



Authority for the Financial Markets—Securing unlocking of central information

Watching everything that happens on the financial market, making the right decisions and, in addition, monitoring the actual effects of these decisions are three nearly impossible responsibilities entrusted to the Dutch supervisory authority AFM. Consequently, having correct, up-to-date and complete information is essential and it is no longer possible to work without an information management system: Livelink ECM is the AFM, according to Ron Voskuil, CIO at AFM.

Organization

Trust is a crucial factor in the operations of financial markets. Supervision of the behavior of securities institutions, insurers, banks and financial intermediaries is necessary to guarantee this confidence. In the Netherlands, this task has been entrusted to the Netherlands Authority for the Financial Markets (AFM), an independent regulating body. The Dutch Ministry of Finance delegates the enforcement of the supervision to the AFM, which advises on laws and develops further regulations within legally established limits.

“The AFM’s goal is to promote the accessibility and functioning of the financial markets. Recent financial scandals have certainly not contributed to public confidence in the operation of these markets. But we have various enforcement instruments available. These vary, for instance, from a registration, to the withdrawal of a permit, to sending a complaint to the Public Prosecutor. However, the players on the financial markets retain responsibility for the implementation and application of the regulations. The AFM monitors their compliance with them,” explained Ron Voskuil, the CIO of AFM.

Situation

Legal supervision assigned to the AFM is continuously expanding. For example, the implementation of the Financial Services Act, according to which everyone in the Netherlands who offers financial services—including the motor vehicle dealer around the corner who tenders credit—falls under the supervision of the AFM.

There is also the monitoring of market abuse—a new AFM supervisory task which is a result of the implementation of EU directives in the Netherlands. When an organization quoted on the stock exchange has information to which the stock market is sensitive, it must notify the AFM immediately. Based on this information, the AFM can decide on the action to be taken: for instance, it can stop the trading until the message has circulated to allow everyone in the market access to the same information. When an organization is also quoted on a foreign stock exchange, the foreign exchange is then responsible for such decisions.

This real time supervision requires quick decision making and imposes heavy demands on the availability of information technology that supports these decision-making processes. In addition, the increase in responsibility makes the AFM more dependent on direct access to information than ever before; consequently, unlocking of vital information remains one of AFM’s greatest challenges.

Solution

Each employee at AFM uses Livelink ECM from Open Text for daily collaboration and knowledge activities, varying from intranet use and workflow to project management tools.

Livelink ECM is a comprehensive enterprise content management solution that integrates collaboration, content, and process technologies to effectively capture knowledge and manage the complete lifecycle of electronic documents from their creation to archiving and eventual deletion.

“Working with Web-based technology and storing all data in a central location allows us to have one team manage everything... Livelink is the AFM.”

Ron Voskuil
CIO, AFM

Industry

Government and Public Sector

Customer

Netherlands Authority for the Financial Markets

Business Challenges

- Enable knowledge processing and management
- Guarantee high quality of information
- Reduce paper-based processes
- Facilitate information security

Business Solution

Livelink ECM

Business Benefits

- Intranet, document management, knowledge management, workflow
- Extremely low operational costs
- Direct access to high-quality information
- Comprehensive management information
- Prepared for future expansions of tasks

Voskuijl explains the initial reasoning behind choosing this solution: "Livelihood ECM from Open Text proved to be the best option in our situation, because it offers so much more than just document management. Document management is important, but it is not the only issue with which we have to contend. Project management, case management, workflow, international communication and an intranet are equally important. Livelihood ECM offers all these functionalities and presents them in such a way that everyone understands how to use them."

As the organization grew enormously from 30 employees in 1997 to the current 350 employees, the importance of comprehensive information management and electronic file information only increased. AFM forecasts to have more than 400 employees in 2005. "This unexpected and turbulent growth is taking place more easily than expected, partly thanks to Livelihood ECM's scalability and flexibility," said Voskuijl.

"Livelihood ECM is the AFM," explained Voskuijl the prominent role the solution plays at the AFM.

Benefits

Merely putting software into operation is not enough to maximize the use of information. Voskuijl has learned to spend a lot of attention on the 'human factor': "Employees are the bricks used to construct our information building. Coaching and stimulating new and long-time employees is a continuous process. They must remain convinced that paper alone has no value. Sharing knowledge is of crucial importance. After all, information does not consist of isolated facts. In addition to continuous internal training, an accessible and user-friendly information system is also required. That is why AFM has a separate department for user support and the further development of Livelihood ECM."

For such an information-dependent organization, the open information culture within the AFM is perhaps striking. For instance, everyone in the AFM has access to the management agenda and can add items to it. Voskuijl explained, "Sharing information and making it available—taking legal conditions and/or privacy into account, of course—contributes to the employees' involvement. Contrary to a system for granting rights to enable access to particular information, everything is open here. A business manager needs to start a procedure if he/she wants to deny access. By sharing, in principle, all information, we also take advantage of the implicitly present, collective knowledge within the AFM. This furnishes a positive contribution to providing insight into the organization and to its efficiency."

The confidential nature of the information creates high security demands. Voskuijl explained, "There are few internal security barriers, but everything is tightly protected from unwarranted external access. Because of this, we only have to keep watch on the front door. Moreover, working with Web-based technology and storing all data in a central location allows us to have one team to manage everything."

In addition to the human factor, Mr Voskuijl points out the importance of standardization, "It is important to start with standardization immediately. That way, everything we do remains clearly visible and manageable. We opted for an open standard so that all elements can integrate and communicate with one another. This means Livelihood ECM can be integrated with other applications. With us, standardization is anchored at the management level. We are able to prevent many management problems in this way because no one can deviate from the standard".

"The work is never finished. Regulations also have a great influence on automation within the AFM. Working with digital signatures is one instance. Now that a legal basis for this has been established in the Netherlands, e-signs are permitted, and this means a change for our procedures. The transition to the International Financial Reporting Standards (IFRS) in 2005 will also require a modification to our procedures."

Future

The AFM is actively engaged in regulating directives and legal tasks at EU level. In order to do so, the organization participates in the Committee of European Securities Regulators (CESR), the consultative body of the European Securities Commission. This body, chaired by Docters van Leeuwen, advises the EU on regulations and provides a forum for exchanging ideas on the use of IT in this work.

Voskuijl is hoping for a breakthrough with UMTS. Supervisors could then use this to start preparing digital dossiers while still on location and could update information in the system while off-site. Another item on the wish list is to separate articles, reports and datasets in the repository from the Web environment. This would make the repository accessible using other applications in addition to Livelihood ECM.

Financial markets are becoming more and more international. Because the AFM's legal arena is limited to the Netherlands, cross-border co-operation has become more necessary than ever. A recent example of this is the agreements that the AFM entered into with fellow supervisory institutions in France, Belgium, Portugal and the United Kingdom on the European supervision at Euronext. However, this remains a troublesome matter, simply because the supervisory task is fulfilled by very different parties in each country; for instance, it can be completed by national banks, a (semi-) governmental institution or a ministry. "Livelihood ECM would be an excellent means to communicate with international supervisors," explained Voskuijl. AFM's information management concept has not passed by unnoticed internationally. As Voskuijl noted, "We already have a Livelihood ECM-based system running for the Internet Taskforce of IOSCO, the International Organization for Securities Commissions".



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