SPHERA SERVICE
Connette il mondo ai tuoi Interessi

ABOUT **SHIELD**FC

RegTech
Startup
Established
in 2017

Headquarters
in Copenhagen
& Tel-Aviv

Team of 20
and growing

Sector Experts
in Digital communication,
Record Keeping & eComms
Compliance

Financially
independent

GA product
deployed in
T1 Financial
firms

Proactive Compliance Hub

Seamlessly connecting
trade & communication data
to drive **SMART** compliance

DEFINING PLAYING FIELD

Compliance disruption

Wave of Regulations
(MIFID II, MAR, GDPR, CAT, DFA, etc)

MiFID II · GDPR · MAR · FINRA · DODD FRANK ACT

Increase pressure & attention from the regulators

Lack of automation and increase in manual tasks

65%+ increase
in Compliance jobs demand

firm's increase in headcount in recent years was from compliance efforts

FINANCIAL TIMES

The Rise of RegTech

…Some estimates pin the cost of governance, risk and compliance at 15-20 percent of the total cost of running the business at financial firms.

the answer company
THOMSON REUTERS

Compliance Skillset

We need people who can translate the rules into what the business needs to do…

Deloitte.

Compliance Arms Race

firm's fighting for the skilled compliance resources

DEFINING PLAYING FIELD

IT disruption

Data distributed in multiple siloed platforms

MiFID II GDPR MAR FINRA DODD FRANK ACT

Limited Data quality and inter-connectivity between siloed solutions

lack of data flexibility, analytics, visualization

UNSTRUCTURED DATA

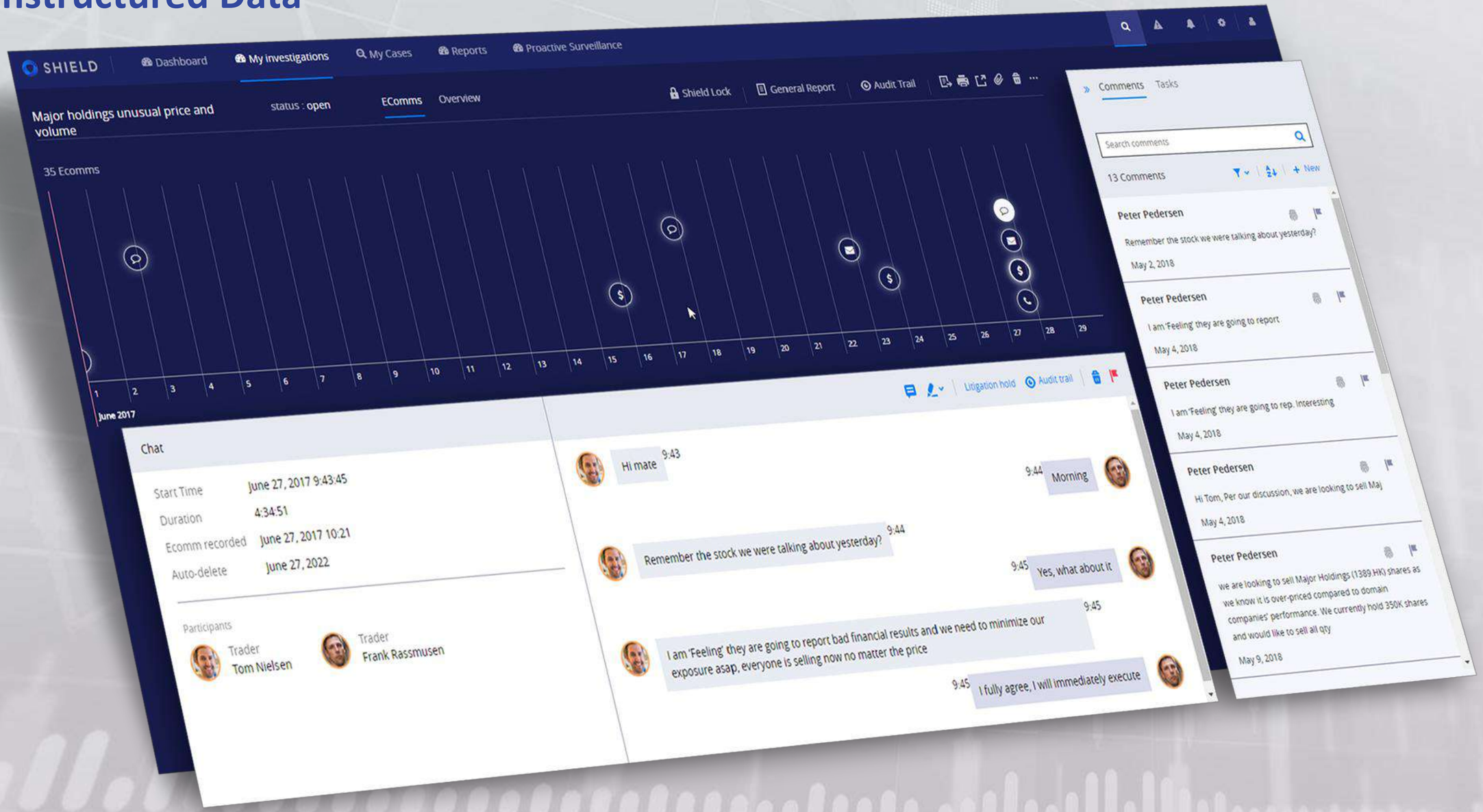
Huge amount of fragmented unstructured data, managed in siloed platforms Each silo with different interface, archive, rules and accessibility Find, Investigate and reconstruct is a Manual task!

