

# V.R. Machine - Independent Testing<sup>+</sup>

## A Patent Pending Invention for the Volcker Rule Compliance



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*Nominated for Best Regulatory Compliance Solution*

### What it is?

- Validate the correct usage of exemptions
- Identify proprietary trades that may have slipped through a bank's compliance program
- Vulnerability scan consisting of:
  1. Rule-based checking (Clear Violation, White/ Black List)
  2. Scoring Model (ABC analysis, timing and size consistency, magnitude measures)
  3. Limited Backstop QA \* (Synthetic short/ forward, total return swap, related party thresholds, asset class/ instrument thresholds by desk)

### The Process:

- Load trade data
- Provide RENTD/ securities inventory plan and other desk specific parameters
- Run Tests (compares captured signals)
- Affirm non-violation or flag questionable trades for follow-up action



Fast and essential way for banks to validate that they have attained a satisfactory level of Volcker compliance without the rhetoric.

### Why you should care?



- Banks are required by law to perform independent testing at least annually
- The one and only essential proof of bank's compliance program effectiveness
- All document verification services are considered as weak form of probative endorsements that does not necessarily satisfy the "guilty until proven otherwise" provision
- Favorable scan result as assurance to support the CEO attestation
- Help pinpoint areas where compliance program needs enhancements

### Our Offerings

- Quick pulse check for potential violations (No long dreadful questionnaire to test one's articulation ability)
- Independent testing to uncover possible abuses (Control effectiveness assurance with audit trails of captured signals)
- Available regulatory version (Save examiners' time on field audits, efficient identification of flaws)

### Disclaimers

- <sup>+</sup> Independent testing is not a substitute for the Volcker's requirement of having a "preventive system" (Click [here](#) to see our related product offering)
- <sup>\*</sup> This is only a limited check on selected processed transactions, while clients may enjoy a more comprehensive assurance by using our preventive system and other add-on modules (such as control of material exposures, cross-assets/ regions risk aggregation, market manipulation detection, etc.)

### Contact Us

Phone: 617.237.6111

Email: [info@databoiler.com](mailto:info@databoiler.com)



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TECHNOLOGIES, LLC

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