

The Deloitte logo, featuring the word "Deloitte" in a white sans-serif font with a small green dot at the end of the word. The background is a blurred image of a person's hands holding a tablet displaying a bar chart, with a laptop screen showing various data visualizations in the background.

Deloitte.

THE RIPPLE EFFECT

Stories of purpose and lasting impact

Learning to manage vulnerabilities *before* they are an issue

Through a mock regulatory exam, Deloitte helps a leading financial institution detect and manage risk.

ANTICIPATING REGULATORY ISSUES FROM A NEW PRODUCT LAUNCH

THE SITUATION

A leading financial institution needed to hold up under regulatory scrutiny. Not just in terms of its traditional business, but also through the launch of a new product offering.

Investment advisers are subject to an evolving regulatory landscape and changing examination priorities. Nowhere is this clearer than with the emergence of new technologies and product capabilities.

Deloitte was mindful of this reality. Deloitte had previously provided the client with similar services to test various changes in its traditional advisory business that could affect internal controls, policies, and procedures, from a regulatory expectation perspective.

But this time, the client's control functions engaged Deloitte to conduct a similar engagement but also extended the review to include its newly launched technology platform.



THE SOLVE

Regulatory issues can crop up in unexpected places, especially where new technologies and large amounts of complex data are concerned. Deloitte's aim through the mock exam was to uncover as many useful, actionable observations as possible. To do so required casting a wide net.

Consistent with the prior engagement, the client was required to produce 15 months of trade data to determine how it would fare over the extended time window. Various data analytics tests were also added.

At the same time, Deloitte left enough leeway in the process to accommodate the client's shifting priorities and come up with creative ways to tackle particularly tough issues. To help with this, Deloitte applied advanced and behavioral analytics. The analytics reflected the client's compliance policies along with Deloitte's keen understanding of the regulator's examination procedures.

CREATING **AN EXAM TO TEST REAL-WORLD VULNERABILITIES.**

THE IMPACT

The financial institution gained clarity on the regulatory expectations from an examination perspective and identified risks that had organizationwide implications. Matters that came to light turned out to be potentially impactful in other parts of the organization as well, requiring stakeholders to look holistically across the enterprise to assess the potential risks. Along the way, the client acquired a better understanding of the kind of requests it was likely to get from regulators.

The client also gained experience with providing large amounts of data and interpreting it to answer questions about its underlying nature. Deloitte helped the client address compliance process vulnerabilities and potential violations *before* they became an issue in the real world.

The upshot? The client was able to get ahead of potential issues that could arise in a real-life examination by mitigating them in a timely manner.



PROACTIVELY ROOTING OUT ISSUES *BEFORE* THEY HAPPEN.

LET'S CONNECT.

Do these challenges sound familiar?



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