



Compliance

UBS Hong Kong Relies on ACTICO Rules to Secure Investment Suitability

actico
Smarter Decisions

Success Story

Objectives

- Complying with regulatory guidelines to protect investors
- Developing an integrated transaction control check
- Implementing the solution within 6 months

Hong Kong Monetary Authority – The Driving Force

A few years back, the interest rate market in Hong Kong was under pressure. A tough situation for investors and eventually brokers, who were likely to look for alternate investment products with higher returns. This situation made the Hong Kong Monetary authority take action. In order to prevent the investor from losing a lot of money, several regulatory guidelines were introduced.

As one part of these requirements, financial institutions were asked to exercise caution in marketing and selling investment products. In doing so, they had to implement effective controls and procedures to ensure compliance with the regulations.

Tight Timelines

The financial institutions were only given a short time period to implement these controls and procedures across the city state. UBS Hong Kong was looking for a partner who is able to implement a solution that is compliant with regulatory guidelines within an extremely tight timeline. They decided in favor of ACTICO Rules, ACTICO's leading Business Rules Management System. It was chosen on the basis of its capability to support agile and flexible software developments demanded by the business.

“ACTICO Rules gives us the flexibility to meet the stringent regulatory requirements demanded by regulators in our business. Using ACTICO Rules allows us to quickly and flexibly model the rules as required on a continual basis – without needing special programming skills. That was very important to us, since we only had 6 months to implement a solution from scratch.”

David Leong, Director, IT Program Manager for Investment Suitability HK / SG, UBS Hong Kong



Close Collaboration

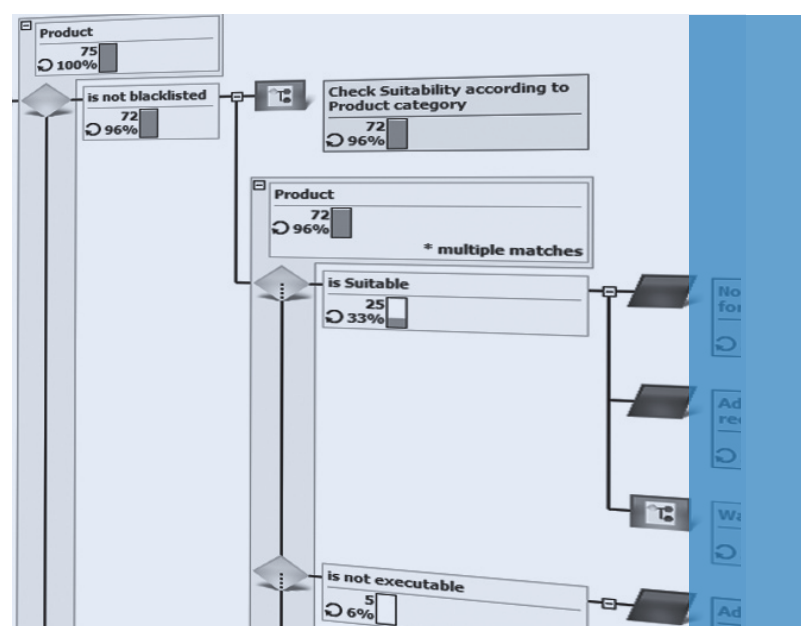
To get the project started, a team of UBS' and ACTICO's specialists first did a feasibility study. They analyzed the existing order management systems in use at UBS, the interfaces needed and the rules that had to be created.

The Solution – An Integrated Transaction Control Check

ACTICO implemented an integrated transaction control check methodology for existing order management systems in place at UBS. The methodology requires several pre-execution checks to be run before a transaction is executed. This includes determining whether

- the customers have the relevant product information and are duly informed
- they have the required trading knowledge / experience to perform the transaction
- the customers are investing in products that are aligned with their determined risk preferences
- they are vulnerable determined by age (i.e. minors / elderly)

Additionally, the methodology applies these common pre-execution checks together with checks that are relevant for the specific countries and product types. In case there is a mismatch, an alert is automatically being sent back to the order management system to inform the client advisor accordingly. All of these checks cover the booking centres of UBS Hong Kong and Singapore. The solution was easily integrated into the IT landscape due to an open architecture based on web-services. ACTICO provided special attention to prevent un-authorized calls of the Suitability Engine. In order to ensure highest security standards, built-in checks were developed for the Suitability Engine..





