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# Securing the Financial Services Firm With Essential Taceo

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## FINANCIAL SERVICES FIRM: OVERVIEW

Traditionally, larger Financial Services Firms conduct the lion's share of their business with in-house products and very little personal touch. Because of this, many individuals seek out the services of the small and medium business (SMB) Financial Services Firms who not only offer a broader range of products, but also faster response times, and more personal attention when compared to the services of large Enterprise Firms. Clients of such SMB Financial Firms can now focus their energy on participating in more efficient and personable communications with their financial advisors, regardless of industry – accounting, broker-dealer or small retail banking branch office.

The specialized role that public SMB firms play in the economy was recognized by Robert Greifeld, President and Chief Executive Officer NASDQ. At a 2005 internal control reporting provisions Securities and Exchange Commission roundtable discussion, the NASDQ CEO stated:

“Their reason for being is their informality and their ability to adjust very quickly to market opportunities and respond quicker than larger better capitalized firms.”

This flexibility permits SMB Financial Service firms to treat clients as individuals rather than a number in a database, which helps to develop a more personal, one-on-one relationship with clients. Such open stewardship is not often seen in large enterprise firms, but is preferred by many clients when planning their financial futures.

## In Compliance with SOX, GLBA, and SEC

The Financial Services industry, like other regulated businesses has very little room for error when it comes to managing money. The government has outlined a number of regulations to assure businesses are good stewards of a client's assets.

## Risks and Penalties

Firms found in violation of SOX, GLBA, and SEC rules can face stiff fines and potential jail time, for example those found in violation of SOX Section 1102 (records tampering) can face up to 20 years in prison and monetary fines. Such violations do not only devalue the trust firms have built with their clientele, but it also places a number of monetary fines, and jail time for rule-breakers.

## Information Risk Scenario's Under GLBA, SOX, and the SEC

To streamline communication between financial institutions and the client, much of the information exchange and paperwork now takes place in the digital world. Today, “more than half of consumers use email to get answers from companies”<sup>1</sup> about their financial assets. Unfortunately, such online conveniences have paved the way to increasing cyber-crime.



<sup>1</sup> Moira Dorsey, “Leading Financial Firms Fail our Email Services Test” 7 June 2005, Forrester Reports, <http://www.forrester.com>

As accounts opened and transferred, sensitive documents such as forecast plans, reports (i.e. Argus, Bloomberg or MorningStar), and legal agreements are passed outside company walls and are

suddenly available for misuse. Other information that is inevitably being transmitted between you and your financial representative includes, but is not limited to:

- Name
- Address
- Social Security Number
- Account Numbers (e.g. when doing a rollover or transferring banks or credit cards)
- Date of Birth
- Employment History and Income
- Bank Account Number(s)
- Current Assets and Portfolio information

The evolution of government regulations like Sarbanes-Oxley and Gramm-Leach-Bliley were designed to create a new atmosphere of company accountability and instill a new sense of trust to investors.

## Associated Costs

Maintaining such trust can be very expensive for a small firm. Operating as a smaller entity does not exclude SMB Firms from the costs associated with conducting business. Financial firms of any size must build in technology fees related to compliance mandates like: Sarbanes-Oxley (SOX), Gramm-Leach-Bliley Act (GLBA), Securities and Exchange Commission (SEC) rules, and tax reporting laws.



SMB Financial firms have unique security needs related to their organization's size. Where a large firm can distribute the cost of technology amongst many employees, a smaller firm with the same needs have fewer producing employees to distribute the cost. The sheer lack of numbers results in the necessity for SMB Firms to always be sensitive to opportunities for implementing affordable and effective solutions that won't break their IT budgets.

## Email Security for SMB firms

Whether your Financial Services organization is a broker-dealer office, accounting firm or credit union, a varying array of electronic data and records passes through your business each day. Due to regulations like SOX and office risk policies, electronic information must be protected.



Essential Taceo for the SMB Financial Services firm ameliorates much of the mammoth costs associated with safeguarding your clientele's [Personal Financial Information \(PFI\)](#) and being industry compliant. Taceo is not deployed over a network server – rather, it is installed per desktop, allowing for small deployments that can grow over time. No IT administrator is required to install Taceo, or to create an account. All that is needed is a PC and a valid email address. As there are no server fees to be paid, only a minimal license fee per desktop, Taceo is an ideal solution to prevent theft and misuse of outbound email for a small business.

By integrating Taceo, the firm can email financial advice, updated account information, earnings statements, and necessary tax information to its customers without violating privacy laws. Email and documents can be protected with anti-theft controls that use encryption to protect from unwanted access, and also prevent unintended forwarding, edit/copy, print and print screen capture. Start and expiration timelines can also be applied to control how long an email or file can be accessed, no matter where an email is stored. These applied features not only protect clientele information, they also prevent loss of potential revenue by protecting access to privileged information by competitors.

