

Automated Solutions for Your Firm's Regulation T Letter of Free Fund Process



Loffa Interactive
Group

"The Leader in Automated Workflow Solutions"

Loffa Interactive Group

Loffa Interactive Group is Changing the Way the Financial Services Industry is Getting Work Done by Saving Your Firm Time and Money, While Reducing Risk and Eliminating Paper. There IS a Better Way!

Who is Loffa Interactive Group?

Headquartered in Scottsdale, Arizona, Loffa Interactive is an Application Service Provider specializing in web-based services. We provide and deliver a high-level of expertise in financial operations, clearing and regulatory compliance matters.

Loffa Interactive is comprised of experienced professionals from both the financial and technical arenas who have been actively involved in the back and middle office operations of several broker dealers and custodians, both large and small, across the United States.



Virtually eliminate print, paper, storage, and retrieval costs by transforming your back and middle office processes into a well-oiled machine. Imagine...an environment with NO PAPER!

Loffa Interactive Group is the **only** financial consulting firm in the United States that offers web-based technological solutions linking broker dealer participants on a common back-office processing platform for both Letter of Free Funds and Prime Brokerage functions.

We are a client-focused company, dedicated to serving your specific operational needs in a timely and cost-effective manner. We take great pride in becoming your technological partner, evaluating industry trends and developing efficient workflows that adhere to regulatory guidelines and internal audit policies.

By minimizing your regulatory and processing risk, Loffa Interactive can become your most valued and reliable technology partner. Let us help you streamline your operations and significantly reduce your costs—**today!**

Freefunds Verified Direct™ (FVD™)

The Freefunds Verified Direct™ (FVD™) is Loffa Interactive's flagship web-based, real-time messaging and documentation application. This platform allows broker-dealers and custodial firms to exchange critical trade and account balance information in accordance with Reg T Rule 220.8.(c).

This highly flexible and scalable application allows participants to satisfy both Regulation T and all electronic recordkeeping requirements. FVD™'s 24-hour instant messaging capability allows participants to mitigate risk associated with both Delivery Versus Payment (DVP) and Prime Brokerage transactions.

- Provides immediate customer account and company protection.
- Seamlessly satisfies Reg T Rule 220.8.(c)
- Allows for cost-effective electronic recordkeeping satisfying SEC archival rule 17-4a.
- Dramatically reduces unnecessary back-office costs and settlement risk.
- Allows for customized reporting to evaluate your company's Prime Broker & DVP business trends.

The Current Letter of Free Funds Process

Growth

The wealth management services provided by Independent Investment Managers and Hedge Funds will continue to grow at double-digit rates. This expected growth will translate into an increase in the already high volume of Delivery vs. Payment (DVP) and Prime Broker trades enacted. In turn, the number of required regulatory notifications and associated agreements will also rise.

Regulatory Requirements

Executing Broker/Dealers are required to verify funds availability with corresponding Custodial Brokers by T+5 for every non-exempt security trade with a principal amount in excess of \$1,000. This requirement is known as SEC Regulation T 220.8 C (a).

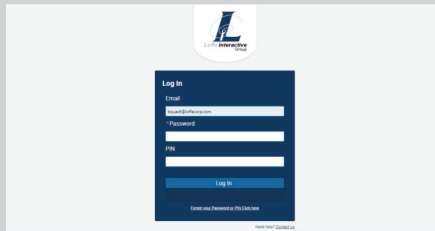
Compliance

All NYSE and NASD Executing/Clearing Brokers must perform this regulatory function in a timely manner or risk having their Clients' accounts restricted for 90 days, in accordance with this SEC mandate. If a firm should fail to properly implement procedures to handle this function in a documented and controlled manner, they may be subject possible fines and/or audit exception penalties.

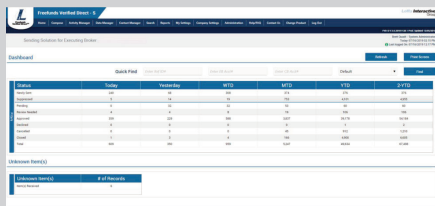
The Solution

Freefunds Verified Direct™ (FVD™) is a secure, web-based and automated solution designed for both Executing and Custodial Brokers to effortlessly centralize, organize, and manage the Letter of Free Funds Process. Our application is secure and scalable and is a robust workflow tool that can be used by your back and middle office Operational teams-both domestically and abroad. You can rest easier knowing your firm is in compliance with SEC regulatory requirements and supervisory oversight controls are strengthened. All of which lead to improved internal/external audit results and reduced risk of fines or censures.