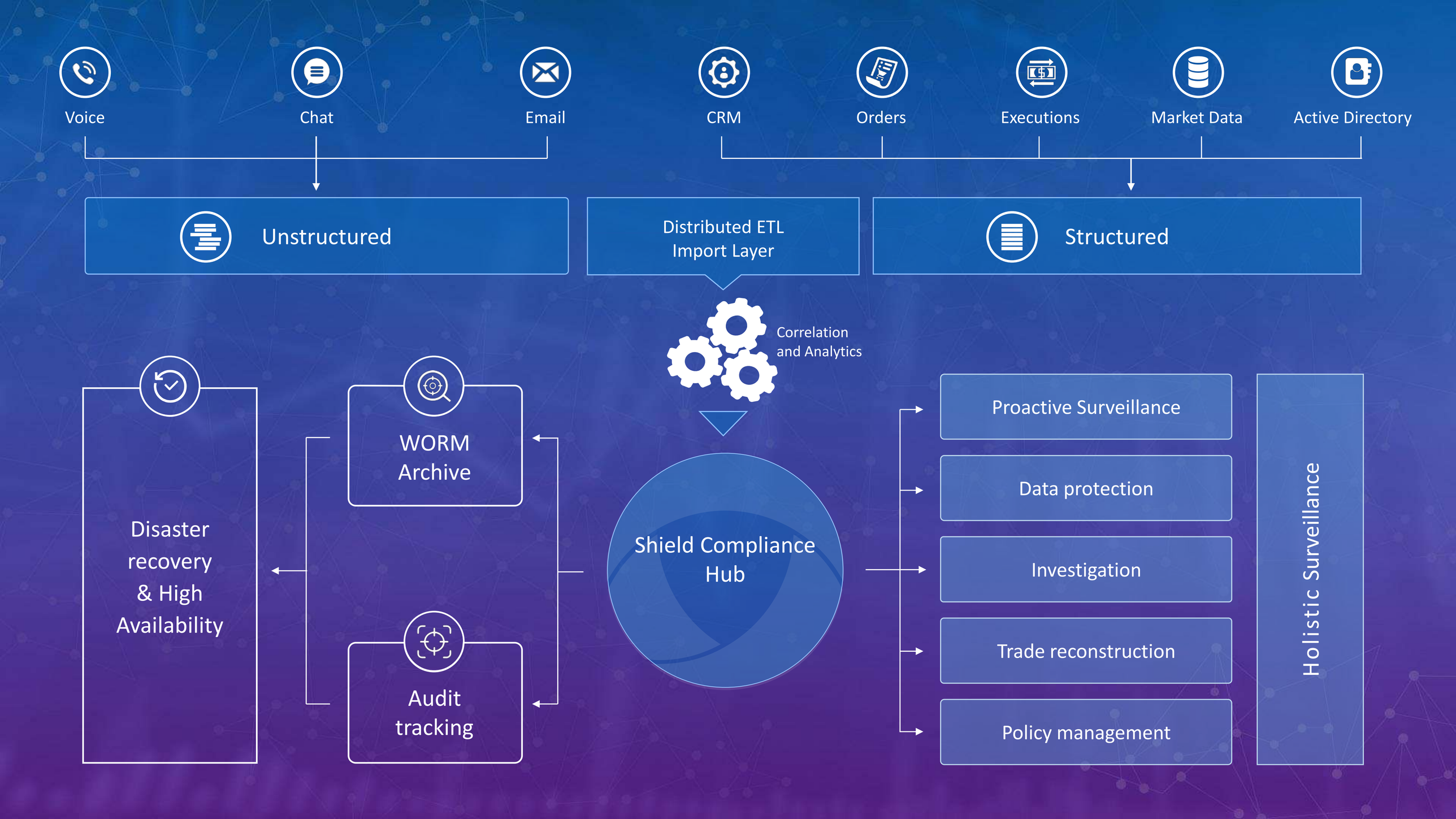
DEFINING PLAYING FIELD

*"Compliance …reliant upon **manual processes, .. human intervention** and a significant **investment** by firms as they seek to comply with existing regulations and …new incoming regulations"*

Non-effective compliance, **increase in Compliance costs!**

Shield 2.0 is an enterprise-grade Compliance Hub, software platform, that automates & optimizes compliance investigation tasks across Structured & Unstructured Data




Voice
Chat
Email
CRM
Orders
Executions
Market Data
Active Directory
