

SEC 17 Compliance

Archive and Maintain Securities Records

The U.S. Securities and Exchange Commission (SEC) Rules 17a-3, 17a-4 and 17ad-7 were implemented under the Securities Exchange Act of 1934 and outline records archiving rules for the securities industry. In years past, these SEC rules covered only paper records, but today, they include electronic documents as well.



Applicability

Most members of the national securities exchange, brokers, dealers and businesses in the securities industry must comply with SEC 17. The regulations specify which documents should be stored, including securities sales records, ledgers reflecting assets and liabilities, securities borrowed or loaned, dividends and interest received and more. Retention schedules and document management requirements are also part of the regulation.

Securities Industry Impact

Originals of all business communications and copies, whether by paper, by email or through audit reporting, must be indexed, easily searchable for three years from origination and stored on unalterable media. For the first two years, records must be kept in a readily available location. Additionally, securities companies are required to ensure the accessibility, security and integrity of their records. The SEC may examine a business' document management system for compliance, and violators can face stiff penalties, which can include millions of dollars in fines. As a result, companies need systems that:

“In response to a cited email archiving violation of SEC 17a-4, five of the largest investment banks in the world (Goldman, Sachs & Co., Citigroup Inc.'s Salomon Smith Barney, Morgan Stanley & Co., Deutsche Bank Securities Inc. and U.S. Bancorp Piper Jaffray Inc.) have agreed to pay a fine of more than \$8 million.”

- Wall Street Journal, August, 2002

- Preserve all business records on a non-rewritable, non-erasable media.
- Maintain searchable and readily available document storage.
- Verify the accuracy of their archiving system and document management processes.

ECM Enables SEC 17 Compliance

Fireproof's Enterprise Content Management (ECM) technology products provide comprehensive document storage and management capabilities that enable SEC 17 compliance and enhance operational efficiency. Brokers, dealers and securities companies use [ImageSilo](#)[®], the on-demand ECM service and [PaperVision](#)[®] Enterprise to address SEC 17 regulations, reduce records management costs and increase productivity. In fact, they prefer Fireproof's technology products, because they allow the choice between managing information on-premise or on-demand and offer additional components like email management, workflow and print stream processing.

Comprehensive Records Archiving

SEC Rule 17a-3 establishes requirements to maintain specific electronic records, and rule 17a-4 states that brokers and dealers must index and preserve all business records in a location where they cannot

be erased or changed. Fireproof's ECM technology products accommodate all types of storage media and supply comprehensive document capture and management capabilities.

- The ECM system can automatically import documents from any individual workstation, scanner and corporate network for the comprehensive capture of all business records.
- Email management automatically indexes and stores email messages and their attachments from virtually any email account.
- PaperVision Enterprise allows securities companies to store information on any non-rewritable and non-erasable media, including Write Once Read Many (WORM) media. WORM media is available with ImageSilo as a contracted service upon request.

Searchable and Retrievable Document Storage

Rule 17a-4 requires easily viewable images, searchable indexes and readily retrievable documents. PaperVision Enterprise and ImageSilo empower brokers and dealers with state-of-the-art imaging technologies and powerful search capabilities that simplify records retrieval.

- High-performance scanning, indexing and quality controls ensure images can be easily retrieved for viewing.
- Searchable indexes allow both very broad searches across multiple index fields or projects and very detailed searches within specific date and value ranges.
- Full-text searches pinpoint keywords within documents to simplify detailed searches.

Verified Data Accuracy and Integrity

Rule 17ad-7 includes expectations for how the data must be stored and requires securities companies to validate the quality and accuracy of both the storage system and process. PaperVision Enterprise and ImageSilo can boost security and implement audit tracking while preserving data integrity.

- Searchable reports regarding document access, user operations and workflow history provide detailed records of all user actions and enable traceability.
- Check-in and check-out functions track different document versions for each change or addition to a financial report and ensure personal and team accountability.
- Email management includes non-repudiation technology, which can prove that stored messages have not been altered or tampered with in any manner.

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