



Solutions That Sell - Pre-Trade Compliance and Financial Reporting

Sector: Financial Services

Technology: Nintex Forms, Nintex Mobile, Nintex Workflow

Audience: IT Systems, Boards of Directors, Compliance

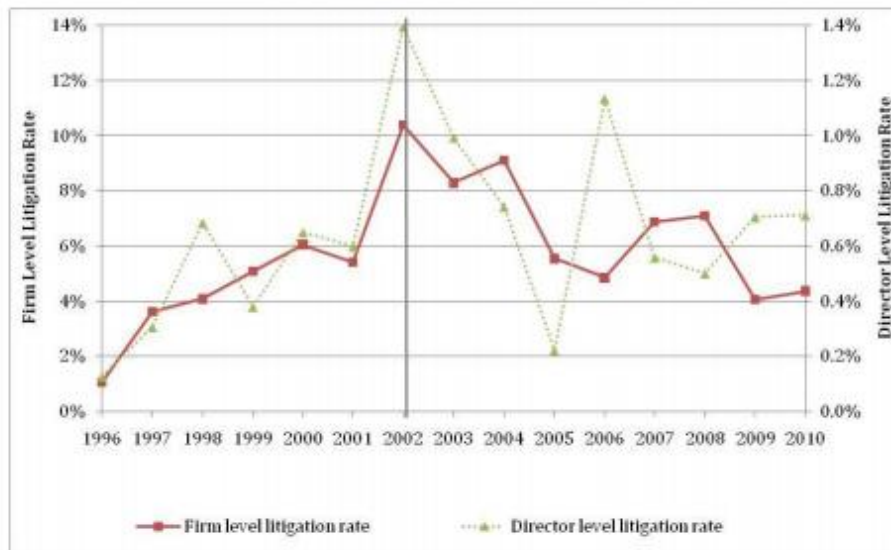
The Story

The high-profile corporate fraud associated with Enron and other large U.S. companies caused the U.S. Congress to pass the Sarbanes-Oxley Act in 2002. Two sections of the Sarbanes-Oxley Act impact companies listed on a publicly traded U.S. stock exchange. [Section 404](#) requires that company executives certify the integrity of their financial reporting processes. [Section 302](#) requires that executive officers establish adequate internal controls and are transparent about employees who may have committed fraud.

Fines for companies' directors who know that their internal controls don't comply with SOX range from \$1 million or imprisonment of not more than 10 years, or both. If a company's directors or officers wilfully and knowingly don't comply with SOX requirements, the fine is more than \$5 million or imprisonment of not more than 20 years, or both.

The graph below* shows that the litigation rate for board directors of U.S. firms (green line) has decreased since 2002, but remains higher than before the passage of SOX. It's critical that companies comply with SOX and avoid the possibility that their firms or board directors will come under scrutiny and face costly fees and potential prison time. But abiding by SOX presents a huge business challenge for most companies.

Panel A: The figure shows litigation rate for US firms (red line) and litigation rate for independent directors on the board of US firms (green line). The graph is from Brochet and Srinivasan (2013).



* Source: "SOX after Ten Years: A Multidisciplinary Review," by John C. Coates, Harvard Law School, and Suraj Srinivasan, Harvard Business School, January 12, 2014

The challenges with managing pre-trade clearance and financial reporting include:

- **Time-consuming to track down trade audit trails**
- **Costly audits and legal fees**
- **Limited reporting mechanisms in place for internal control processes**
- **Difficulty managing and monitoring numerous internal control steps and processes**

The Solution

Easily avoid the risks of SOX non-compliance by automating the workflows associated with pre-trade compliance and financial reporting. Use Nintex Workflow to automate these processes and save your company thousands, if not millions, of dollars on insurance premiums to protect board directors and executives. You also save money by not having to hire extra staff to follow a "paper" trail associated with the compliance process.

When an unwanted audit letter from the Securities and Exchange Commission arrives, wouldn't it be a relief to know you can easily and electronically generate a list of the steps your firm followed to comply with every financial trade or report requirement?

With Nintex Workflow, your firm can benefit from an easy-to-implement, automated pre-trade clearance solution. An automated workflow solution ensures that only appropriate trades are permitted and authorized by the approvers designated in the process. Just by showing the workflow of your pre-trade clearance process, you can demonstrate that your firm complies with SOX. The SharePoint interface can also show the list of trades that were approved via the workflow.

The Benefit

Nintex is one of those rare solutions that provides an immediate ROI and continues to give back to the organization across functional areas by transforming business processes into automated workflows. The value to your organization is significant due to ease of use and immediate deployment, and Nintex awards your company the following benefits:

- Reduced cost
- Increased efficiency
- Increased and streamlined productivity
- Ability to leverage your existing infrastructure

Nintex also lets you automate compliance while reducing cost. Your organization will be more governable and controlled without the need to write custom code.

The Relevance (outside of the financial services industry)

Similar processes and use cases can be seen across multiple industries and for varied uses. The following list comprises a non-exhaustive list to be used as talking points once the demo has been completed.

- Any time a government regulation applies to a customer's industry then this type of fully audited, multiple-approver scenario can be applicable.