Unstructured
Distributed ETL
Import Layer
Structured
Correlation
and Analytics
WORM
Archive
Disaster
recovery
& High
Availability
Audit
tracking
Shield Compliance
Hub
Proactive Surveillance
Data protection
Investigation
Trade reconstruction
Policy management
Holistic Surveillance

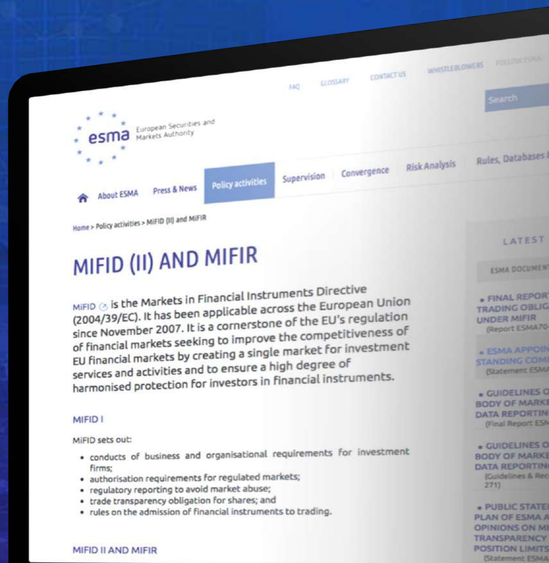
MAIN USE CASES

MiFID II	Record Keeping (Structure & UnStructured data)	Investigation	Control & Oversight
MAR	Record Keeping (Structure & UnStructured data)	Proactive Surveillance	Reporting
GDPR	Data Protection	Data Portability	Policy Management