The chart below describes specific government regulations, their impact on the Financial Services Industry and how Essential Taceo can provide an effective anti-theft solution for both email and sensitive documents:

<b>Compliance Regulation</b>	<b>Description</b>	<b>Taceo Solution</b>
SOX Section 404	Financial spreadsheets and reports must be safeguarded from being falsified or accidentally or deliberately redistributed.	Anti-theft controls set by the author ensures that records and reports cannot be tampered with.
SOX Section 409	Real time disclosure of material that impacts a company's finances must be reported within 48 hours.	Email and files protected with Taceo (ECCs) can safely reside on the author's machine or can be saved on a company network.
SOX Section 802	Guarantees that documents and records are not altered.	With Taceo, users can restrict alteration of a document.
SOX Section 1102	Corrupting, altering, mutilating, destroying or concealing records are violations. Those found guilty of obstructing an investigation or official proceeding will face 20 years in prison and fines.	Recipients of Taceo ECCs who are not granted export rights may not modify documents, emails, records or data.
GLBA USC (United States Code) 6801	Customer/client confidentiality and security must be guaranteed. Records and information must be protected against any anticipated threats, hazards and unauthorized access.	Stored Taceo encrypted records can be controlled by the department processing this information as guided by the GLBA.
SEC Rules 17a-3 and 17a-4	All records related to securities transactions must be maintained for not less than 3 years, easily accessible during the first two.	Data protected with Taceo maintains its applied security throughout its lifecycle, from transit to storage.

## Private Business and Compliance

The constant flow of information through email has enabled individuals and organizations to conduct business transactions and share data with great speed. Numerous regulations can potentially stunt cooperation between the public and private business.

While many government laws do not directly apply to privately held businesses, many publicly traded companies will not conduct business with firms who are not SOX, GLBA or SEC compliant.

Privately held businesses find that they have to be in line with these regulations or risk losing valuable business partnerships. Studies show that “73% of private company CEOs said SOX has done at least a decent job of improving financial governance and transparency for public companies,”<sup>2</sup> demonstrating that even private firms have found following compliance rules helps their credibility, trust and business growth.

## How can SMB Financial Services Firms stay compliant and maintain a personal relationship with their clients?

Applying Taceo’s email anti-theft tools to a private company’s email policy ensures that both public and private businesses conform to government regulations.

### Benefits

Implicit trust between the SMB Financial Services firm and its clientele is a value built up after years of proven industry knowledge and close personal service. When clients have the opportunity to choose between a large impersonal enterprise financial services firm or an SMB firm, the personal attention provided by SMB Firms is often the winning factor. Smaller firms can learn from the mistakes of their large enterprise counterparts and let technology be an asset rather than a drawback to compliance and speedy communication.

Such lessons should include the need for clear security procedures. “Many firms have compliance rules but do not explain the steps employees need to take to comply.”<sup>3</sup> For the SMB firm, integrating [email anti-theft controls](#) like those in Essential Taceo is a win-win situation. It provides a simple, user-friendly solution that has straightforward guidelines, making it easy for employees to comply, while allowing SMB Financial Services Firms to continue to be the good stewards of their client’s financial futures and cost-effectively deal with regulation compliance.

By implementing Essential Taceo, a company can grow in credibility, reputation and trust, all factors which lead to increased clientele and revenue. With Taceo, a SMB firms can be both prudent with their technology budgets and well-armed with the tools and resources necessary to be industry compliant. With an easy to use Outlook add-in, advisors, associates and clients can easily send protected email without any technical expertise. No passwords or complicated key exchanges are required, and it’s free to view Taceo protected email and documents. Clients will feel more secure about sharing their personal information with SBM offices, paving the way to better and safer communication.

### Summary

Whether you are a member of the Financial SMB culture, or a client of these firms, your personal information is sensitive and should be safeguarded against the voyeurs of the online realm. Without treading carefully, priceless information such as social security numbers, bank account numbers, and

<sup>2</sup> Rob Preston “Time to Regulate the Regulations” Information Week, 27 February, 2006, 78.

<sup>3</sup> “New Leadership Announces Broad Changes in Regulation: Topics and Presentation from the First Annual NYSE Securities Conference” Aspen Publishers, Inc. September, 2005., Lexis Nexis: <http://web.lexis-nexis.com>

company assets could be lost in the online highways, placing valuable information into the wrong hands.

Taceo ensures that your property will reach its intended destination by encrypting email and authenticating your SMB firm as a trusted sender and your firm's clients as legitimate receivers of sensitive email and its attachments. Essential Taceo's email anti-theft tools prevent unintended forwarding, editing, copying, printing, and screen capture. Your SMB firm can also set timing rights limiting the period messages and attachments can be shared. All of these features give financial firms a simple solution that abides by the rules set forth in the SOX, GLBA, and SEC, allowing for effective exchange to be made between your organization's employees and clients.