



Regulatory Event Risk Scoring

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Business-condition intelligence that identify, benchmark and manage elevated regulatory-event risk

Product Description

- Convergence Regulatory Event Risk Scoring transforms historical SEC enforcement cases and observable highly complex and high risk business conditions in an investment adviser's business into a structured early-warning score.
- It helps investors, distributors, service providers, regulators and oversight teams identify managers whose operating profiles warrant deeper review to determine their influence on the adviser's ability to avoid a regulatory event or negatively impacting investors.

Product Benefits

- Prioritizes diligence and monitoring resources toward managers with the strongest combination of risk conditions.
- Benchmarks a manager against comparable peers, making unusual risk profiles visible in context.
- Connects elevated scores to the non-investment processes and control functions most likely to require review.
- Creates a consistent, evidence-based framework for manager selection, ongoing oversight, and escalation.

Product Features

- **SEC Case Modeling** - Each enforcement action is translated into the violation, failed process, responsible function, investor injury, sanctions, and the business conditions present during the case period.
- **High Risk Business Conditions (HRBCs)** - Identifies the factors that were present in, enabled, resulted from, or materially burdened the process that failed.
- **Overall Event Score** - Measures how closely a manager's current observable High Risk Factors match the conditions associated with modeled regulatory events.
- **Peer Group Analysis** - Compares the manager with firms of the same manager type, exemption status, and relevant size band, then classifies factor-match rates as High, Medium, or Low.
- **Control-Owner Mapping** - Links each implicated activity to the function typically responsible, such as Compliance, Investment Operations, Vendor Management, or Fund Accounting.
- **Decision-Ready Case Review** - Presents the entity profile, plain-English violation, failed activities, investor injury, monetary relief, HRBC assessment, and peer results in a standardized report.

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