

Compliance: SEC 17a-4/NASD 3010/3110

In the wake of the 1928 stock market crash and the uncovering of widespread securities fraud, the U.S. Congress enacted the Securities Exchange Act of 1934. The Act seeks to protect investors from fraudulent or misleading claims in the securities industry and requires extensive record keeping, reviewing, and auditing by independent auditors, and administration of financial transaction records.

NASD 3010/3110 are part of comprehensive regulations enacted and enforced by the National Association of Securities Dealers on behalf of more than 5,000 registered financial institutions and investment funds. All aspects of the SEC and NASD regulations are effective today.

What do SEC 17a-4 and NASD 3010/3110 Require?

SEC 17a-4 and related regulations require securities dealers to make and retain records associated with each financial transaction to enable future auditing and review of such transactions. Records can range from emails to instant messages to file attachments — in short, any correspondence related to a transaction.

In the event of a review, NASD also requires immediate access to records and documents, review of all imaged documents, an audit trail of principals who reviewed the transactions, a secure server, and password-protected access.

What are the Penalties for Non-Compliance?

The costs of responding to an SEC investigation are significant and the penalties for conviction under an SEC investigation are potentially enormous — and these apply equally to major financial institutions and small financial advisory firms. Several major money center banks have recently paid millions of dollars in fines for mishandling transaction records.

Who is Affected by SEC 17a-4 and NASD 3010/3110?

Broker-dealers and individuals who trade securities on behalf of others or act as brokers for trades are subject to both sets of regulations. Banks, securities firms, stock brokerages, and other financial institutions that trade securities of any type are subject to SEC regulation.

For more information on SEC 17a-4/NASD 3010 please go to: <http://www.law.uc.edu/CCL/34ActRIs/rule17a-4.html>

Secure File Delivery Tools

Organizations seeking to comply with NASD 3010/3110 secure information management and delivery requirements are faced with a dizzying array of complex, costly solutions. The best place to start is by implementing a secure file storage and delivery system that provides:

- Directory services integration (LDAP/Active Directory)
- Auditing, logging, and tracking capability
- Delivery and viewing notifications
- Secure file sharing with 128-bit SSL encrypted transmission
- Multi-level password protection
- Automatic user registration
- Administrative management features
- Customizable activity reports to support HIPAA compliance audits

For these security and auditing features, many corporations are turning to Biscom Delivery Server for secure file delivery.

Document Delivery Solutions from Biscom, Inc.

The Biscom Delivery Server product line is developed and sold by Biscom, Inc. Founded in 1986, Biscom has provided many of the world's largest companies with enterprise communications solutions, most notably its award-winning FAXCOM enterprise fax management solutions. Through acquisitions and the development of new technologies, Biscom has evolved into a provider of multiple products, including secure document delivery, file conversion and image viewing, and enhanced messaging and video server solutions. Biscom is committed to excellence in product development and customer care, while staying ahead of the technology curve by developing innovative solutions.

FAXCOM[®] Server

The award-winning FAXCOM enterprise fax management solutions enable users, applications, and business processes to send and receive faxes.

FAXCOM Anywhere[™]

Users send and receive faxes from their desktop computer (via a secure Internet connection) to a virtual fax server at Biscom's hosted facility.

FAXCOM Image Indexing[™]

A convenient and effective tool for moving images through a workflow process, resolving not only data capture but also recording every view and modification of each image.

Biscom Delivery Server

BDS enables the secure delivery of files of any kind and provides numerous security and reporting features to control and audit access to the secure delivery.

vVault[™]

vVault is an enterprise-class platform for email, fax, and document management. It provides organizations with an information repository where their users can securely store documents online, and send and retrieve those documents from any Internet-connected PC or mobile device.

Lincoln & Co.

Biscom's Lincoln & Co. division develops high-throughput conversion engines for converting PCL, PostScript, and application output into other file formats. Lincoln & Co. also develops image viewing applications.