \$100m AUM must register with their state.
- Advisors with over \$100m in AUM must register with the SEC, unless they are advising only private funds — in which case, they must register if they have more than \$150m AUM.
- Non-US Advisors may have certain limited exemptions from registering with the SEC and should review the rules carefully to determine their status.

IN THIS PUBLICATION

This booklet describes how Global Relay assists firms registered as Investment Advisors (including registered Private Equity Funds and Hedge Funds) in meeting SEC requirements for the recordkeeping and supervision of electronic messages.

SUMMARY OF REQUIREMENTS

RECORDKEEPING

SIGNIFICANCE OF RULES

Regulators do not tolerate inadequate recordkeeping. In response to the explosive growth of email, instant messaging, text messaging, social media and other electronic messages as principal business communication tools, the SEC has adopted amendments to *Part 275 — Rule 204-2* under the *Investment Advisors Act*, which identifies records relating to investment advisory business that must be retained and imposes requirements regarding the preservation, accessibility and retention periods of all such records. These requirements are designed to protect investors from misrepresentation and fraud and to prevent record tampering.

WHO MUST COMPLY

Investment Advisors, including Hedge Funds and Private Equity 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 204-2(a)* requires preservation of records relating to a firm's "investment advisory business," which should include the preservation of all electronic communications of a firm's registered advisors, as well as those of all associated persons to the business.

REQUIREMENTS

Under *Rule 204-2* firms must:

- preserve originals of written communications regarding the investment advisory business;
- store electronic records on tamperproof media;
- retain records in an easily accessible place for a 5 year retention term from the end of the fiscal year during which the last entry was made;
- retain records in an appropriate office for the first two years of the retention term;
- arrange and index electronic records for easy search, retrieval and access;
- "promptly" furnish records to regulators (defined as within 24 hours; online access meets this requirement);
- provide legible, true and complete copies and printouts of records to regulators;
- provide regulators with means to access, view and print records;
- store original and duplicate copies of records in separate locations;
- establish and maintain procedures to protect records from loss, alteration or destruction, and to limit record access to authorized personnel and regulators;

- ensure electronic reproduction of a hard copy record is complete, true and legible; and
- implement an annual review system and ensure the ability to store review results (cross-referenced with *Rule 206(4)-7*).

REPERCUSSIONS OF NON-COMPLIANCE

Increasingly, SEC investigations focus on business records and on stricter enforcement of recordkeeping rules. 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 ARCHIVE SOLUTION

Global Relay engineered Global Relay Archive to provide SEC regulated firms with a highly scalable message archiving and compliance system that complies with *Rule 204-2* of the *Investment Advisors Act*. Global Relay Archive captures and archives quality, accurate and complete records of all of a firm's electronic communications in a secure but accessible system.

SUMMARY OF REQUIREMENTS

SUPERVISION

SIGNIFICANCE OF RULES

It is unlawful for Investment Advisors to provide investment advice to clients unless they implement internal supervisory controls pursuant to *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. Controls designed to protect investors from misrepresentation and fraud via electronic communications are mandated as part of these supervisory policies and procedures.

WHO MUST COMPLY

Investment Advisors, including Hedge Funds and Private Equity 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 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."

REQUIREMENTS

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

- implement internal compliance controls designed to detect and prevent regulatory violations;
- establish supervisory policies and procedures for all business-related communications with clients, including: (1) methods of detecting and addressing regulatory violations in electronic communications, and (2) restricting such communications if they cannot be adequately archived and supervised;
- implement safeguards to protect the privacy of client records and information;
- monitor the accuracy of disclosures made to investors, clients and regulators, including account statements and advertisements;
- implement controls for the accurate creation and maintenance of required records in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction;
- annually review written supervisory policies and procedures;

- designate a chief compliance officer to administer the supervisory compliance systems; and
- implement an annual review system and ensure the ability to store review results (cross-referenced with *Rule 202-4*).

REPERCUSSIONS OF NON-COMPLIANCE

The repercussions of non-compliance 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 SUPERVISORY SOLUTION

Compliance Reviewer is engineered to provide Investment Advisors with a turn-key supervisory system with advanced monitoring, filtering, audit, and eDiscovery tools. It provides a flexible, easy-to-use, multi-tier supervisory system that can mirror the reporting structure of any firm, regardless of size and complexity. Firms can supervise all electronic communications, including email, instant messaging, Bloomberg®, Thomson Reuters, social media and mobile messaging, in a single unified platform.

BOOKS AND RECORDS TO BE MAINTAINED
BY INVESTMENT ADVISORS

SEC RULE 204-2 SOLUTION

Global Relay Archive 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 recordkeeping solutions for the incoming, outgoing and internal electronic messages of an Advisor's business. The requirements are met as follows:

