

## Capability Assessment and Audit

### Regulatory Reporting Capability Assessment and Audit

A large Broker-Dealer encountered issues with its NASD OATS and NYSE DPTR reporting, resulting in incomplete and erroneous trade activity reporting. The NASD warned the firm that its OATS reporting capabilities needed immediate improvement to avoid sanctions, and should be assessed by an independent firm.

#### Approach

Consultants rapidly assessed the existing processes, systems and source data in detail. The project analyzed 45 systems handling millions of daily equities trading orders flowing from trading departments across the firm. The consultants also performed detailed testing of order flows and identified missing and incorrectly reported activity. The team provided detailed recommendations for corrective action in an audit report, many of which were implemented during the engagement. Additional recommendations requiring modifications to trading and compliance platforms were implemented with the consulting team's assistance, including cross-platform routing activity capture in preparation for OATS Phase 3.

#### Results

By rapidly implementing the review recommendations, the client was able to quickly address the concerns raised by the NASD, and modified its processes to incorporate appropriate compliance considerations when managing changes to order flows and trading systems.

The Katahdin Solutions consulting team has provided similar analyses for many large broker-dealers, and performs recurring quarterly compliance systems and process audits for firms seeking independent review of their critical compliance processes as they seek to maintain FINRA compliance.

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***Through information technology and advisory capabilities, Katahdin Solutions provides consulting services to organizations seeking to achieve greater efficiency and value from their project delivery and compliance initiatives.***