



Risk Management Data: Global Securities, Business Entities, and Linkages

The client

- Global accounting firms
- Over 500,000 total professionals
- Each firm with global offices, representing over 150 countries
- Each firm with its own data needs and historical data management challenges

The problem

- The firms needed the ability to ensure they were compliant with the new rules and regulations related to conflicts of interest
- Missing: a timely, accurate database with information regarding global securities, their issuing company, the company family trees, and the relationships between them.
- Each firm had its own data operations and would carry the complex and expensive burden of collecting, scrubbing, and developing a global database from hundreds of sources world-wide
- Each firm would carry the risk of wrong information developed by their own processes

The solution

- A single, accurate, timely data source with the ability to receive and process, produce a comprehensive set of global data representing the relationship between financial securities from around the world, complete with the corporate family tree information for the companies that issued the securities
- Work as a consortium with Kingland so that each firm received the same information at the same time, at arms length from the source of the securities information.

In the late 1990s, the US Securities and Exchange Commission (SEC) enacted the Auditor Independence Initiative, resulting in amendments to the Codification of the Financial Reporting Policies. Several years later, in 2002 the United States enacted the Sarbanes- Oxley Act in response to a number of corporate and accounting scandals affecting several major US companies. Each of these new rules and regulations meant additional work for companies to monitor and track business and employees closer than in previous years. Prior to the full approval of the Sarbanes- Oxley act, many global organizations began taking actions to ensure their companies would be in compliance with the new laws.

Global accounting firms purchased or created systems to assist with this monitoring and tracking. They quickly realized management of the global data necessary for these systems was cumbersome and contained outdated and incomplete data. The individual firms watched problems within the other global firms and the concern for data grew.

As these firms individually reviewed their current systems and databases they quickly realized their data was problematic. It was replete with duplicative and conflicting information, and fraught with risk. They began conversing with each other and found each of them were trying to work towards a common solution - a global database containing timely, accurate data. The group decided it would be in each firms' best interest to join together and solve the problem.

Several companies were asked to bid on the work with these global accounting firms to solve their problem. In 2004 Kingland won the opportunity to work with the firms and put together a solution to solve this complex problem.

We put together a database with information regarding securities from around the world, their issuing companies, and relationships that can be associated with each of those groupings. The common database would be used as a method for checking against employee holdings at each of the firms. With Kingland acting as the third party data provider to the consortium of firms, our data would not only satisfy their needs, but also ensured the independence of the data set necessary to ensure objective decisions when faced with duplicate or conflicting data. Knowing that each of the firms within this group was using the same data as the next, meant each was acting on complete, objective, independent data.

Today, five years later, these firms continue to rely on Kingland Systems to produce their Global Master File (GMF). Since that time, the GMF has been augmented to facilitate firm-specific contributed information – a key since in many instances they, as the audit firm, have the best information available about certain corporate data.

At present, the GMF is used for multiple purposes and provides information about:

- Securities – Most accurate and comprehensive database of publicly traded securities issued in the geographies of the world that the firms conduct business
- Entities – Most accurate and comprehensive database of organizations, companies, government entities or other legally organized entities
- Linkage – Relationships identifying the issuers of securities as well as corporate ownership structures
- Firm Contribution – The ability for these firms to modify the family tree of entities in the database with information that the firms discovered as part of their audit process
- Management of this database – Continual and consistent updating of all pertinent information within the database

The solution was clear; use a proven, trusted firm – Kingland Systems Corporation – to solve a complex problem.