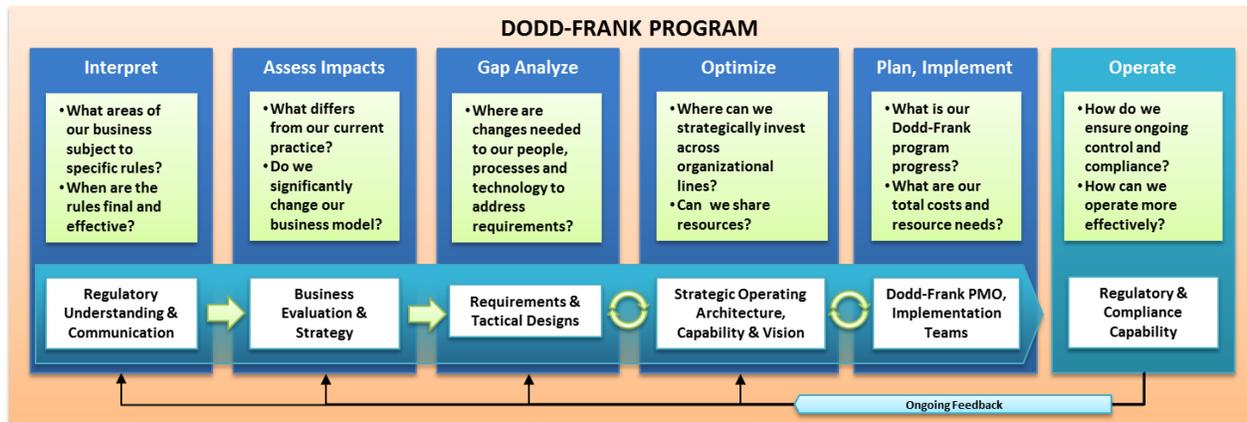


## Implementing Dodd-Frank Regulatory Programs

The Dodd-Frank Act passed in July, 2010 requires financial services and energy companies to address a broad range of regulations covering trading, derivatives, mortgage-backed securities, capital, margining, leverage and liquidity, transparency and reporting, risk ratings, related risk management, and other areas. Authorities with responsibility for promulgating and enforcing regulations under the Act include the Federal Reserve, CFTC, SEC, FDIC, Treasury, OCC, FHFA, HUD, and newly created Financial Stability Oversight Council (FSOC), and Consumer Financial Protection Bureau (CFPB). Specific rules and regulations are being issued over a timeline, are often delayed, and to be prepared for the rules impact, industry participants may need to estimate upcoming requirements and effective dates.

## Structuring the Dodd-Frank Program

Addressing the complete scope of Dodd-Frank may be daunting, and the Act's evolving timelines and requirements add further challenges. Beyond simply addressing the specific requirements, large organizations also risk hastily implementing tactical approaches with limited operating life. Deploying minimally planned solutions can soon increase maintenance expense, reduce flexibility, and eventually require reengineering. Finding a balance between meeting regulatory deadlines and evaluating options across operating boundaries can be a challenge at many levels, and organizational culture may have a strong influence on approaches.



A well-defined plan and coordinated approach to meeting Dodd-Frank needs and optimizing change can reduce ongoing expense and enable flexibility and responsiveness where isolated approaches cannot.

## Achieving Dodd-Frank Architecture Balance

Implementing a flexible and maintainable compliance operating framework which can adapt with changing regulations and business dynamics can provide benefits beyond addressing immediate requirements. Capability patterns which can be leveraged across business, process, organization, and information technology solutions can be identified when multiple needs are considered in their entirety, and evaluated to determine the right balance of up-front investment vs. potential ongoing rework. Implications of the Dodd-Frank rules will vary depending on a firm's specific markets role and business operations, yet solutions share

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many common elements, such as:

- Transparency
- Reporting
- Data retention
- Connectivity
- Workflow processes
- Compliance oversight

Addressing CFTC transparency and accountability rules is one example of common elements to consider when evaluating individual rules and optimizing approaches to addressing needs in the context of an overall Dodd-Frank implementation framework.

EXAMPLE: CFTC TRANSPARENCY AND ACCOUNTABILITY	
Business Model	<ul style="list-style-type: none"> <li>• How do we classify our firm under the new regulatory definitions?</li> <li>• What are our capital and margin requirements?</li> </ul>
Processes	<ul style="list-style-type: none"> <li>• How do we handle central clearing products?</li> <li>• How can we dynamically calculate margins, capital and risk impacts per trade?</li> <li>• Is our compliance organization positioned to support expanded needs?</li> </ul>
Transactions	<ul style="list-style-type: none"> <li>• How can we efficiently connect to exchanges, CCPs, SEFs, DCMs, etc.?</li> <li>• Can we leverage market data feeds into the firm?</li> <li>• Can we utilize trade reporting and confirmations shared utilities?</li> <li>• Do we have capacity to handle transaction volume increases?</li> </ul>
Data & Reporting	<ul style="list-style-type: none"> <li>• How can we capture real-time data across businesses?</li> <li>• Is our data reliable for reportable regulated calculations?</li> <li>• Can we handle potentially large capture and retention volumes?</li> <li>• Can data be used for multiple purposes (e.g., trade reports, time series data?)</li> <li>• Can we combine or eliminate data stores?</li> </ul>
Transparency	<ul style="list-style-type: none"> <li>• Are we capturing a trade and/or order processing audit trail?</li> <li>• Do permitted rule exceptions have supporting evidence?</li> <li>• Can we provide ad hoc reporting to regulators?</li> </ul>

## Katahdin Services

Katahdin Solutions provides expertise to help companies define and implement regulatory compliance solutions and operating models. We work with regulated industries help over the lifecycle of effort, from regulatory interpretation and gap analysis, to process design and to systems implementation and enhancement. Our Dodd-Frank program related services include:

- Dodd-Frank regulatory interpretation and impact assessment
- Current operating capabilities gap analysis, change analysis, roadmap and planning
- Compliance solution definition, design, product selection, development and implementation
- Compliance technology transformation services and process management design
- Consolidated regulatory and compliance reporting, and data analytics solutions
- Dodd-Frank program definition, leadership and interim operation
- Regulatory inquiry analysis, corrective action and response assistance
- Ongoing training, policies and procedures definition, assessment, audit, testing and advisory

## Why Katahdin

With our unique background in legal, compliance, regulated industries, audit, electronic markets, and information technology solutions, Katahdin’s consulting team has in-depth experience with all dimensions of regulatory and compliance challenges brought about by Dodd-Frank. Our combination of hands-on diagnosis, regulatory awareness, markets expertise, and technology understanding provided by an experienced, professional team make us a trusted partner to our customer compliance efforts.

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