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
Preserve Accurate Records (a)	Every investment advisor registered or required to be registered under <i>section 203</i> of the Act shall make and keep true, accurate and current the following books and records relating to its investment advisory business: The provision lists 17 types of records. In particular, <i>Item 7</i>: 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; <i>Item 11</i>: 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...; <i>Item 17</i>: A copy of the investment advisor's policies and procedures formulated pursuant to <i>Rule 206(4)-7(a)</i>..., and any records documenting the investment advisor's annual review of those policies and procedures conducted pursuant to <i>Rule 206(4)-7(b)</i>.	Types of Electronic Communication – Global Relay Archive captures and archives all of an Advisor's incoming, internal and outgoing electronic communications. This ensures compliance with paragraph (a) of <i>Rule 202-4</i>, which requires Advisors to preserve records relating to their "investment advisory business," including "originals of all written communications received and copies of all written communications sent." Global Relay Archive securely captures, indexes and archives all major message types used in finance. See <i>Global Relay Archive: Controls and Features, Section 1</i> for a complete list of supported message types. OTHER IMPORTANT ITEMS TO NOTE: Social Media – Global Relay Archive for Social Media supports LinkedIn, Twitter, Facebook, Google+, Instagram and YouTube and is designed to automatically capture and archive social media communications in long-term tamperproof storage. In January of 2012, the SEC released a Risk Alert on Investment Advisor use of social media that confirmed that communications via social media that relate to "investment advisory business" fall under <i>SEC Rule 204-2</i>. It is the content of the communication that determines whether it must be retained. Investment Advisors must therefore retain social media content if it "contains information that satisfies an Investment Advisor's recordkeeping obligations under the Advisors Act." Mobile Messaging – Text and PIN messages related to a firm's investment advisory business must be captured and preserved alongside email and other electronic communications. Global Relay Mobile Device Management for Compliance is a state-of-the-art archiving, supervision, and eDiscovery solution for smartphones that captures text/SMS, PIN, call logs, location information and more directly from the mobile device. It currently supports Blackberry and Android and is ready to support iOS when Apple publishes the necessary API access. (continued)

RULE 204-2

COMPLIANCE REQUIREMENT

GLOBAL RELAY'S COMPLIANCE SOLUTIONS

**Preserve
Accurate
Records
(a)**

Websites – Global Relay Archive for Web preserves websites, blogs, and forums and accurately replicates complex interactive elements like Flash, Javascript/ AJAX, video and audio, ensuring that Investment Advisors can capture these important elements of their investment advisory business.

Legacy Data – Global Relay can import firms' existing messaging data into Global Relay Archive, integrating this legacy data with all new messages going forward. Global Relay performs all conversion, quality assurance, import and reconciliation of legacy data in the migration to Global Relay Archive, providing a clean and defensible chain of custody. Firms simply provide their legacy data in an agreed upon standard mail format.

Users – Again, *Rule 202-4(a)* requires Advisors to preserve records relating to their "investment advisory business." The industry interpretation of this phrase suggests inclusion of not only records of representatives, but also of all associated persons to the business.

Spam – The industry interpretation of "relating to its investment advisory business" appears to exclude spam. Global Relay Archive can filter spam from search results in the event it makes it past a firm's mail server filtering solution. As well, Global Relay offers optional Hosted Email Filtering that can either tag spam so it is not displayed in users' inboxes, or quarantine it for review prior to deletion (or being redirected to the User).

Encryption – Global Relay Archive uses end-to-end encryption to protect the privacy and confidentiality of customer data. The encryption (and decryption) process is transparent to Users.

Audit Trails – All actions on a message by any user, auditor, or the system itself are logged in an unalterable audit trail that documents the message's full lifecycle (e.g. when it was imported, the retention term set, by whom it was reviewed and when, etc.). These audit trails verify the integrity of each message and can be viewed by authorized users.

Rule 206(4)-7 - Note that in reference to *Item 17*, which requires Investment Advisors to retain copies of both "policies and procedures formulated pursuant to *Rule 206(4)-7*" and "records documenting the...annual review of these policies and procedures," refer to Global Relay's *Technical Solution for SEC Rule 206(4)-7* regarding the general Advisor supervisory policies and procedures and review of the same.

BOOKS AND RECORDS TO BE MAINTAINED
BY INVESTMENT ADVISORS

SEC RULE 204-2 SOLUTION (CONTINUED)

RULE 204-2

COMPLIANCE REQUIREMENT

GLOBAL RELAY'S COMPLIANCE SOLUTIONS

Storage Period and Access Books & Records (e)(1) Corporate Records (e)(2) Published Materials (e)(3)

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.

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.

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.

Preservation - Global Relay Archive is a cloud-based archiving system for the longterm preservation of, access to, and retrieval of electronic communications. All messages are preserved in Global Relay's two mirrored SOC audited data centers for the length of the retention period specified by the Investment Advisor firm, ensuring compliance preservation periods are met. Messages are preserved in a non-rewriteable, non-erasable format with write-verification.

Retention - The SEC requires Advisors to retain books and records for five years from the end of the fiscal year during which the last entry was made. Typically, Global Relay will provide a six year retention term to ensure every message is retained for the minimum retention term.

Access - Under *Rule 204-2(e)(1)*, similar to *Rule 204(e)(3)* below, Advisors must maintain and preserve in an "easily accessible place," all books and records listed in paragraphs (a) to (c) of *Rule 204-2*. Following best practice standards, Global Relay Archive provides "easily accessible" real-time online access to messages anytime, anywhere.

Corporate Records - Similarly, the electronic corporate records referred to in *Rule 204-2(e)(2)* can be preserved in Global Relay Archive for the corporate life of the firm. If requested, such messages can also be preserved for a lifetime corporate record upon dissolution of the firm.

Appropriate Office Requirement - *Rule 204-2(e)(1)* requires Investment Advisors to preserve records in an "appropriate office of the investment advisor" for two years. This language was established before cloud computing and electronic data storage became mainstream. Its spirit was to address the requirement of maintaining the actual physical paper record in an appropriate office of the adviser. Today, it has become well accepted practice for Advisors to engage Software-as-a-Service (SaaS) providers to assist with the record retention function. As far back as 1995, the SEC clarified that this provision does not require investment advisors to physically store electronic records at their particular local office as long as the records are readily accessible from the office. Global Relay Archive provides immediate online access to archived messages anytime, anywhere.