Due to the extremely tight timelines faced, we knew that we could only be successful by partnering with close collaboration. ACTICO gave us that from the very onset. The build-up and interaction of the team was always characterized by synergies. If one made the other successful, it meant making oneself successful at the same time and we were all aware of that”, says David.

Support for 100,000 Transaction Checks per Minute

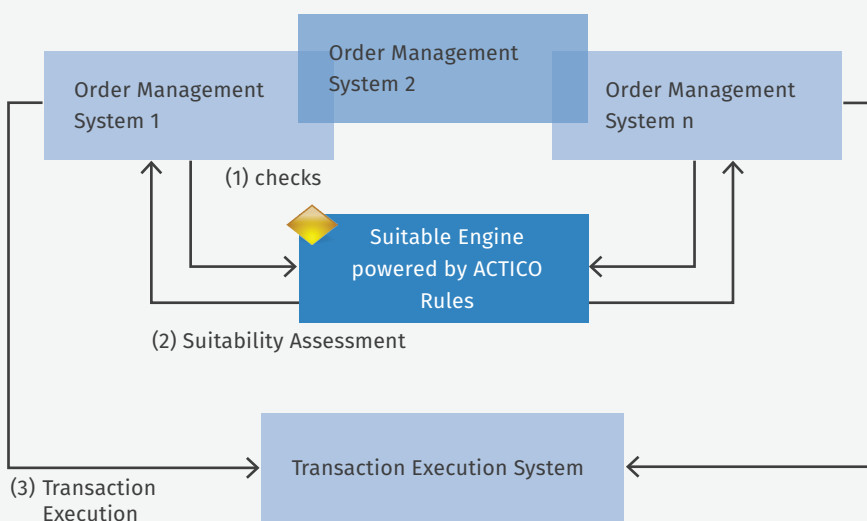
About 350 rule artifacts were created to implement all of the rules. Currently, these rules can cover up to 100,000 transaction checks per minute.

Project Completion and Future Outlook

ACTICO's Professional Services team was on site working closely with the different IT teams and dedicatedly trained the users. In April 2011 the project was completed on time. After the users successfully tested the solution it went live in May 2011. Finally, the Professional Services team handed over all the rule models to UBS. The UBS team has been very success-

ful in taking over the rule models and adding more new checks on their own. Ever since, the solution has been able to consistently perform and to deliver the expected results. Currently, UBS is evaluating extending the solution to further regions across Asia.

Pre-Transaction Check with ACTICO Rules



Any upcoming changes e.g. due to new regulations only need to be implemented within the Suitability Engine. Each order management system can then assess the engine. That means that no changes within each order management system are required, which saves effort, time and money.

About UBS

UBS draws on its 150-year heritage to serve private, institutional and corporate clients worldwide, as well as retail clients in Switzerland. They combine their wealth management, investment banking and asset management businesses with their Swiss operations to deliver superior financial solutions.

Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers, and employs approximately 65,000 people. Under Swiss company law, UBS is organized as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.

UBS AG is the parent company of the UBS Group (Group).



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ACTICO is a leading international provider of software solutions and technologies for decision management.

In a digital world it is necessary to process large volumes of data and make fast, consistent and auditable decisions; that is where our software solutions provide an advantage. Business rules and processes can be easily adapted and executed automatically, which improves the efficiency and agility of our customers in their competitive area. This also enables them to accelerate their growth, innovate effectively, stay compliant and as a result, increase profits.

ACTICO provides software solutions for the areas:

- Credit Risk Management: Assess and monitor credit risk
- Loan Origination: Automate credit checks and decisions
- Compliance: Enable transparency, comply with regulations and avoid fraud
- Claims Management: Make claim settlement processes quicker, consistent and cost-effective
- Client Management: Handle sensitive customer data securely – from onboarding to reporting

ACTICO's roots go back to 1997 and Innovations Software Technology GmbH, which became part of the Bosch Group in 2008. ACTICO was formed when Bosch spun off its financial software operations in November 2015. As an independent company, it supports its international customers from locations in Germany, the U.S., and Singapore.

More information: www.actico.com