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UAT SYSTEM BOOSTS USE OF SEC RULE 17A-7 CROSSING PROGRAMS

New Technology Enables Sub-Advised Investment Platforms To Efficiently Execute Cross Trades

DENVER—September 22, 2009--UAT, Inc., the Denver-based technology and consulting company that developed the Unified Compliance and Control System (UCCS), has announced that its pre-trade compliance, real-time governance reporting and brokerage cost savings system provides the critical functionality to assist sub-advised investment platforms in implementing and operating SEC Rule 17a-7 crossing programs.

Under the SEC rule, buy and sell orders of the same securities on the same platform are eligible for “crossing” as journal transactions, either at the last sale price or at the average of the highest current bid and lowest current offer. Investment management firms can obtain significant benefits from cross trading by eliminating commissions and other transaction costs, including market impact.

Although sub-advised funds and plans routinely buy and sell large numbers of shares at the open or close of the market, or for model portfolio rebalancing programs, the platforms typically lack the necessary real-time holdings information and sophisticated technology to properly implement and supervise an SEC Rule 17a-7 crossing program. UCCS provides this real-time information through an easy-to-implement technology.

“Many rebalancing programs incur trading costs that are prohibitively expensive. In fact, the aggregate costs of rebalancing sometimes exceed the benefits gained from a change in allocation strategy,” said Tom Warren, President of UAT, Inc. “UCCS provides the functionality to eliminate unnecessary brokerage expense and trading risk by enabling the effective implementation of an SEC Rule 17a-7 program.”

Proper operation of an SEC Rule 17a-7 crossing program requires real-time holdings, real-time buy and sell order data, a system that automatically aggregates and highlights all orders with crossing opportunities, an automated notice mechanism, and automated recordkeeping, reporting and archiving to properly fulfill Board supervision and governance requirements. UCCS provides all of these requirements.

“By automating the process, UCCS provides money managers a way to conduct aggregated cross-trades that is both cost efficient and compliant with Rule 17a-7,” said Amy Lynch, President and Founder of FrontLine Compliance, LLC and a former regulator with the SEC. “Most firms have been left to conduct this process manually, which takes time and potentially adds to execution costs.”

UAT is the first to market with a technology to provide Advisers of sub-advised funds and plans with intraday, real-time review of their externally managed portfolios. UCCS gives sponsor firms a sophisticated system that automatically aggregates and highlights crossing opportunities across funds, models, or the entire fund or plan.

“Efficient crossing programs are one of the most simple and straightforward ways we know for a sub-advised investment platform to reduce expenses and improve revenues,” says Warren. “That’s why we’ve designed the capability to execute a 17a-7 program into UCCS’s base functionality without any special modifications or additional cost.”

Types of organizations expected to benefit from UCCS include insurance companies, pension plans, mutual fund companies, trusts, endowments, and bank trusts groups.

About UAT, Inc.

UAT is a Colorado-based technology and consulting company offering the sub-advised industry’s only pre-trade compliance, real-time reporting and brokerage cost savings system. The firm’s innovative “Unified Compliance and Control System” provides superior fiduciary control, real-time holdings and activity, lower brokerage costs, and improved investment performance for organizations utilizing external asset management, including insurance companies, pension plans, bank trust groups, 401(k) providers, mutual fund companies, foundations, and endowments. UCCS includes Linedata Services’ award-winning LongView Trade Order Management System and Linedata Compliance to provide supervision over sub-adviser execution orders. For more information on UCCS, visit www.uatinc.com.

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