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
Electronic Storage Media General (g)(1)	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.	In order to fulfill its oversight responsibilities, the SEC must be confident that the integrity of an Advisor's records is being preserved and that these records are continually accessible. Global Relay Archive uses electronic storage media that more than satisfies the applicable conditions set forth in paragraph (g) (i) of <i>SEC Rule 202-4</i> (described in more detail in Global Relay's solution for paragraph (g)(3) (i) below).
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.	Indexing - All archived messages are full-text indexed with complete metadata, including Subject, From, To, Cc, Bcc, Distribution Lists, and more. There are also some unique but useful metadata fields such as X-headers and IP address. Global Relay Archive also supports full-text indexing for the majority of captured attachments, including metadata from image files. All attachments which can be converted to text can be full-text indexed. Message Availability - Messages can be retrieved and viewed immediately online using advanced search and eDiscovery tools. See 3(a)(iii) of <i>Compliance Reviewer: Controls and Features</i> for details on search functionality. Users can access Global Relay Archive via web browser, Outlook plug-in, and proprietary mobile apps for iPhone, iPad, Blackberry and Android.

BOOKS AND RECORDS TO BE MAINTAINED
BY INVESTMENT ADVISORS

SEC RULE 204-2 SOLUTION (CONTINUED)

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
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:	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. All messages in Global Relay Archive can be retrieved and viewed immediately online using advanced search and eDiscovery tools. Online Auditor Access – Global Relay Archive has a special user role for audit purposes called the "Ghost Reviewer." The Ghost Reviewer is an account for a third party auditor or regulator which only gives that party access to a customer defined subset of messages (e.g. a folder set up for the audit). The auditor or regulator can then review all of the messages online without his or her actions showing up in the audit trail. Attorney-client privileged, restricted, and personal messages can be blocked to prevent viewing by auditors and regulators. Use of the Ghost Reviewer is dependent on the discretion of the individual auditor or regulator. Data Export – Firms can export archived data to a standard format (e.g. PST, EML). All data can be made available via secure FTP transfer, DVD, or hard drive. Global Relay's professional Audit & eDiscovery team has a 24-hour turnaround time for data exported for audits or litigation.

RULE 204-2**COMPLIANCE REQUIREMENT****GLOBAL RELAY'S COMPLIANCE SOLUTIONS****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 Global Relay Archive are captured automatically, with no user intervention. All such records are stored in their original format. Global Relay Archive automatically verifies the quality and accuracy of the storage media recording process as electronic communications and attachments are written to tamperproof storage. The accuracy and completeness of the write-verification recording process is ensured through data comparison. As messages are processed, Global Relay Archive automatically compares the post-processed message with the original message before the original message is deleted. Global Relay Archive also uses a 30-day buffer as an added level of redundancy in the write-verification process.

See *Global Relay Archive: Controls and Features, Section 2* for a complete description of the archiving process and controls. Note also that all of Global Relay's internal business, operational, and security controls, including the message processing procedures that ensure that all archived data is quality, accurate and complete, are annually validated by KPMG. The KPMG Report can be provided upon request.

**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.

Again, all messages can be retrieved and viewed immediately online using advanced search and eDiscovery tools. Messages may also be printed, forwarded, downloaded to EML, and/or restored to users' inboxes.

BOOKS AND RECORDS TO BE MAINTAINED
BY INVESTMENT ADVISORS

SEC RULE 204-2 SOLUTION (CONTINUED)

RULE 204-2	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
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 controlled through Global Relay Archive's secure, user-friendly interface accessible by authorized personnel from anywhere in the world. Authorized users are able to easily conduct searches across all message types 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, etc.). Global Relay Archive provides online auditor access (see paragraph (g)(2)(ii) for details) and is also able to export data to any media requested by the SEC.
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 systems operate out of two mirrored east/west coast SOC-audited data centers. All archived messages are replicated between these data centers in near real time such that there are multiple copies preserved in geographically dispersed locations.
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.	"Best practices" standards dictate the use of tamperproof storage and redundant backup systems in order to properly safeguard electronic records against loss, tampering or destruction. Global Relay Archive preserves quality, accurate and complete copies of all messages, including attachments, eliminating the risks associated with lost, altered, destroyed or deleted messages.
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).	Global Relay Archive is a role-based system. Administrators, auditors and supervisory reviewers can be assigned online access privileges on a corporate-wide or parameter-specific basis. All information stored within Global Relay Archive can be made promptly available to the SEC, either online or by exporting the data to a standard format.

RULE 204-2**COMPLIANCE REQUIREMENT****GLOBAL RELAY'S COMPLIANCE SOLUTIONS****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 Global Relay Archive are captured automatically, 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 processed and stored in Global Relay's two mirrored east/west coast SOC-audited data centers.

**SEC Rule 17a3
& 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 Rules 17a-3* and *17a-4* imposed by the SEC on Broker-Dealers. Accordingly, all records preserved in Global Relay Archive are compliant with *SEC Rule 204-2*. Note that under *Release No. IA-2204 Final Rule: Compliance Programs of Investment Companies and Investment Advisors*, Investment Advisors who are also registered as Broker-Dealers are not required to segregate their Investment Advisor 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 Global Relay Archive automatically captures a copy of every message, and consolidates data into a unified, secure archive in Global Relay's mirrored SOC-audited data centers. 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.

