

EMA® E-Mail Archive Appliance®



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White Paper Overview Compliance regulations

About this white paper

Today's businesses have to fulfill multiple regulations to meet compliance rules set by federal and international organizations. Here is a brief overview of the most common regulations for national and international use:

Which rules might affect you?

There are multiple rules which may affect your business when considering archiving important data.

- FRCP
- HIPPA
- SEC 17a 3-4
- NASD 2210
- NASD 2711
- NASD 3010
- NASD 3110
- NYSE 342
- NYSE 440
- Sarbanes-Oxley
- IDA
- Investment Advisory Act

What are the most important rules?

Among the existing rules, the following ones are the most important to consider.

FRCP

The Federal Rules of Civil Procedure (FRCP) consists of guidelines set by the U.S. Supreme Court regulating court procedures for civil suits. FRCP describes the requirements for electronic discovery. Defined in December 2006, these rules became effective December 1, 2007. Electronic documents such as E-Mail, or other documents stored electronically must be available in a timely fashion and manner. The timely search and retrieval in the event of litigation proceedings must be possible at any time. Discovery items must be maintained in their original format. This means a conversion to certain formats will not be acceptable. Accidental deletion, misplacement, or any inability to locate data before court imposed deadlines will result in court fines.

HIPPA

In 1996 the Health Insurance Portability and Accountability Act was implemented by the United States Congress to regulate health care providers' management of protected health information (PHI), which includes medical records and payment histories. The main purpose of (HIPAA) Health Insurance Portability and Accountability is to reduce administrative costs and burdens in the health care industry, as well as the costs of government reimbursement programs such as Medicare. HIPAA does not focus on electronic messaging, but covers any type of records that contains Protected Health Information (PHI). PHI includes any details on an individual's physical or mental health, medical care, payment for care or personal

data, especially those in the electronically format. Upon those requests any form of electronic messaging that meets the requirements of HIPPA must be held under rules of HIPPA Standards

SEC 17a

Rule 17a was created under the SEA of 1934 (Security Exchange Act) and is one of the longest existing regulations which includes the SEC Book and Record regulation. Brokers & Dealers are required by Rules 17a-3 and 17a-4 to create and keep business records that show their trading activities without missing information. The SEC will update their regulations periodically to include the use of new technologies, especially those in the IT Environment. SEC recently has clarified that Electronic messages (including E-Mail) have to be kept.

NASD 2210

All correspondences, records and or sales literature which were made available to customers or the public (including E-Mail) must be kept for at least three years from the date of each record was used including the name of the person who prepared the literature and/or approved their use. Any record or document (including E-Mail) that delivers information about performance of past recommendations or actual transactions shall be stored as recommended. This includes completed worksheets and any records with involvement of customers. Information has to stored easily accessible to any involved parties..

NASD 2711

Any document which has Information about research reports, analysis of equity securities and that have sufficient information upon an investment decision must be stored at least for 3 Years.

NASD 3010

Rule 3010 focuses on retaining all information which mainly focuses on written documents. Meaning all documents relating to security issues, investment banking and all other related issues. This will be done by defining a written procedure to review all related information.

NASD 3110

Rule 3110 regulates the need to build their Correspondence, including records and accounts compliant with NASD and SEC rules 17a-4.

NYSE Rule 342

NYSE Rule 342 will be similar to NASD 3010, by means of the requirement to implement a system that will monitor and supervise communication. This requirement has to consider all relevant employees including the relevant communication. Furthermore, it is not sufficient to just operate the system. The system also has to supervise the appropriate content.

NYSE Rule 440

Rule 440 is similar to NASD Rule 3110, and defines the regulation of keeping all relevant records and content compliant in respect to SEC Rule 17a-3 and 17a-4.

Sarbanes-Oxley Act

The Sarbanes Oxly Act describes the need of storing certain documents which were generated in public companies. Therefore it is needed to store any record and messages for at least 5 Years, any other document including E-Mail which contains information about auditing and or financial controls should be stored at least 7 Years. Above that, a public company has to provide any information which is needed for auditing to form the basis to prepare audit and or reviews.

IDA

All client related documents including E-Mails, must be stored for five years from date of creation. All Sales records and related documents must be kept for at least 2 Years. For timely acceptable access all records and data have to be available at any time.

Investment Advisors Act

Investment advisors are related to the SEA (Securities Exchange Act) of 1934, and are required to be able to allow the Commission to examine records and correspondence necessary or appropriate in the public interest or for the protection of investors. Investment advisors are also required to maintain and preserve books and records in an easily accessible location for at least five years from the end of the fiscal year during which the last entry was made, the first two years in an appropriate office of the investment advisers.

