Compliance and Risk Management

The Custom Clearing Services Advantage
industry-leading platform of compliance technology
Compliance and Risk Management

LPL Financial offers a robust and industry-leading platform of compliance technology. Compliance and risk management are some of the most important components of running a successful broker/dealer.

At Custom Clearing Services, we understand the importance of oversight as well as the tools and services needed to stay ahead of the changing regulatory landscape. What sets us apart from other clearing firms is the fact that we have made sizeable investments in innovative technologies to support our compliance responsibilities. Our tools were created to incorporate practical uses with our financial advisors while fully automating many procedures.

The technology tools and services that make up our platform include:

- Electronic Trade Blotter
- BranchNet Notifications System
- iDoc Imaging System
- OSJ Review Tool
- Annuity Order Entry
- Mutual Fund Direct Automation
- Advisory Account Review
- Breakpoint Discount Calculator

Our goal is simple: We enable financial advisors to concentrate on running and growing their businesses and maintaining compliance at the same time by providing easy-to-use compliance tools.
Electronic Trade Blotter provides easier generation of client holding pages with the ability to print reports with page breaks between accounts.

Electronic Trade Blotter

The Trade Blotter provides an efficient trade review process that saves time and improves the quality of suitability checks and trade approvals.

It also fulfills both the order memorandum and trade blotter requirements under SEC Rule 17a-3. Its various capabilities include:

- Capturing suitability information
- Sorting options to include trades by financial advisors or account
- The ability of branch managers to add notes to accounts and trades
- Mouse-over features which provide full word descriptions for abbreviations
- Easier generation of client holding pages with the ability to print reports with page breaks between accounts
- Legends explaining each column header and field item
- Additional sorting and printing options
- Automatic alerts on transactions that may need further review

The Trade Blotter Report displays recent trades tagged by order entry, receipt, and execution times, along with other essential details, such as the security name and type, trade price, transaction total, and corresponding client account.
BranchNet Notifications System

One of the ways that we can communicate with your financial advisors is through our BranchNet Notifications System. BranchNet Notifications is an interactive tool that informs financial advisors of important alerts and tasks that may require action. The alerts and tasks range from documentation deficiencies to corporate action items to ineligible positions in advisory accounts.

BranchNet Notifications also allows financial advisors to:

- Automatically receive notices in BranchNet about new and closed issues related to client accounts and other inquiries
- View a detailed description of the issue and the time frame provided for resolution
- Easily determine an appropriate response from a list of possible actions
- Reply electronically to provide more information, indicate that the issue has been resolved, or simply be alerted to important deadlines
access documents anytime anywhere
iDoc Imaging System

iDoc is an example of how LPL Financial simplifies life for financial advisors. This tool greatly increases the efficiency of ongoing compliance-related efforts and reduces the need to store paper files.

Features of the iDoc system include:

- The ability to access documents anytime and anywhere internet access is available
- Enhancement of business continuity plans by ensuring that critical documents are safe and readily accessible
- Elimination of time spent searching for and re-filing of documents
- The capability to allow multiple users access to documents
- A cost-effective method of maintaining required books and records

This tool greatly increases the efficiency of ongoing compliance related efforts and reduces the need to store paper files.

iDoc allows the financial advisor to view documents in a range of options: by document title, account number, image date, or number of pages.
The OSJ Review Tool helps simplify the branch manager’s supervisory duties by automating a number of supervisory responsibilities.

**OSJ Review Tool**

The OSJ Review Tool is part of the BranchNet platform. It is designed to help simplify the branch manager’s supervisory duties by automating a number of supervisory responsibilities. The tool automates key areas that require a branch manager’s review on a daily and monthly basis and delivers the review process in a simple and secure environment.

Branch managers have access to a customized summary window in BranchNet that provides a status overview of required OSJ duties.
Annuity Order Entry

Annuity Order Entry (AOE) is a feature in BranchNet for processing fixed and variable annuity transactions. The tool allows the purchase of fixed and variable annuities online and streamlines processing by eliminating most of the paperwork required when going direct with the carrier. This tool is also set up to keep the broker/dealer and financial advisor compliant with FINRA Rule 2821.

From the main page, select the type of order and enter the account number that will be used to network and fund the order. You can access the help features of AOE by clicking the Show Me button.

Annuity Order Entry allows the purchase of fixed and variable annuities online and streamlines processing by eliminating most of the paperwork required when going direct with the carrier.

For annuity orders, required information must be entered in the tabs shown above. Each subsequent tab builds on the answers from the previous tabs, so that only required questions are asked for each product and corresponding funding source.
Mutual Fund Direct Automation

With Mutual Fund Direct Automation (MFDA), a broker/dealer can eliminate mutual fund sponsor applications and compliance requirements for non-retirement direct business mutual funds by processing trades through BranchNet.

**With Mutual Fund Direct Automation, Custom Clearing Services clients and their financial advisors can:**

- Eliminate sponsor applications when establishing new non-retirement direct business mutual fund accounts
- Eliminate manual processing since an automatic trade blotter is generated and maintained
- Eliminate networking non-retirement, direct business mutual fund accounts
- Establish systematic transactions from non-retirement brokerage accounts into direct business mutual fund accounts
- Gain control over direct mutual fund business with same-day trading, tracking, and faster commissions paid

MFDA allows you to place trades to purchase, redeem, or exchange non-retirement mutual fund positions to be held at the mutual fund company via BranchNet’s Trading menu. Processing this business through BranchNet eliminates the Branch Trade Report, simplifies office procedures, and ensures compliance with applicable regulations.
Advisory Account Review

Advisory Account Review allows broker/dealers to automatically review the LPL Financial Strategic Asset Management accounts on a quarterly basis.

The surveillance conducted focuses on accounts with potential issues in the following areas:

- Market Performance (action item or early warning)
- Account Management
- Position Concentration
- Margin
- Trade Count
- Management Fee

BranchNet sends formal notifications to financial advisors regarding their advisory surveillance flags, if necessary. Financial advisors then review and reply to the reporting notice by choosing from a list of relevant responses or by providing a customized response when necessary.

Breakpoint Discount Calculator

The Breakpoint Discount Calculator eliminates the need for additional paperwork from the financial advisor by determining the appropriate breakpoint for mutual fund and 529 Plan transactions. The calculator has been loaded with breakpoint rules from each fund sponsor and will identify the breakpoint schedule and discount details for the trade request. The Breakpoint Discount Calculator is automatically generated when placing trades for A shares or entering A shares on the Branch Trade Report.

The Breakpoint Discount Calculator will aggregate all accounts known and linked to LPL Financial in order to provide the appropriate breakpoint, Rights of Accumulation, and Rights of Reinstatement.