COMPLIANCE PROCEDURES AND PRACTICES

SEC RULE 206(4)-7 SOLUTION

Global Relay Archive and Compliance Reviewer are specifically engineered in accordance with *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 that is 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 an investment advisor registered or required to be registered under <i>section 203</i> of the <i>Investment Advisors Act of 1940 (15 U.S.C. 80b-3)</i> , it shall be unlawful within the meaning of <i>section 206</i> of the <i>Act (15 U.S.C. 80b-6)</i> for you to provide investment advice to clients unless you:	All Investment Advisor firms under the jurisdiction of the SEC ("Advisors") must adopt adequate compliance policies and procedures that satisfy the requirements in <i>Rule 206(4)-7</i> . Global Relay's Compliance Reviewer allows firms of any nature, size and structure to develop, implement and maintain a rules-based supervisory system to monitor the electronic communications of associated persons. Global Relay's Training team assists firms with developing and implementing supervision policies within Global Relay Archive that are designed to achieve compliance with applicable laws and regulations.

RULE 206(4)-7**COMPLIANCE REQUIREMENT****GLOBAL RELAY'S COMPLIANCE SOLUTIONS****Implement Policies and Procedures (a)**

Policies and procedures. 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.

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".

Each Advisor must establish written supervisory procedures and a system for applying these procedures, which may reasonably be expected to prevent and detect any violations of federal securities laws, and rules and orders thereunder.

In response to the explosive growth of electronic messages as principal 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 under *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 ongoing basis.

Global Relay Archive and Compliance Reviewer incorporate archiving and monitoring technology developed to meet current best practice standards of the securities industry in the implementation of supervisory compliance system controls relating to electronic records of Advisors. See the subsequent section on *Compliance Reviewer: Controls and Features*, as well as the *Global Relay Services Guide*, for details on Compliance Reviewer's functionality and features.

Annual Review (b)

Annual review. Review, no less frequently than annually, the adequacy of the policies and procedures established pursuant to this section and the effectiveness of their implementation.

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 supervisory 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.

An annual review may be performed by the Advisor with the assistance of Global Relay's in-house legal counsel to ensure the Advisor maintains best practices compliance in connection with 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.

COMPLIANCE PROCEDURES AND PRACTICES

SEC RULE 206(4)-7 SOLUTION (CONTINUED)

RULE 206(4)-7	COMPLIANCE REQUIREMENT	GLOBAL RELAY'S COMPLIANCE SOLUTIONS
Chief Compliance Officer (c)	Chief compliance officer. Designate an individual (who is a supervised person) responsible for administering the policies and procedures that you adopt under paragraph (a) of this section. (See definition of "supervised person" in Section 206(4)-7(b) above).	Usually, the Chief Compliance Officer, who is designated with the responsibility of administering the supervisory compliance policies, will be appointed as the Advisor's Super Reviewer/Reviewer with respect to Compliance Reviewer. 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 the <i>Global Relay Services Guide</i>. Typically, within a small Advisory firm, one Reviewer can monitor all electronic communications. 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 electronic communications (unless specifically restricted) to carry out second level review.

RULE 206(4)-7**COMPLIANCE REQUIREMENT****GLOBAL RELAY'S COMPLIANCE SOLUTIONS**

Release No. IA-2204 Final Rule: Compliance Programs of Investment Companies and Investment Advisors

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.

Key Considerations. *Rule 206(4)-7* requires Advisors to consider their fiduciary and regulatory obligations under the Advisors Act and to formalize policies and procedures to address them.

Policy Elements. *Release No. IA2204* 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:

- 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.

Nature of Firm - Compliance Reviewer is a highly configurable system that uses flexible rules, user roles, and workflows to map to each Advisor's business. Global Relay's Training team is available to assist Advisors in designing and implementing systems suitable for their particular lines of business, size, structure and customer base.

Key Considerations - Prevention and detection of violations under the Advisors Act are key objectives of an Advisor's compliance policies and procedures. Global Relay Archive and 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 Investment Advisor regulatory and fiduciary obligations, as they are engineered to meet the more stringent SEC and FINRA compliance requirements mandated for Broker-Dealers.

Policy Elements - Advanced surveillance and review functions of Compliance Reviewer enable efficient audit, review, monitoring and retrieval of archived messages in order to efficiently and effectively meet internal, corporate governance, subpoena, and discovery requests and disclosures.

With dual AES and RSA encryption of all messages, and duplicate tamperproof storage with write verification, Global Relay Archive ensures the integrity and authenticity of messages with auditable and 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.

Note, please refer to Global Relay's *SEC Rule 204-2 Solution - Books and Records to Be Maintained by Investment Advisors* for more details on how Global Relay Archive meets SEC recordkeeping requirements.

CONTROLS AND FEATURES

GLOBAL RELAY ARCHIVE

Global Relay Archive is a cloud-based information governance solution for electronic communications that uses role-based access controls to provide all employees with access to the data and tools they need to do their jobs. Employees can access a single data set for a variety of use cases, including supervision, audits and eDiscovery, mailbox management and continuity. Global Relay Archive is developed, owned and operated in-house by Global Relay. It securely captures all major types of electronic messages and stores them in a unified archive with federated search capabilities, allowing firms to search, view, review and manage all messages from a single interface.