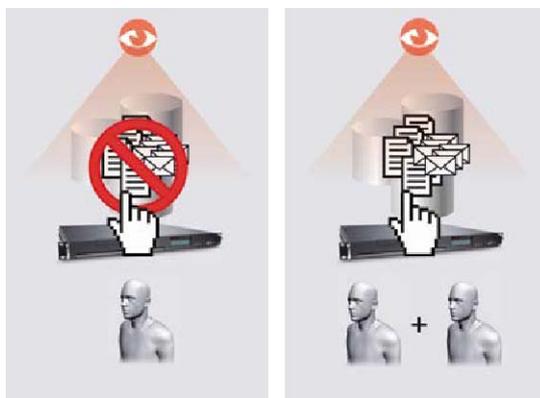
How to fulfill the needed regulations?

To meet the different FRCP, HIPPA, SEC, NYSE and NASD regulations you have to follow certain requirements:

- All Archived Data must be compliant.
- The solution must guarantee no loss of data.
- Records or documents must be accessible at any time.
- Any document must be protected against unauthorized view.
- Records must be exportable.
- Records and Indexes must be available at all times (needed by SEC).
- To be compliant a 2nd copy has to be kept.
- The Index has to be available at any time.
- To meet the strict rules a 2nd independent Index has to be kept.
- Any relevant Communication has to be kept.
- Compliant Storage or Software feature will be needed to fulfill the SEC Rules.

Data Security (4 Eye Principle)

By using the 4 Eye Principle EMA can guarantee that no individual person will have access to unauthorized data. In order to access data, two administrators have to sign in at the same time:



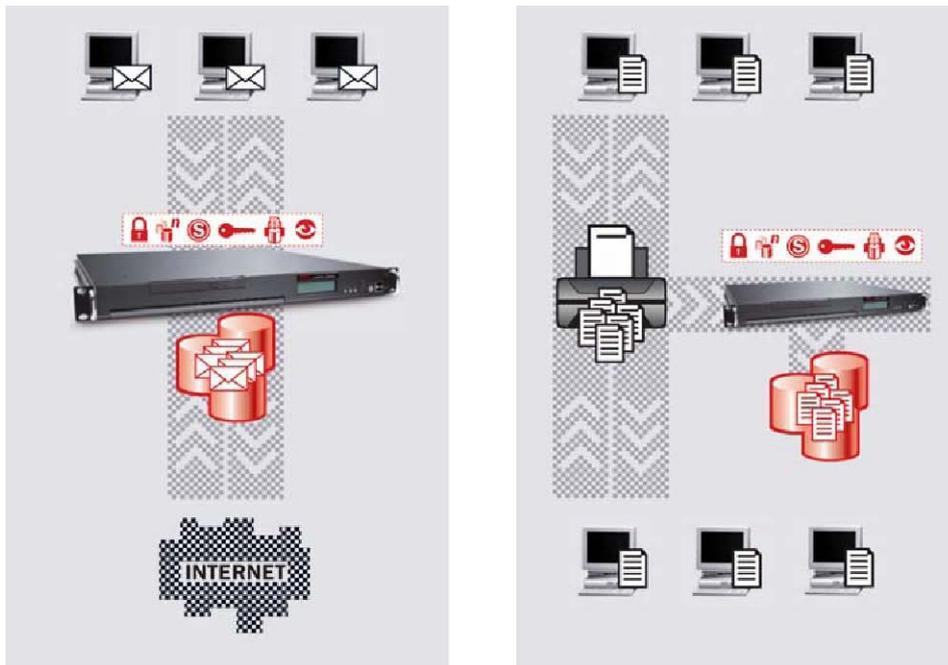
No allowed access! Allowed access!

Who is impacted by these Rules?

All Companies, Organizations or firms who trade securities are impacted by SEC, NASD, NYSE and other rules.

About ARTEC's EMA Solution

ARTEC's EMA offers a suite of compliant solutions for archiving digital information such as E-Mail or printed documents. ARTEC's EMA's technology meets all requirements. Any Document archived with EMA will be encrypted and uses a fraud digital signature to be proven as a compliant archive at any time. The need of Rule 17a-4 could be met with regular ISCSI or FC storage. The implemented Volume Manager assures the non rewritable and non erasable character of the needed storage. Worm Storage could be used but is not mandatory, due to the unique technology to prevent manipulating content. EMA's powerful archive has a unique full text search capability of providing needed data within seconds. ARTEC's EMA can be integrated into the company Network as well as onsite with a service provider by archiving all relevant documents or communication related to the SEC, NASD and NYSE Rules or regulations. Compared to other solutions, the time of deployment is quick and convenient. To achieve this, EMA is not integrated on the Mail Server or Mail Client. In addition, EMA does not write documents in a proprietary format. Any document will be written as an RFC compliant document which can be used with any Mail Server in the Market. To be compliant to the Sec Rules, EMA will provide a 2nd independent Index and search index at any point in time. Even a total failure of the solution will not affect the functionality of the archive. EMA delivers a compliant archive which is easy to deploy, easy to use, easy to manage and affordable. The full upgrade path will provide full investment protection and the best availability of data to the customer.



E-Mail Archiving Print To Archive
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