

OCEAN TOMO

# RISK & REGULATORY COMPLIANCE



OCEAN TOMO®  
INTELLECTUAL CAPITAL EQUITY®

Capital and liquidity risk, along with operational, market, credit and enterprise reporting demands, continue to grow for financial services firms.

Global regulators are responding by instituting more sophisticated policies. Capital and liquidity risk, along with operational, market, credit and enterprise reporting demands continue to grow for financial services firms. Corporate and non-financial service firms need to comply with transaction reporting and financial instrument directives.

Cost optimization and operational efficiency priorities are trending as it relates to resource allocation for risk and compliance management. Digitization of analytic processes is enabling financial, institutional, and corporate clients to seek technology and advisory partners to build solutions.

Clients are engaging law firms to remediate and proactively manage enterprise and regulatory risks. Law firms require qualified domain experts to deliver on risk and regulatory compliance requirements. Ocean Tomo's risk and regulatory practice meets this need.

## Ocean Tomo Services

Intangible assets comprise more than eighty percent of business value but are also subject to significant impairment due to enterprise and regulatory compliance risk. Ocean Tomo, the Intellectual Capital Merchant Bank™ firm, provides a comprehensive set of products and services to help our clients realize their Intellectual Capital Equity® value as well as to manage systemic risk which may threaten these same assets or their benefit for stakeholders.

Ocean Tomo's Risk and Regulatory Compliance practice offers financial services, energy & commodity, corporate clients and law firms various risk and regulatory compliance solutions. We are a bespoke risk and regulatory advisory service provider.

### Corporate Risk Governance Review

- Enterprise health check for board of directors
- Governance and legal entity structure review
- Corporate risk culture assessment
- Risk and regulatory compliance reporting
- Model risk governance and management

### Enterprise and Portfolio Risk Management Enhancement

- Risk appetites, limits, enterprise risk policies & procedures
- Key risk indicators, material risk inventory reporting
- Risk architecture, technology, data and analytics
- Robustness of risk stripes (credit, market, operational)
- Strategic risk advisory and climate change strategy review

### Regulatory Compliance Review

- Liquidity and capital adequacy
- Transaction reporting
- Basel 3.5/4.0 and cross border regulations
- MiFID II and MiFIR
- Regulatory remediation/redress (US, UK, Europe, Asia)

### Development of Risk and Financial Analytics

- Credit, market, counterparty risk metrics
- Liquidity, capital measures
- Operational risk reviews and quantification
- RAROC, ROI analysis

### Treasury Risk Management Services

- Cash and liquidity management
- Investment and management
- FX, rates, commodity risk management
- Macro hedging strategy
- Procurement risk management

### Out-sourced Risk & Compliance Support



We offer competitively priced assignments by deploying technically qualified talent and best-in-class audit compliant analytics. We have no audit or advisory conflicts. We offer fully outsourced or engagement specific valuation support.

We utilize experienced practitioners such as former Wall Street risk managers, regulatory compliance experts, and ex-regulators who have hands-on and applied experience.

## Our Clients

### Law Firms

### Financial Institutions

- Regulated banks
- Challenger banks, emerging finance
- FinTech companies
- PE investment firms
- Funds and fund managers
- Exchanges, broker dealers
- Credit institutions, deposit takers
- Asset & wealth management firms
- Insurers

### Multinational Corporations

### Commodity & Energy Firms

- Energy, metals, agricultural commodity trading firms, merchandisers
- Investment firms
- Producers and processors
- Power and gas utilities, marketers, retail and wholesale suppliers
- Oil and gas, refineries, NGL firms
- Renewable energy firms

### Regulators

### Auditors

## Risk Management Service Highlights

### Law Firms

- Risk advisory for:**
  - Board and corporate risk governance
  - Climate change policy development
  - Credit, counterparty, settlement risk litigation
  - Liquidity and capital risk management
  - Model risk
  - Operational risk
- Market exposure and conduct risk assessment**
- Transaction / Contract risk reviews**
- Horizon scanning services**
- Policies and procedures**

### Financial Institutions

- Board of directors risk health check**
- Strategic risk advisory, including climate change strategy**
- Credit, counterparty risk management**
- Credit loss estimation reviews**
- Risk governance review – appetites, limits, policies and procedures, delegation of authority**
- Operational risk management**
- Liquidity and valuation risk management**
- Model, analytics risk assessments**
- Risk analytics and solutions build**
- Outsourced risk services**

### Corporates, Energy & Commodity

- Enterprise risk governance advisory**
- Credit, counterparty, market risk reviews**
- Treasury services for:**
  - FX, liquidity, capital risk advisory
  - EM cash repatriation
  - Macro hedge advisory
  - Procurement risk management
  - Commodity risk management
- Climate change strategy**
- Data analytics, technology deployment**

# Regulatory Compliance Service Highlights

## Law Firms

### Regulatory remediation for:

- IBOR and benchmark transition
- Dodd-Frank related regulatory compliance
- Swaps and derivatives compliance
- SEC compliance for funds and investment firms
- EU regulations (MiFID, AIFMD, UCITS)
- Capital and liquidity reporting (SEC, CCAR, DFAST, ICAAP, ILAAP, CRD, CRR, Basel)