1. MESSAGE TYPES

Global Relay Archive securely captures and archives all of a firm's incoming, internal and outgoing electronic communications, including all major message types used in finance:

- | | |
|---|--------------------------|
| • Email | Business/OCS |
| • Public Instant Messaging | • Pivot |
| • Social Media (LinkedIn, LinkedIn Sales Navigator, Twitter, Facebook, Google+, YouTube, Instagram) | • ICE (YellowJacket) |
| • BlackBerry and Android Messaging (Text/SMS, PIN, Call logs) | • FactSet |
| • Bloomberg® messages (Instant Bloomberg, Bloomberg Mail) | • Jabber/XMPP |
| • Thomson Reuters Messaging (Eikon, Thomson Reuters Messenger) | • Cisco WebEx and Jabber |
| • Microsoft Lync/Skype for | • Web |
| | • Chatter (Salesforce) |
| | • Yammer |
| | • Jive |
| | • Slack |
| | • Squawker |
| | • Global Relay Message |
| | • Symphony |

Global Relay Archive may support message types not listed here. Please contact Global Relay to determine whether a specific message type is supported.

a. Global Relay Archive For Email – captures email and attachments from virtually all email platforms, including Exchange, Lotus Notes/Domino, Office 365/Exchange Online, Google Apps, and more. Messages are journaled and delivered to Global Relay Archive via IMAP or SMTP. Email is archived with complete metadata, including BCC and Distribution Lists (both the Distribution List address and the List's individual members).

b. Global Relay Archive For Instant Messaging (IM) – supports all major public instant messaging platforms, including AIM, GoogleTalk, and Yahoo!, as well as enterprise platforms such as Microsoft Lync/Skype for Business/OCS, Cisco Jabber, and Global Relay Message, Global Relay's compliant enterprise messaging, collaboration and trading platform designed for the financial sector.

c. Global Relay Archive For Market Data – supports IM platforms tied to market data systems, including Pivot, ICE, and FactSet, as well as Bloomberg and Thomson Reuters messages (see sections (f) & (g))

d. Global Relay Archive For Social Media – supports LinkedIn, Twitter, Facebook, Google+, Instagram and YouTube, automatically capturing and archiving social media communications in context on long-term tamperproof storage. Features of note include:

i. Rich interface display – When viewing social media communications inside Global Relay Archive, messages appear in their original format – preserving all metadata, photos, formatting and links (as opposed to plain text without context).

ii. Redline view – Compliance Officers love this: when changes are made to a social media page, such as changes in profile information, Global Relay Archive shows a unique "redline" view that pinpoints exactly what text was altered, added or removed on social media pages (not static screenshots without tracked changes).

Note that Global Relay also offers plug-ins for archiving of enterprise social media platforms such as Yammer and Salesforce Chatter.

e. Global Relay Mobile Device Management For Compliance – captures SMS, PIN, call logs, and location information directly from mobile phones. The solution currently supports Blackberry (BES and non-BES) and Android devices. It is ready to support iOS when Apple publishes the necessary API access.

f. Global Relay Archive For Bloomberg® Messages – enables Bloomberg messages to be automatically downloaded from the Bloomberg HTTPS site (under the express direction of the customer) and consolidated in Global Relay Archive, while retaining complete and searchable metadata.

g. Global Relay Archive For Thomson Reuters – enables the compliant use of Eikon, Thomson Reuters Messenger and Deal Tracker by logging user-generated content such as instant messages,

chat room conversations and more, along with complete metadata. Global Relay is the exclusive integrated archive partner for Thomson Reuters worldwide.

h. Global Relay Archive For Web – preserves websites, social media and forums while accurately replicating complex interactive elements like Flash, Javascript/AJAX, video and audio, ensuring that firms can capture these important elements of their business.

2. ARCHIVING PROCESS AND CONTROLS

a. Preservation & Access – Global Relay Archive is a message archiving system for long-term preservation, access and retrieval of electronic communications. It employs retention scheduling to manage the lifecycle of messages, ensuring compliance preservation periods are met. Following best practice standards, Global Relay Archive provides “readily available” online access to messages for the length of a firm’s specified retention period. All messages are preserved on tamperproof storage in Global Relay’s two mirrored east/west coast SOC-audited data centers.

b. Write-Verification – All messages stored within Global Relay Archive are forwarded directly from a firm’s email server, messaging platform or social media site with no user intervention and preserved in their original format with complete metadata. Global Relay Archive automatically verifies the quality and accuracy of the storage media recording process. As messages are processed, Global Relay Archive automatically compares the post-processed message with the original message before the original message is deleted. Global Relay Archive also has a 30 day buffer as an added level of redundancy.

c. Message Capture – Global Relay Archive uses envelope journaling to capture and archive all incoming, internal, and outgoing emails, including attachments, on a domain-wide or selective basis. Global Relay uses proprietary converters, APIs, and SMTP/IMAP/HTTPS to capture and archive other message types, including IM, social media, and more.

d. Message Unification – Global Relay Archive securely and automatically captures a wide variety of message types (See *Section 1* for a detailed list), converts them into EML using Global Relay-developed proprietary converters, and integrates them into a unified, searchable Archive. An overview of the technologies used to process specific message types is shown on the following page.

e. Message Indexing – All messages are full-text indexed with complete metadata, including Subject, From, To, Cc, Bcc, Distribution Lists, and more. There are also some unique but useful metadata fields such as X-headers and IP address. Global Relay Archive supports full-text indexing for the majority of captured attachments, including metadata from image files. All attachments that can be converted to text can be full-text indexed.

f. Message Retention – Global Relay Archive employs retention scheduling to manage the lifecycle of electronic messages, audit trails and indices, ensuring compliance requirements are met. Retention terms in Global Relay Archive are defined by each firm’s Records Retention Schedules, typically ranging from 3-10 years. Data can also be retained indefinitely for as long as a firm remains a paying customer. Retention terms can also be extended for data that is part of one or more Legal Holds.