Shield for MIFID II Recordkeeping

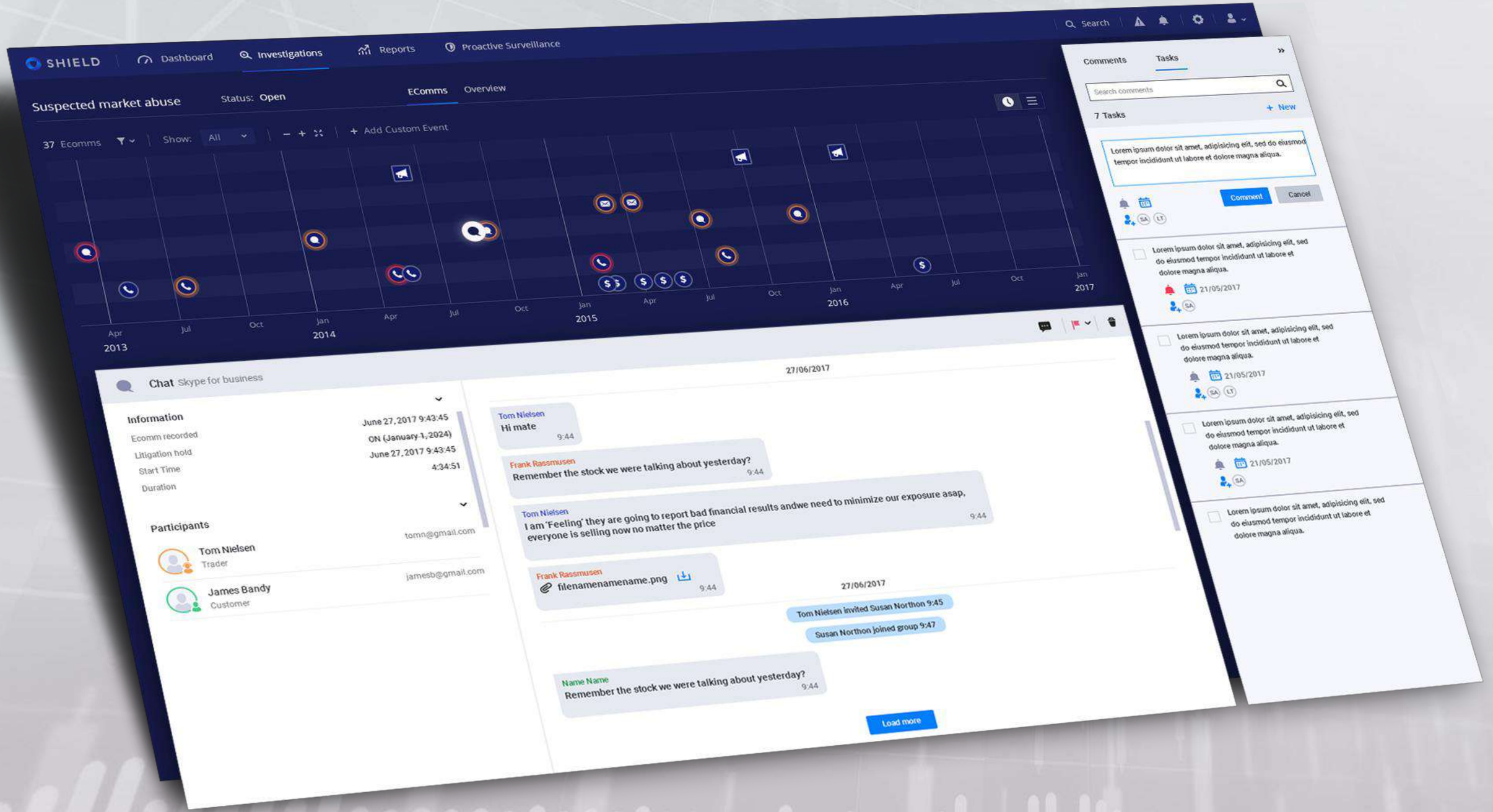
Domains within MIFID II

- eComm = Voice & Electronic communications
- RecordKeeping = Recording of telephone conversations or electronic communications
- Data safeguarding, Retention policy and data governance
- Data integrity and authenticity
- Control & Oversight



Regulatory Definition

- EU DIRECTIVE 2014/65/EU - markets in financial instruments - *Recital 57, Recital 144, Article 16 (6,7)*
- Supplementing Directive 2014/65/EU from 25.04.2016 - *Article 72, 76*
- EU Regulation No 600/2014 - markets in financial instruments and amending Regulation (MIFIR) – *article 25*
- ESMA Final Report - ESMA's Technical Advice to the Commission on MiFID II (ESMA /2014/1569) – *p.25-47. Section 2.5 + 2.6*