### Transaction reporting

### Recovery and resolution

## Financial Institutions Corporates, Energy & Commodity

### IBOR and benchmark transition

### Dodd-Frank related regulatory compliance

### Swaps and derivatives compliance

### SEC compliance for funds and investment firms

### EU regulations (MiFIX, AIFMD, UCITS)

### Capital and liquidity reporting (SEC, CCAR, DFAST, ICAAP, ILAAP, CRD, CRR, Basel)

### Transaction reporting

### Recovery and resolution

### Business continuity planning

### Assisting with regulatory exposure to:

- IFRS9
- Transaction reporting
- Conduct risk
- MiFID II, Dodd-Frank, CFTC reporting
- Basel requirements
- ESMA compliance

## Featured Engagements

### Forensic Risk Review – Commercial Dispute Litigation

A leading law firm required the assistance of commodity market experts to do a forensic risk study of the transactions entered between their client (the defendant) and a hedge fund (the plaintiff), to assist in ongoing commercial dispute litigation related to oil and refined products. We reviewed three years of financial and physical commodity contracts and a forensic risk assessment completed from the event horizon looking backward. The commercial decisions, risk mitigation practices and due diligence considerations followed by the firm over that window of time were analyzed.

The analysis highlighted systemic evidence of mediocre to poor risk management practices when compared to industry benchmarks by the plaintiff. It showed how the firm doubled, tripled, and later quadrupled its exposure to the counterparty in question through a series of increasingly risky lending, all sanctioned without the appropriate risk assessments or internal due diligence.

### Development of Risk Analytics – FinTech Firm

A leading financial services solutions provider was looking for a collaborative partner that would help it develop a prototype to algorithmically apply Basel related rules within their financial risk management and compliance systems. We developed a script that applied requisite risk-weighted asset and capital charge treatment for various underlying asset classes, assuming multiple use cases. The company incorporated the prototype algorithm module within the Fintech firm's enterprise risk and compliance software tool.





#### CONTACT

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Manish Das is a Managing Director at Ocean Tomo. He provides valuation services for Complex Financial Instruments; and Risk & Regulatory Compliance advisory for law firms, financial services, energy & commodity firms, and the corporate sector. Over the past 20 years, Mr. Das has worked as a global head of valuation, risk, and regulatory analytics, across premier financial institutions and consulting firms. He has advised the Board of Directors and C-Suites of regulated banks, asset managers, funds and PE firms. He has assisted clients and regulators remediate enterprise risk, valuation, model, regulatory capital, liquidity, and compliance issues. He has provided forensic valuation and risk analytic support within corporate litigation and regulatory enforcement engagements, and support for expert testimony.

## Featured Engagements

### Model Risk Review – Investment Management Firm

The asset management division of a multinational insurance company required a review of their risk analytic and valuation models, to assess fit for purpose relative after onboarding of various alternative investment portfolios. They also wanted an action plan to implement enhancements and changes to their model framework.

We conducted a Fit For Purpose review across all the models being utilized by the firm to value and portfolio risk manage the various exposures. The firm decided following our review, conducted alongside the in-house quantitative research teams, to retire multiple legacy models. Better data inputs needed to be secured, various input parameters had to be recalibrated, and the entire model inventory required a refresh.

Bi-monthly updates delivered to the risk committee of the board provided progress made to enhance the models deployed, their monitoring, reporting, and controls framework. Model inventory and documentation was improved. The model management framework was made transparent and reporting around related risks made more intuitive.

### Risk Management Framework – Principal Trading Firm

A leading US trading firm with a vast global trading portfolio required assistance complying with more stringent risk management and regulatory reporting requirements from the UK and European regulators. The regulators required enhanced documentation and reporting related to their enterprise risk management framework. They also needed additional liquidity and capital risk controls, calculators, and the establishment of related regulatory reporting processes. Over three months, remediation efforts were conducted with the firm's enterprise risk management committee, key business stakeholders, finance, risk, and compliance leaders. The enterprise risk management framework for the firm was enhanced significantly, including the documentation of its committee charters, board governing principals, risk appetite statements, limits, risk policies, and procedures. The operational risk framework was enhanced as were key risk indicator reports and the material risk inventories. Capital and liquidity risk policies were developed and controls for the monitoring and calculation of associated metrics established.

## About Ocean Tomo

Established in 2003, Ocean Tomo, LLC provides Financial Expert, Management Consulting, and Advisory services related to intellectual property (IP) and other intangible assets; corporate accounting investigations; regulatory and reporting obligations; solvency and restructuring; and contractual or competition disputes.

Our services are built upon more than three decades of experience in the most rigorous venues – state, federal, and international courts. Our financial, market, and technical experts provide a unique understanding of the contributory value of proprietary innovation. This is the cornerstone of our business. This insight permeates every practice and client engagement.

Collectively, Ocean Tomo professionals have:

- Completed over 1000 engagements, including over 300 valuation and 500 financial damages expert testimony engagements
- Consulted and provided expert testimony on some of the highest profile matters over the past decades;
- Successfully closed hundreds of IP sale transactions with a cumulative transaction value well in excess of \$1 billion; and
- Originated more successful IP monetization solutions than any other firm, including creation of the world's oldest and most successful live patent auction.

Ocean Tomo assists clients – corporations, law firms, governments and institutional investors – in realizing Intellectual Capital Equity® value broadly defined.



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