g. Message Availability – Authorized users (including reviewers, regulators and lawyers) can access archived data 24x7x365 via web browser, Outlook, and proprietary mobile apps for iPhone, iPad, Blackberry and Android. Messages can also be printed, forwarded, downloaded as EML or recovered to a user’s inbox. Features of note include:

i. Advanced Search Features – Proprietary search technology allows authorized users to conduct searches using structured queries based on any combination of various search parameters (all, date, date range, To, From, Cc, Bcc, Distribution List, Subject, keywords contained within a message or attachment, X-Header, alias, attachment file name, events, etc.). As well, Global Relay Archive supports Boolean (AND, OR, NOT), wildcarding, word stemming, relational/proximity searching, filtering by events, tags, labels and priorities, and compound queries. Searching can be done across the entire Archive or across specific folders, groups and/or users, as well as across all message types or a specified subset of types.

ii. Message Export – Firms may export archived data to a standard format (e.g. PST, EML). All data held can be made available via FTP transfer, DVD and/or hard drive. Global Relay assists with approximately 30 ongoing data demands on a daily basis and 20-40 regulatory audits per week, with a 24-hour turnaround time for data exported for audits or litigation. Messages can be extracted by type, custodian and/or date. All exports include complete metadata such as Bcc and Distribution Lists.

CONTROLS AND FEATURES

GLOBAL RELAY ARCHIVE (CONTINUED)

iii. Online Access – Global Relay Archive has a special user role for audit purposes called the “Ghost Reviewer.” Upon the direction of a firm, Global Relay can set up an account for a third party auditor or regulator which gives that party access to a defined subset of messages (e.g. a folder set up for the audit). The auditor or regulator can then review all of the messages online without his or her actions showing up in the audit trail. Use of the Ghost Reviewer is dependent on the discretion of the individual regulator or examiner.

iv. Personal Archive – Global Relay Search provides anytime, anywhere access to archived messages via web browser, Outlook plug-in, and mobile apps for iPhone, iPad, BlackBerry and Android. All users in a firm can have real-time access to a personal Archive of their own historical messages that includes every message type in the firm’s Archive. Powerful search functionality enables users to retrieve and restore any message in seconds.

3. EDISCOVERY

Global Relay Archive captures messages for proactive ‘litigation readiness’ and provides tools for internal and external counsel and other stakeholders to conduct eDiscovery across a firm’s electronic messages.

a. Categorization, Evaluation & Case Management – Search results can be iteratively calculated, conducted, refined and saved to achieve relevant subsets, then placed in online “case folders” to segregate and label data relating to an audit or legal action. Reviewers involved in eDiscovery can access the case folders in order to participate in review workflows and evaluate information for relevance. Items can be tagged as responsive or non-responsive using priorities, reviewer-defined labels, and wizards.

b. Collaboration – Global Relay Archive provides collaborative tools for in-house and external counsel to conduct reviews. External counsel can be given online access to specific data related to a case in order to participate in review workflows. This external access can be disabled quickly and easily when it is no longer required.

c. Privileged & Confidential Information – Authorized users can mark messages as attorney/client privileged, personal, or restricted. Once marked, these messages are easily identifiable and can be excluded from any production of data. Firms can also set up customized rules to automatically scan and flag data as privileged, personal or restricted on import.

d. Legal Holds – Firms can enforce Legal Holds by users, groups of users, cases and/or across their entire Archive, independent of corporate retention policies.

e. Complete Metadata – Global Relay has a particular strength in capturing and preserving the complete and unique metadata associated with each message type used in finance. This extensive metadata, which is dropped by many other archiving systems, is leveraged to provide advanced search capabilities. For example, Global Relay preserves all Bcc and Distribution List data for archived emails.

