



Compliance

UBS Hong Kong relies on ACTICO Decision Management Platform to secure investment suitability



Success Story

actico

UBS Hong Kong Relies On ACTICO Decision Management Platform To Secure Investment Suitability

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 Decision Management Platform, 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.



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ACTICO Decision Management Platform gives us the flexibility to meet the stringent regulatory requirements demanded by regulators in our business. Using ACTICO Decision Management Platform 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 Wealth Management, 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.



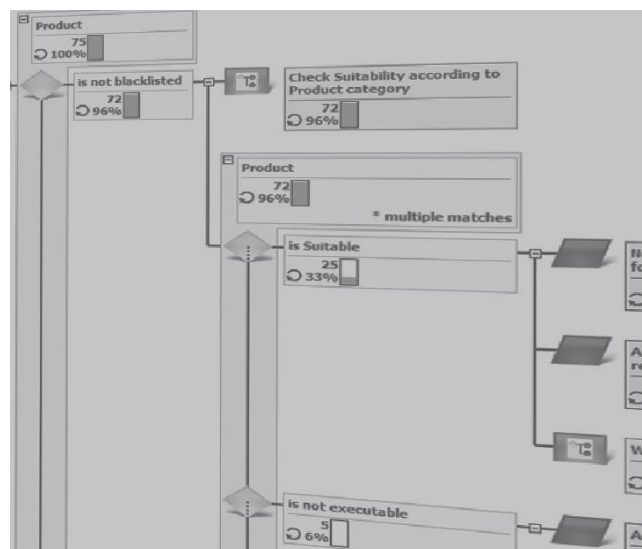
The Solution – An Integrated Transaction Control Check

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 controls relate to USB's booking centers in 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.





David Leong: „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.”

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.

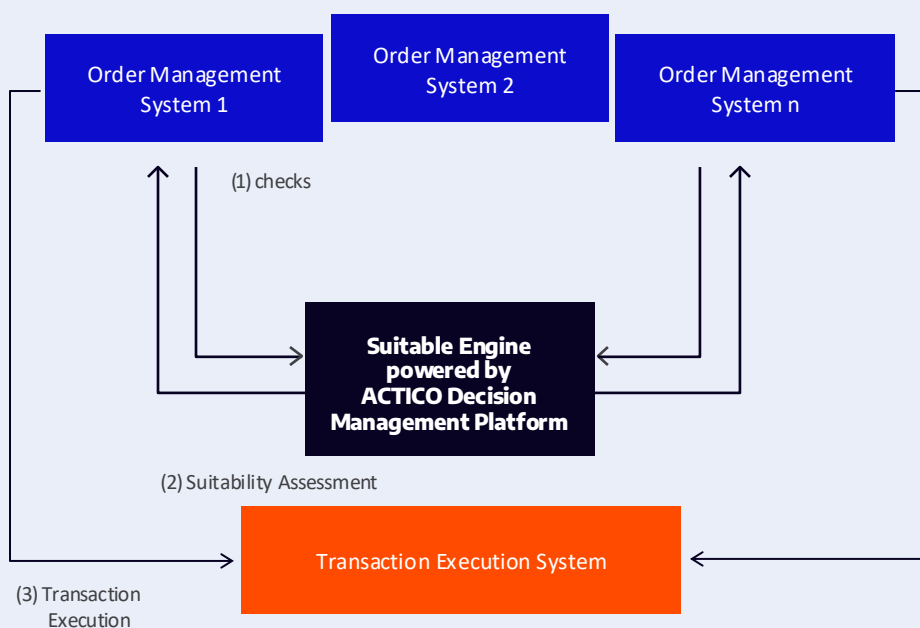
Project completion and future outlook

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 successful 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 Decision Management Platform



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 a stock corporation, a corporation that has issued shares of common stock to investors.

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



ACTICO empowers companies worldwide to significantly increase their efficiency – always in line with regulatory requirements.

With ACTICO Advanced Decision Automation Technology, powering scalable, AI-supported software and SaaS solutions for Regulatory Compliance and Credit Risk Management, the company creates significant added value for its customers – primarily financial service providers.

With the experience and expertise of over 25 years of successful business activities, ACTICO shapes long-lasting global customer relationships and partnerships with renowned financial, industrial and technology companies around the world. The company combines high-performance, cutting-edge technology with exceptional customer focus and operational agility.

ACTICO GmbH is part of the ACTICO Group, which brings together specialised providers of digital solutions for the financial services sector under one roof. With four companies in six locations and 230+ employees, the Group serves over 300 of the world's leading financial companies.

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