



Financial Services Technology Leaders Forum and Expo *Showcasing Today's Senior Thought-Leaders*

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Welcome and Opening Remarks

Randy Snook – Executive Vice President, SIFMA

As prepared for delivery

- Thank you, Gillian. As always, your remarks provided valuable insights for our audience.
- Good morning and thanks for being here. We have a great line-up of speakers today in SIFMA's Leaders Forum. They are ready to pick up where Gillian left off. Jim Cramer will be in the Expo, but take advantage of your Leaders Forum registration to hear much more in his exclusive presentation to our conference attendees.
- Before I bring up our next guest, I'd like to take a few minutes to follow up on some of the points Tim made earlier.
- Almost every new rule under the Dodd-Frank Act will require new technology solutions to operationalize the regulations. Simultaneously, social media is literally upending the way we communicate with each other. Preparing for each of these is a daunting task. On the one hand, we need

innovations that comply with regulations while providing customers with choice. On the other hand, we need to shore up the foundation of our financial system to make it more resilient. We need the right balance of responsible innovation coupled with responsible regulation.

- As we move through implementation of financial regulatory reform and encounter the spread of social media, SIFMA is hard at work your behalf.
- Every day, we talk to regulators as continue implementing Dodd-Frank. It is incumbent on us provide information and analysis to help regulators “get it right.” The stakes are too high for anything else.
- What does “getting it right” mean? It’s striking the balance between improving market liquidity, protecting consumers and minimizing systemic risk. Poorly crafted rules could disrupt market functions or actually increase systemic risk. That’s why we are working intensively and constructively to inform the final regulations. Only 21 of over 243 rules have been finalized so far. If regulators need more time, they should request it from Congress and not rush to meet arbitrary deadlines.

- I'd like to highlight a few key policy areas that Tim mentioned where technology professionals will play a vital role in adapting to the post-Dodd Frank financial market landscape.
- The Legal Entity Identifier, or LEI, is one of them. This new system will create a single ID to be used for comprehensive regulatory reporting. It's a great example of how new regulatory changes are introducing new opportunities for efficiency. LEIs have the potential to make reconciliation between systems easier, and also offer ways to improve efficiencies in processing and settlement as well as corporate actions management. Bottom line, this is the tool that is going to let systemic regulators do their job and, over time, allow firms to manage data more efficiently. On behalf of our member firms, SIFMA has assembled a coalition of global trade associations to develop a set of requirements to establish a global LEI system. Working in partnership with our global partners, we are now evaluating the vendor proposals.
- Another hotly-debated area of focus is the regulation of OTC derivatives, which, basically, creates a completely new product. We are experiencing a paradigm shift to a more complex regulatory structure that will require

massive investments on behalf of each of your firms. First will be issues like mandated centralized clearing of OTC derivatives. From there, post-trade price reporting will provide increased transparency over a range of products used day-in and day-out. From there, the creation of swap execution facilities will come next. Look for rules from the SEC and CFTC as early as this July. SIFMA has long been a proponent of bringing greater transparency to the derivatives market. We're working with regulators to implement these new rules while ensuring these valuable products remain available and cost-efficient to end-users.

- In the equity markets, we continue to put systems in place to ensure investors have confidence in market functionality. Changes to equity market structure like the short sale price tests, single stock circuit breakers, and a possible limit-up/limit-down mechanism at exchanges are driving updates to trading systems. SIFMA has worked closely with regulators and the Exchanges to come up with efficient safeguards that protect the safety and soundness of the market while maintaining market liquidity.
- Technological innovation provides the foundation to ensure we comply with all the new rules and regulations coming our way. But technological innovation is also changing the way we communicate.

- Yes – I am talking about social media. Social media is a rapidly evolving communications tool. One that will impact every aspect of our professional lives. And, it's a communications tool that will require ever greater technological innovations to ensure it works to meet our business goals and objectives.

- It's what SmartPhones were to the 2000's, what email was to the 1990's, and what the telephone was to the late 19th century.

- Social media is revolutionizing both what and how we communicate.

Today, we have a constant flow of information. How do you distinguish what is valuable to business, or what may just be noise? If you had asked me that question two years ago, I certainly would not have said it can be done in 140 character "tweets."

- As you know, social media is wide-spread. Americans spend a quarter of their time on the Internet on social networking sites and blogs. That number continues to increase. In 2010, Facebook passed Google as the most visited website on the Internet – users are logging an average 700 billion minutes per month worldwide on the site. 79% of Fortune 500 companies use Facebook, Twitter and LinkedIn to communicate with their

customers. 73% of financial professionals have an online profile or social media account.

- The financial services industry has up until recently only cautiously put a toe in the water with social media. SIFMA has been facilitating conversations with our member firms as they explore integrating social media into their business strategies – we continue to be a forum to address complex issues like FINRA’s record retention requirements.
- Now, firms are starting to embrace social media to stay competitive in the modern marketplace. Just a few weeks ago, Morgan Stanley Smith Barney was the first major wealth-management firm to announce it will allow their financial advisers to use key interactive social-networking tools to market themselves. Other firms won’t be far behind.
- Many are now actively evaluating vendor compliance solutions, so they can adhere to record retention requirements and be more effective with clients.
- Social media is going to become an integral part of how we do business. Part of this shift is generational, but part is due to the innovation brought about by all of YOU. Social media will become as fundamental to communicating as picking up the telephone or sending an email is today.

- People have started to talk about a “social media bubble”, reminiscent of the internet bubble of the 2000’s. I’ll let you each make your own decision about the accurate valuations of these companies, but as we all know – social media is here to stay. Social media is a way of life, and our industry needs to adapt and innovate to be at the forefront of this technology.
- Through technological innovation, our industry will harness the power of social media, continue to enhance our client experience and fully comply with the rules and regulations governing our industry.

Thank you.

- And now, here to talk about how the unlimited potential of innovations in technology has fueled breakthroughs in the transformation of his firm, I’m pleased to introduce our next speaker, Mr. Richard Daly.
- Rich is the Chief Executive Officer of Broadridge Financial Solutions, Inc. and a member of the firm’s Board of Directors. He and his team work closely with SIFMA on multiple operations and technology issues.
- Rich joined the Brokerage Services Group of ADP – Broadridge’s predecessor – in 1989 as Senior Vice President. He later served as Group

President, a member of the Executive Committee and a Corporate Officer of ADP.

- Before joining ADP, Rich held various senior management positions at Thomson McKinnon Securities and The Independent Election Corporation of America.
- He worked for Arthur Andersen & Co. and Touche Ross & Co. as a Certified Public Accountant after his graduation from the New York Institute of Technology.
- Rich currently serves as a member of the Board of Trustees of the New York Institute of Technology. He is a founding member of the Board of Directors of the Make-A-Wish Foundation of Suffolk County, Inc. and currently serves as an Honorary Director.
- We are very excited to have Rich with us today. Please join me in welcoming him.