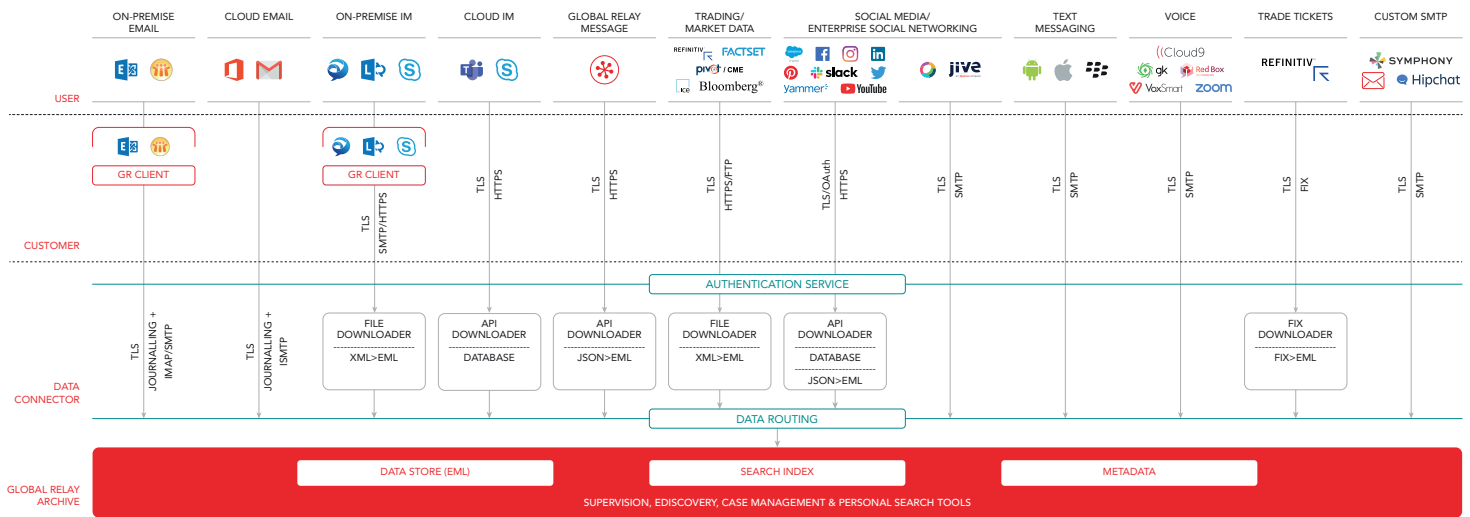
4. SECURITY CONTROLS

a. Encryption – Global Relay Archive has end-to-end encryption to protect the privacy and confidentiality of archived data. TLS/SSL encryption is employed to ensure the privacy and security of data in transit. Data at rest is protected with dual AES and RSA encryption algorithms. Each incoming message is AES encrypted with a unique, randomly generated encryption key. Each message’s AES encryption key is then encrypted with a 2048 bit RSA public key. The RSA public key is encrypted with a passphrase-encrypted private key. All three keys are kept in separate stores. The encryption (and decryption) process is transparent to users.

b. Audit trails – All actions on a message are logged in an unalterable audit trail, which documents the message’s full lifecycle (e.g. when it was imported, the retention term set, by whom it was viewed and when, etc.). Audit trails are retained for the life of the message to which they relate. They are appended to each message and can be viewed by authorized users.

c. Back-Up and Disaster Recovery – Global Relay systems operate out of two mirrored east/west coast SOC-audited data centers. All archived data is replicated in near real time between these data centers such that there are multiple copies of each message preserved in geographically dispersed locations. In the event the primary data center is lost, the flow of data fails over to the secondary data center. Individual components of the service can also be failed over to the secondary data center. KPMG has conducted independent testing and validation of Global Relay’s core systems, networks and internal controls to demonstrate the redundancy and security of the systems.

A UNIFIED ARCHIVE FOR ANY MESSAGE TYPE



All trademarks are the property of their respective owners. Third party trademarks are used to identify supported data types.

Disclaimer: Global Relay Archive only converts files that are made available by Bloomberg L.P. to Bloomberg L.P.'s customers, and technically able to be downloaded. There is no affiliation between Global Relay and Bloomberg, and Bloomberg processes are subject to change at any time without notice to Global Relay. Download of Bloomberg messaging is under the express direction of the customer. The Bloomberg® name and logo are the sole property of Bloomberg Finance L.P. The use of the Bloomberg name and logo is to identify its message type and no implication of endorsement by or affiliation with Bloomberg is intended.

CONTROLS AND FEATURES

COMPLIANCE REVIEWER

All electronic messages deemed to be official business records should be subject to the provisions of an Investment Advisor's electronic records management and supervisory review policies and procedures. As discussed in Global Relay's Technical Solution to SEC Rule 206 (6)-7, Global Relay Archive's integrated Compliance Reviewer offers extremely robust supervision and review tools that can be customized to meet any Investment Advisor's unique supervisory requirements.

1. OVERVIEW OF COMPLIANCE SYSTEM CONTROLS AND FEATURES

Once an Investment Advisor's written supervisory compliance policies and procedures for electronic communications have been established, Global Relay Archive and Compliance Reviewer can simplify enforcement of these policies by enabling the firm to:

a. Implement Procedures – An Investment Advisor can cost effectively implement procedures to detect and prevent compliance violations through a rules-based system in accordance with the firm's written supervisory policies. This may include multi-tier Reviewers and Super Reviewers, if applicable, and customized supervision and monitoring privileges and capabilities to match the firm's policies regarding review and use of electronic messaging.

b. Archive Messages – In accordance with SEC Rule 204-2 and the Investment Advisor's compliance policies established to prevent violations, all messages, attachments and associated indexes are serialized, time-date stamped and preserved on tamperproof storage using write verification. All messages are stored in Global Relay's two mirrored east/west coast SOC-audited data centers. This eliminates the risks associated with lost, tampered, modified or deleted messages. Global Relay Archive automatically preserves all messages, attachments and indexes in their original format. Messages are easily searchable and retrievable through web browsers, Outlook, and mobile apps for BlackBerry, iPad, iPhone and Android. The easy-to-use interface allows authorized users to conduct searches using structured queries based on various search parameters.

c. Set Record Retention Schedules – Global Relay Archive employs retention scheduling to manage the lifecycle of messages, audit trails and indices, ensuring compliance preservation requirements and supervisory policies are met. Following best practice standards, Global Relay Archive is able to provide "easily accessible" real-time access to messages for the entire length of the

retention term. Note that retention terms can be extended for data that is part of a Legal Hold.

d. Electronically Supervise – Compliance Reviewer enables an Investment Advisor's designated Compliance Officer(s), other Reviewers, Super Reviewers and Administrator(s) to supervise firm employees by using various review configurations to review any user's messages via any secure web browser. For details, refer to Section 2 - Compliance Monitoring System.

e. Review & Document – A simple icon-based system allows Reviewers to tag messages to document review (e.g. Reviewed, Non-compliant, Escalated, Closed, etc.). A comment field allows Reviewers to add a predefined or issue-specific comment. As well, the date of the Reviewer's action and his or her username are recorded. A first level Reviewer may escalate any non-compliant message to a senior Compliance Officer for further evaluation.

f. Schedule Review Time Frames – A schedule for automatic message flagging and review may be implemented and customized to enforce policy time deadlines for review. Senior compliance personnel can schedule supervision reports to run automatically at specified intervals (e.g. weekly) to ensure junior Reviewers are completing reviews within appropriate time frames.

g. Review Workflow Tools - Global Relay provides a variety of workflow tools for reviewers, including:

i. Review Button – A "Review" button on the home screen takes Reviewers directly to a list of all messages they are required to review.

