

## AQMetrics Cash Management

Mistakes in cash management have immediate and substantial impacts. As a result, fully digitized cash management including automated configurable rules on bank account opening, bank account maintenance, closing bank accounts and generating regulatory reports are all part of the AQMetrics cash management module. Furthermore, alerts and workflow, documentation management and auditing ensure that you can get all cash management regulatory risk and compliance functionality in one place.

### Ask yourself, are you monitoring your cash management services?

Is your firm actively managing the cash management functions above?

Do you need robo-compliance to minimise the compliance workload associated with each service?

Are margin calls automatically monitored and managed?

Does cash collateral changes automatically flow into the cash management workflow?

Enhanced internal control and governance is called for in AIFMD. Is your audit trail complete at all times?

How do you oversee your firm's cash management products?

How does one go about proving best practice oversight across multiple geographies?

Is your data accurate and reliable? If you're challenged to provide accurate and reliable data to the National Competent Authorities (NCAs) beware of your oversight obligations

## The AQMetrics Step Methodology to Cash Monitoring

The AQMetrics delivery methodology follows a standard number of steps detailed below. This methodology has been proven to ensure the highest standards of data quality are adhered to and that the aqmetrics platform meets stringent regulatory reporting requirements and guarantees accuracy of analytics.

## Step 1: Regulatory Gap Analysis

Firstly, AQMetrics provides Fund Administrators and Fund Managers with a detailed risk analysis, mapping out the required processes and procedures required under their respective regulations, and then determines task by task if current inhouse solutions will be adequate or can be adjusted with reasonable costs and timescales, or if an entirely new set of tools and supporting processes are required.

This risk based analysis is documented and kept as an audit trail of the decision process when a firm decides what part of the regulation applies to their business, and what organisation, processes and tools are required to effectively monitor compliance to the sections of regulation that applies. The regulators will review this decision process as part of their regular audits of firms compliance function.

## Step 2: Data point analysis

In principle, there are six areas of cash management and monitoring that fund administrators can track through data analysis:

1. investor transactions;
2. cash collateral;
3. margin calls;
4. dealing cash flow forecasting;
5. cash management/treasury; and
6. foreign currency.

AQMetrics recognises the need for quality data ingestion across all six areas from the get-go and so, initially AQMetrics works with firms to identify the source of data points required to run automated cash monitoring and management rules and reporting. On completion of the data mapping, the data capture begins, including non-cash related data capture on details such as:

- positions and holdings
- fund owners
- and instrument specific details

Then the data is contextualised for Enhanced Cash Oversight (ECO) rules. For example, at AQMetrics we take a cash transaction by cash transaction approach to categorize risks and provide oversight metrics. This is in line with regulatory cash monitoring and oversight rules. This coupled with Fund specific data creates contextualised data.

### **Step 3: Risk dashboard and checklist configuration**

Configuring a holistic and integrated risk dashboard, case management and checklist tool is key to successfully achieving a full picture of any Fund's overall cash management conduct. Even if the gap analysis from step one above finds that current technology can be adapted to comply with cash monitoring obligations, the firm still requires a dashboard that provides a holistic view across the disparate systems. In addition, consolidation of alerts from multiple systems into one standardised case management and workflow tool, provides audit, playback and error-reduction synergies that saves significant time and effort.

AQMetrics risk dashboard further manages the interconnectivity of different regulations and provides a consolidated view not only across its entire business, but also across jurisdictions and currencies.

## Step 4: Rules configuration

AQMetrics rules libraries consist of normalised rules and aggregate rules. The normalised rules survey structured cash transactions. Aggregated rules survey cash and cash equivalent data across portfolio managers, jurisdictions or currencies.

AQMetrics works with firms to provide the commercial insights on how best to configure and parameterise rules based on the jurisdictions, portfolios, currencies and compliance objectives of the firm. As part of the rules configuration process aqmetrics provides deep insights into the factors and risk scoring needed for a quality cash management and oversight decision making tree.

## Step 5: Workflow configuration

AQMetrics automated workflow is configured for each individual client, as we recognise that every firm has a unique business operating model. Using AQMetrics workflow for cash management and oversight compliance, firms can:

1. Track key decision points along the cash management lifecycle, including the portfolio manager's priority, FX strategy, and reasons for cash movements within specific time periods
2. Audit cash movements using spot checking
3. Audit every step of the workflow through actionable and intelligent alerts

## Step 6: Parameterise Reports

In line with regulatory best practice AQMetrics provides the following key oversight reports:

1. Cash position summaries per fund
2. FX exposure reporting

### 3. Margin Call Status

In addition alert statistics, audit reports and risk control reports are available from AQMetrics Cash Management and Oversight solutions and can be easily parameterised by clients in real time.

## Step 7: Define data storage

In line with regulations data is archived off for pre-determined periods of time defined by specific National Competent Authorities (NCAs). In addition

1. Data storage can be further configured to hold more audit and archived data than the minimum seven years.
2. Documentation management is available in the aqmetrics system and can be configured in accordance with an individual firm's storage requirements and workflow.