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**SECURITIES BACKOFFICE  
SOLUTIONS, INC.**

**Securities  
SurveillanceStation™  
Compliance System**

**Securities BackOffice Solutions, Inc.** has designed a fully automated Compliance Exception Reporting System, Securities SurveillanceStation™, to help meet the needs of any compliance department. By utilizing daily file downloads from your clearing firm, DST and product sponsors, our system searches all client accounts on a daily basis for numerous activities and trends that could result in potential sales practice abuses and rule violations. The system will automatically create exception reports for those accounts that fall outside of pre-set parameters contained within the system. This will allow your compliance personnel to review bona fide exception reports that identify actual problems or problematic trends instead of having to search for potential problems manually.

This system is specifically designed for firms that clear on a fully disclosed basis or firms that conduct an application way business directly with product sponsors. However, the system can also be used in conjunction with any self-clearing firm that can provide file information downloads/exports for client accounts.

All system reports and parameters have been designed by an ex-NASD examiner and Compliance Officer with over 20 years experience in the securities industry. Any or all of the pre-set parameters can be replaced by your own parameters at any time by the user.

The system utilizes numerous calculations and comparison formulas within each report type to give you an accurate picture of potential problems in each and every client account.

The system will search all client account activity daily and generate exception reports for any client account that exceeds the established parameters in the following areas:

- **Churning**
- **Account Turnover**
- **Margin Accounts**
- **Excessive Trading**
- **Mutual Fund & Annuity Switching**
- **Concentrated Positions**
- **Commission Excess**
- **Low Priced Securities**
- **Discretionary Account Activity**
- **Concentrated Commissions**
- **Principal Markups & Markdowns**
- **Option Account Activity**
- **Account Losses**
- **Sales Practice Trends**
- **Associated Persons Account Activity**
- **Blue Sky/Licensing Issues for Reps**
- **Rep Activity**
- **Front Running**
- **Hot Issue Underwritings**
- **Day Trading**
- **Product Suitability**
- **Money Laundering**
- **Mutual Fund Breakpoints**

### *Additional Report Options*

In addition to the automated exception reports listed above, the user will be able to pull historical reports for any client account, Branch office or Rep for any period selected. Any exceptions generated will be available on a current, historic or searchable basis. In addition, the user will be able to create AD HOC reports from any table and column available in the system to create their own customized reports.

All of our clients will have the ability to use the pre-established parameters contained within the system or establish their own parameters within the framework provided in each exception report. Additional report types will become available as the system is upgraded.