ii. Compliance Dashboard – The Compliance Dashboard is an intuitive interface that facilitates management of the compliance workflow, providing statistics and calculations on all messages that must be reviewed, have been reviewed, have been flagged with "action needed", or require other action.

h. Train Employees – Investment Advisors must train registered and approved persons in firm policies and procedures governing compliance and supervision, as well as conduct follow-up reviews to ensure that policies and procedures are properly implemented and followed. Global Relay will assist in this process by providing support for employee education and training with respect to Global Relay Archive 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.

i. Document Activity – 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 in an unalterable audit trail that is available online with the associated message. Global Relay Archive's detailed logs provide a full audit trail verifying the integrity of the message. Compliance related messages may also be organized into Reviewer or Administrator defined folders. Compliance Reviewer also includes advanced on-demand and scheduled reporting features – allowing compliance officers to gain clear insight into message compliance within the firm and provide reports to the regulators when required.

2. COMPLIANCE MONITORING SYSTEM

An Investment 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 Investment 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. The names of persons who wrote, reviewed and approved correspondence are readily ascertainable from message metadata and audit trails. A Reviewer has access to the electronic messages of his/her assigned user group(s) in order to carry out the first level review. By assigning a Reviewer specific users to monitor, an Investment Advisor can ensure that only those employees with a business need to access specific messages have the ability to do so. Reviewer actions include the ability to annotate and escalate a reviewed message to a superior or Super Reviewer.

3. PREVENTING AND DETECTING COMPLIANCE VIOLATIONS

Once the Investment Advisor's written supervisory compliance policies and procedures have been established, Compliance Reviewer's rule-based system can be employed to monitor message activity and enforce adherence to such policies and procedures. Compliance Reviewer enables the review, monitoring and retrieval of

all electronic messages stored in Global Relay Archive in one unified platform, and therefore has the ability to monitor, detect and flag for review messages that may contain prohibitions set forth in the Investment Advisor's policies.

a. Flagging for Review – Messages of any User may be flagged for review by any combination of the following methods:

i. General Flagging Rules – General Flagging Rules are a list of keywords and phrases that flag messages across a firm's Archive. Specific phrases can be excluded from flagging (e.g. "guarantee" might be included in a flagging lexicon, but the phrase "does not guarantee" can be excluded). Messages can also be excluded by Sender, Recipient, Subject, Message Direction, Group, Folder and Header Line. Global Relay Archive can calculate the number of hits by each keyword/phrase to ensure effective lexicon use.

ii. Advanced Flagging Rules – Advanced Flagging Rules allow firms to create multiple specialized flagging rules tailored to meet the unique supervision requirements of different groups or departments. Firms can apply different flagging rules to each review group (e.g. traders vs. research analysts), flag messages based on a variety of metadata matching exclusion criteria, create very specialized keyword matching conditions that include Boolean logic as well as proximity, phrase and wildcard operators, prioritize each rule to ensure messages are flagged for the right reason, and more.

iii. Manual Real-Time Search – See Section 2(g)(i) of Global Relay Archive: Controls and Features for details on search functionality.

iv. Random Sampling – Random sampling percentages can be set by group or message direction. A random sampling percentage can also be added to any Advanced Flagging Rule to reduce the number of messages flagged for review.

b. Supervisory Review & Evaluation – An Investment Advisor may establish a flexible and scalable multi-tier review system, consisting of authorized Reviewers and Super Reviewers. Reviewers and Super Reviewers, via an intuitive user interface, can instantaneously retrieve any flagged message for review. Using a simple icon-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", "Reviewed", "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.

CONTROLS AND FEATURES

COMPLIANCE REVIEWER (CONTINUED)

c. Explanatory Evaluation Comments – In addition to marking the message status, a predefined or issue-specific comment may accompany all non-compliant and/or escalated messages. For compliance purposes, an Investment Advisor can create a predefined comment list that may include prohibitions set out in the Investment 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 that may be flagged for review include:

i. Electronic Correspondence – Reviewers and Super Reviewers are able to specifically review samples of all email, IM and social media messages from each individual registered representative. Such sampling may specify each registered representative's username in order to ensure capturing some of his or her public correspondence. Messages of an Investment Advisor that include recommendations to a customer may also be flagged for review by customer name, keywords or phrases.

ii. Customer Complaints – Firms can use Compliance Reviewer's flagging rules to identify any customer complaints that may require handling.

e. Transparency – An Investment Advisor should maintain transparency regarding its supervisory policies and procedures, and disclose to its employees and representatives that all electronic communications are being archived and monitored. Proper notice and updates should be given to employees to ensure that such employees are fully informed of electronic communications retention, monitoring, supervisory review, usage and archive policies being undertaken and upheld within the Investment Advisor.

ABOUT GLOBAL RELAY

OUR SERVICES

We help organizations manage, control, and profit from their communications data. Whether you want to meet regulatory requirements, streamline your eDiscovery process, or improve employee productivity, we can help you achieve your goals. Our services provide all employees with the tools and data they need - helping them make decisions and your organization stay competitive.

20 YEARS IN THE CLOUD

In 1999, we developed one of the first cloud computing services to address the growing need to manage corporate email. Since then, we have continued to innovate to help our customers manage new methods of communication, exponential data growth, and increasingly strict regulatory and legal requirements. Today we manage petabytes of mission-critical data for some of the world's largest and most influential organizations, including 22 of the top 25 global banks in our secure private cloud. We deliver services to 23,000+ customers, with a focus on financial services and other highly regulated industries.



