

Chi-Town Shop Targets Trade Monitoring

Compliance11, a Chicago-based compliance management company, is in the process of signing up several dozen small- and mid-size brokerages to monitor employee trading among advisors. Following an alliance with Evare, the company has gotten access to data feeds of multiple brokerages such as **Charles Schwab** and **Merrill Lynch**, making it easier to track advisor activity at a variety of possible trading locations. Most small and mid-size brokerages don't have enough accounts or can't afford to get data feeds from brokers where their advisors may trade, making it difficult to monitor for conflicts of interest, said **Larry Goldfarb**, co-founder and chief sales and marketing officer.

"Insider trading is one of the biggest problems regulators have to deal with. They are looking at supervision at a more granular level than ever before," Goldfarb said. But boosting employee trade monitoring would often mean higher costs for smaller brokerages, as they would have to hire additional personnel and add technology. The service consolidates accounts and allows compliance professionals to log into one database to view and approve trading activity, cutting the cost of using competitors by more than half, Goldfarb said. Besides monitoring, Compliance11 has modules that can handle gifts and entertainment, case management and affirmations and disclosures. "The point is to make the process easy. We aren't targeting international firms right now, but we could see them interested in the future," Goldfarb added.