SHIELD
Dashboard
Investigations
Reports
Proactive Surveillance
Search
Suspected market abuse
Status: Open
EComms
Overview
37 Ecomms
Show: All
Add Custom Event
Apr 2013
Jul
Oct
Jan 2014
Apr
Jul
Oct
Jan 2015
Apr
Jul
Oct
Jan 2016
Apr
Jul
Oct
Jan 2017
Chat Skype for business
27/06/2017
Information
Ecomm recorded
June 27, 2017 9:43:45
Litigation hold
ON (January 1, 2024)
Start Time
June 27, 2017 9:43:45
Duration
4:34:51
Participants
Tom Nielsen
Trader
tomn@gmail.com
James Bandy
Customer
jamesb@gmail.com
Tom Nielsen
Hi mate
9:44
Frank Rassmusen
Remember the stock we were talking about yesterday?
9:44
Tom Nielsen
I am´Feeling' they are going to report bad financial results andwe need to minimize our exposure asap, everyone is selling now no matter the price
9:44
Frank Rassmusen
filenamenamename.png
9:44
27/06/2017
Tom Nielsen invited Susan Northon 9:45
Susan Northon joined group 9:47
Name Name
Remember the stock we were talking about yesterday?
9:44
Load more
Comments
Tasks
Search comments
7 Tasks
+ New
Lorem ipsum dolor sit amet, adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.
Comment
Cancel
Lorem ipsum dolor sit amet, adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.
21/05/2017
Lorem ipsum dolor sit amet, adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.
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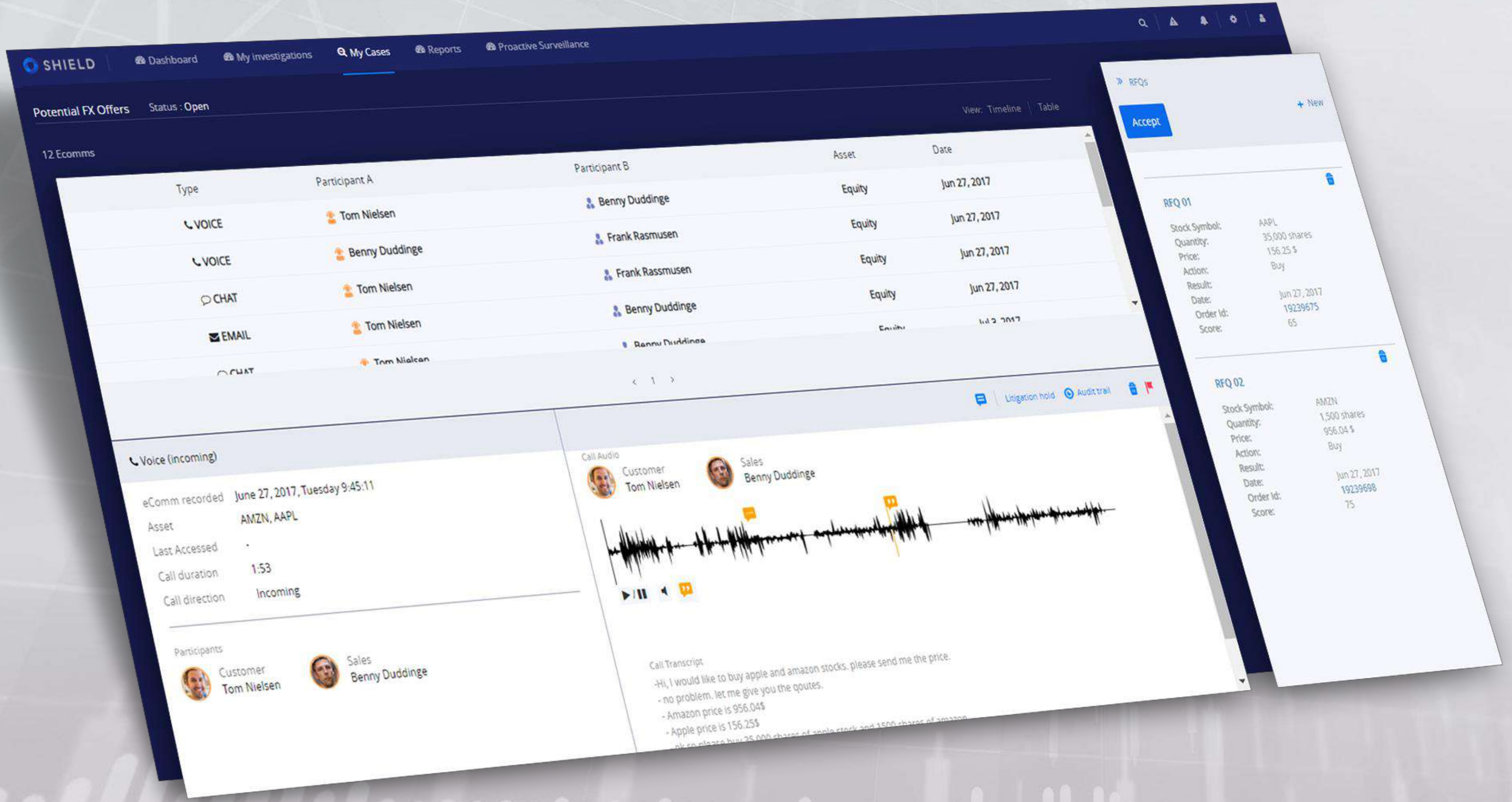