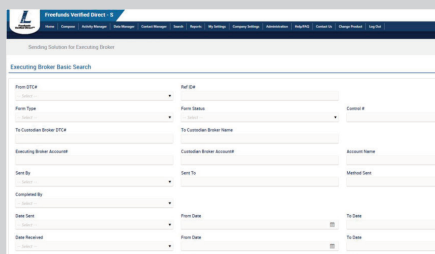




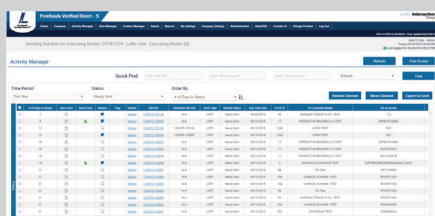
Secure Homepage



Dashboard



Search Function



Easy Navigation

FVD™-S for Executing Broker/Dealers

Designed for Executing Broker/Dealers, the FVD™-S (Send) application electronically supervises the centralization, completion, storage and retrieval of all Delivery vs. Payment (DVP) and Cash on Delivery (COD) Letters of Free Funds, per SEC Regulation T. Loffa Interactive receives your daily trade file via secure (SFTP) transmission and automatically loads into the FVD application. Your Letters of Free Funds (LOFFs) are then sent via email or fax to your designated counter parties, per your delivery instructions. A constantly updated system database of contacts ensure that your letters are being directed to the right contacts on the Street. All letter responses are received digitally into the application and allow for easy review and exception-based processing.

FVD™-R for Custodial Broker/Dealers

The FVD™-R (Receive) version of the application handles the other side of the equation. All requests for Letter of Free Fund responses where your firm is the Custodial Broker/Dealer are received into the solution electronically-no more paper or fax-received requests to manage. Counter party responses and images easily tracked and viewable in PDF/TIFF images formats or in detailed line items. Accept or decline requested items with one click...or request more information from your contra parties with pre-filled drop down/free form text options. In addition, your firm will gain an advantage from strengthened oversight of Client accounts and easy IM/RIA assessments.

Other Benefits of FVD™ Applications Include:

- **Cost:** When you use Loffa Interactive's **Software-as-a-Service (SaaS)**, your firm will immediately realize a quicker ROI with no hardware or servers to purchase-freeing your IT/Systems teams to focus more on strategic issues and letting Loffa handle all maintenance, enhancements and upgrades. The implementation of a fully scalable web-based solution will allow your Back and Middle-office operational teams to free themselves with inefficient paper processes for good while saving big on paper and paper-related costs. You can rely on Loffa applications for their enterprise grade security level, reliability, value, and performance. Choose both versions for FVD to have a true end-to-end electronic solutions and receive a monthly service discount!
- **Regulatory:** Through centralization and electronic data storage of your quarterly confirmation requests and associated responses, the application provides you with immediate search and reporting capabilities..strengthening your domestic and offshore supervisory control process and providing a documented policy and procedure.
- **Transparency:** There is tremendous amount of paperwork to process between Custodial Brokers, Executing Brokers and other financial service entities. Through the FVD™ Dashboard view, Report functions and associated User controls, your firm can quickly determine status of all confirm requests.
- **Sustainability:** FVD™ is an automated/paperless web-based solution. With the introduction of the application, your department will support your firm's sustainability programs (**Go Green**).
- **Availability:** Access remotely via secure connection 24/7/365 from virtually any authorized computer in the world.
- **Navigation:** User-friendly and intuitive workflows allow for easy process management and improved staff efficiency, both domestically and abroad.
- **Archive and Retrieval:** Leading edge cloud storage technology ensures your team can securely retrieve any archived document (rolling 8 years) with the click of a button..no more trips to the offsite storage facility.

Call 1-866-My LOFFA (695-6332) Today!

Operational Improvements

- Centralized Letter of Free Funds Solution
- Streamlined, Paperless, and Automated Workflow Processes

Regulatory, Compliance and Oversight

- Documented Best Practice Procedures
- Improved Supervisory Oversight

Storage and Reporting

- Electronic Document Storage, Archive, and Retrieval (Go Green)
- Custom Analytic and Ad-Hoc Reporting

Financial Business Improvements

- Increased Staff Efficiency, Lowered Operational Costs
- Reduced Trade Settlement Issues



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