SHIELD
Dashboard
My investigations
My Cases
Reports
Proactive Surveillance
Potential FX Offers
Status : Open
View: Timeline | Table
12 Ecomms
Type
Participant A
Participant B
Asset
Date
VOICE
Tom Nielsen
Benny Duddinge
Equity
Jun 27, 2017
VOICE
Benny Duddinge
Frank Rasmusen
Equity
Jun 27, 2017
CHAT
Tom Nielsen
Frank Rassmusen
Equity
Jun 27, 2017
EMAIL
Tom Nielsen
Benny Duddinge
Equity
Jun 27, 2017
1
Voice (incoming)
Litigation hold
Audit trail
eComm recorded
June 27, 2017, Tuesday 9:45:11
Asset
AMZN, AAPL
Last Accessed
Call duration
1:53
Call direction
Incoming
Participants
Customer
Tom Nielsen
Sales
Benny Duddinge
Call Audio
Customer
Tom Nielsen
Sales
Benny Duddinge
Call Transcript
-Hi, I would like to buy apple and amazon stocks. please send me the price.
- no problem. let me give you the qoutes.
- Amazon price is 956.04$
- Apple price is 156.25$
RFQs
Accept
+ New
RFQ 01
Stock Symbol: AAPL
Quantity: 35,000 shares
Price: 156.25 $
Action: Buy
Result:
Date: Jun 27, 2017
Order Id: 19239675
Score: 65
RFQ 02
Stock Symbol: AMZN
Quantity: 1,500 shares
Price: 956.04 $
Action: Buy
Result:
Date: Jun 27, 2017
Order Id: 19239698
Score: 75

Shield for MAR (Market Abuse Regulation)

Domains within MAR

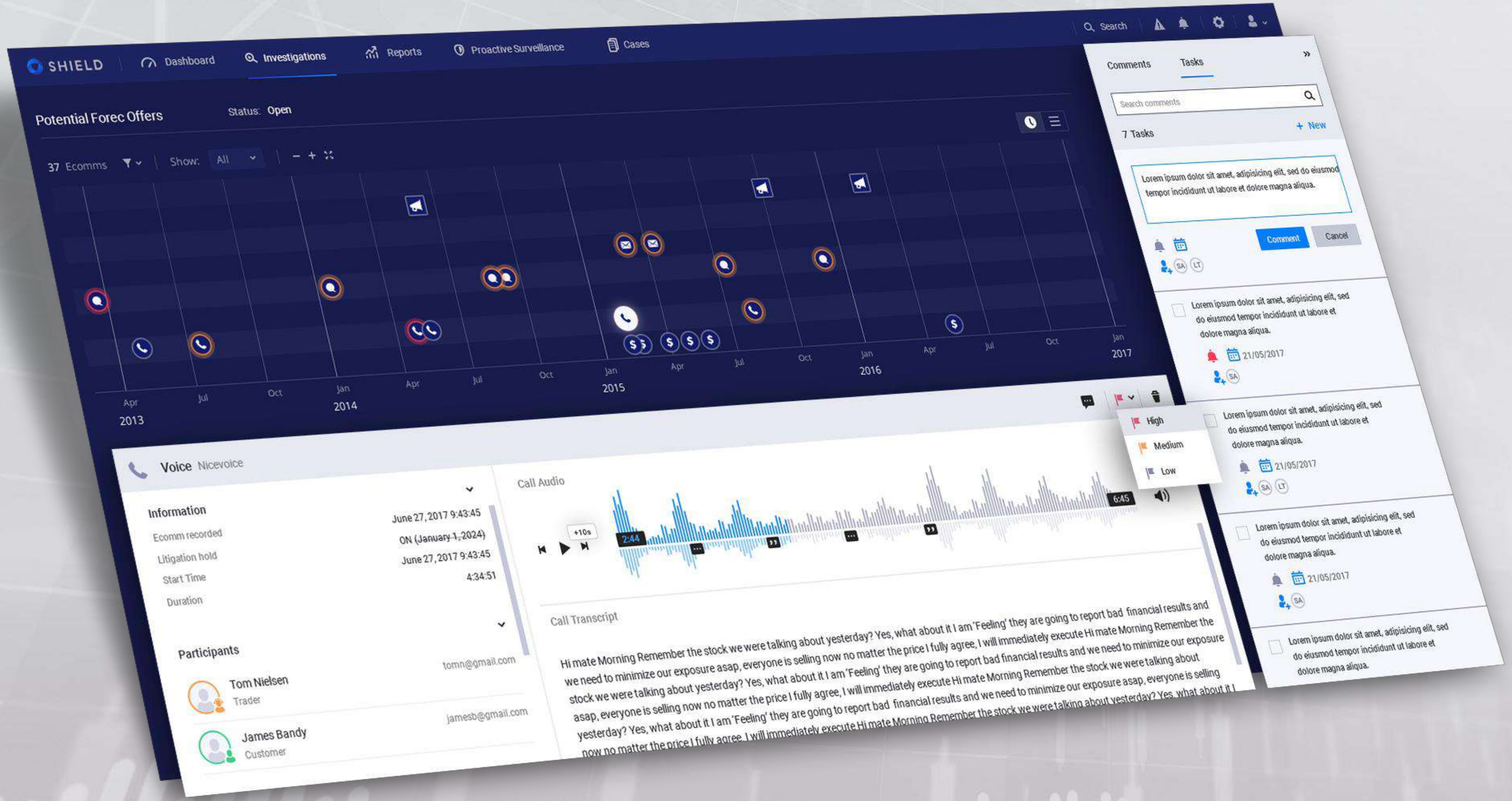
- RecordKeeping = Recording of telephone conversations or electronic communications
- Data safeguarding, Retention policy and data governance
- Proactive Surveillance and Monitoring
- Control & Oversight

Regulatory Definition

- EU REGULATION (EU) No 596/2014- market abuse regulation - *Recital 65, Recital 68, Article 38 (d)*
- ESMA Final Report - ESMA's Technical standards on market abuse regulation - *Section 4.6 + 6.4*
- supplementing Regulation - COMMISSION DELEGATED REGULATION (EU) 2016/960
- supplementing Regulation - COMMISSION DELEGATED REGULATION (EU) 2016/957
- supplementing Regulation - COMMISSION DELEGATED REGULATION (EU) 2016/959

EU Regulation No 596/2014 – Market abuse regulation:
(65)"…competent authorities should be able to require existing **recordings of telephone conversations, electronic communications and data traffic records** held by an investment firm, a credit institution or a financial institution in accordance with Directive 2014/65/EU. Access to data and telephone records is necessary to provide evidence and investigate leads on possible insider dealing or market manipulation, and therefore for detecting and imposing sanctions for market abuse…."

(Article 16 – Prevention and Detection of market abuse)"…Market operators and investment firms that operate a trading venue shall establish and maintain effective arrangements, systems and procedures aimed at **preventing and detecting** insider dealing, market manipulation and attempted insider dealing and market manipulation, in accordance with Articles 31 and 54 of Directive 2014/65/EU"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Cases
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Show: All
Apr 2013
Jul
Oct
Jan 2014
Apr
Jul
Oct
Jan 2015
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Oct
Jan 2016
Apr
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Oct
Jan 2017
Comments
Tasks
Search comments
7 Tasks
+ New
Lorem ipsum dolor sit amet, adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.
Comment
Cancel
Lorem ipsum dolor sit amet, adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.
21/05/2017
High
Medium
Low
Voice Nicevoice
Information
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Start Time June 27, 2017 9:43:45
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Participants
Tom Nielsen tomn@gmail.com
Trader
James Bandy jamesb@gmail.com
Customer
Call Audio
+10s
2:44
6:45
Call Transcript
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Shield – Enterprise Grade Platform

Capture Structured & Unstructured Data	BigData technology with Scale	Compliance Archive WORM	Encryption at rest & transit	On-Prem or Hybrid Deployment
From Siloed to centralized data	High Performance & High Availability	Audit Trail	Win / Linux deployment	Minimal IT impct
Out of the Box Integration Format agnostic	Segregation of Duties & chineas wall	Data Governance Data Integrity Data Enrichment	8-12 weeks implementation	

Value

- End to End Compliance Hub
- Being compliant to the Regulations
- Effective and efficient compliance work
- Cutting Head Count cost
- Getting business and operational insight
- Minimal IT risks/cost

RoadMap

- Machine Learning and AI
- Cognitive assistance
- Additional market segments
  (AML, KYC, Insurance)
- Cloud based SMB offering

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