ADDRESSING SPECIFIC EDISCOVERY CHALLENGES IN THE FINANCIAL SERVICES INDUSTRY

BASED ON ‘ZYLAB FOR THE FINANCIAL SERVICES INDUSTRY’ WHITE PAPER
NO ONE AT THE FRONT LINES OF THEIR BUSINESS CAN AFFORD NOT TO BE *WELL-VERSED* ABOUT WHAT E-DISCOVERY ACTUALLY IS AND HOW IT IS ACTUALLY CONDUCTED IN A LEGAL ENVIRONMENT.”

~ George Socha, Founder of EDRM
Strict regulations force companies in the financial services industry to keep all their communication – including internal emails, marketing emails, copies of written, telephone or in person communication with clients and copies of several other data resources as mandated by the regulatory authorities - for an average period of 10 years.

These collections are tremendous: an organization of 15,000 employees will have accumulated over 100TB of email alone in a 10-year period. As the annual accumulation of email continues to double every 18 months, this amount will continue to grow.

So how then do you respond to a regulatory request from one of the regulators asking to show who knew what, when, why, and are there other similar situations?
UNDERSTANDING THE CHALLENGES OF THE FINANCIAL SERVICES INDUSTRY
Financial services organizations are subject to strict (international) regulations and have to deal with frequent, labor-intensive external or internal information requests related to litigation, eDiscovery, regulatory requests, investigations, client disputes, audit and similarly disruptive events.

Each country has its own regulatory requirements that drive the need for secure email archiving.

Changes in legislation or acquisitions require labor-intensive analysis and assessment of the content of client archives.

Electronic data resides in too many different electronic formats, repository types and locations.
Most important regulations in the **United States**:  
- The Federal Rules of Civil Procedure (FRCP)  
- FDA Title 21 CFR Part 11  
- Freedom of Information Act  
- Gramm-Leach-Bliley Act  
- HFTA (Hedge Fund Transparency Act)  
- HIPAA  
- Investment Advisors Act  
- NASD Rule 3110 and NYSE Rule 440  
- Sarbanes-Oxley  
- Securities and Exchange Commission Rule 17a-3 and 17a-4  
- The USA Patriot Act  

Most important regulations in the **United Kingdom**:  
- British Standards Institution - BS 4783, BS 7799/ISO 17799, BS ISO 15489-1, BSI DISC PD 0008, BSI DISC PD0010, BSI DISC PD0012  
- Data Protection Act 1998  
- Freedom of Information Act 2000
**E-discovery** is a costly process, no matter how you approach it. However, with careful planning you can manage and even reduce those costs.

While each stage of the e-discovery process has both people and systems costs associated with it, two stages, review and processing, generally account for the bulk of e-discovery expenditures. Review for relevance and privilege usually is the most expensive part of the e-discovery process.

“**MOST ORGANIZATIONS HAVE NO OVERRIDING CONCEPT OR SUPPORTING STRUCTURE IN PLACE TO DEFINE AND MANAGE THE RELEVANT INFORMATION THAT COULD BE VITAL TO THEIR DEFENSE**”
ZyLAB’s award-winning eDiscovery solutions prepare Financial Services organizations for disruptive events related to litigation, eDiscovery, regulatory requests, investigations or audits by automating a large part of the execution and optimizing these processes.

Automation with ZyLAB helps Financial Services to:

• Disclose less information to external law firms while still being compliant to information requests.
• Keep more early case assessment and settlement efforts in house.
• Have control over data and cost by being able to measure the productivity of your legal and forensic service providers.

Common applications include the analysis of mortgage or real-estate client files, insurance claims and pension files for risks and non-compliance. The average return of investment is often a few months or one large case.
Having to deal with many similar eDiscovery and regulatory requests per month involves the need to investigate unstructured data such as emails, file shares, cloud data but also (scanned) paper. These files can be stored in Outlook, Office 365, in MS-SharePoint or even as scanned images or as database records.

ZyLAB’s scalable eDiscovery solutions connect and collect data from various data sources allowing the solution to efficiently handle eDiscovery, regulatory requests, and internal investigations. ZyLAB has developed the most robust tools in the market to ensure all of your data is accessible and you can find relevant documents by searching for keywords, regular expressions, and higher level syntactic and semantic linguistic patterns.

And although much of today’s litigation support focuses on digital information, ZyLAB also handles your paper-based discovery based on best practices and with the same high-quality support.
FEATURE HIGHLIGHTS

• Extremely Scalable Platform - Ready to Handle even the Largest Datasets.
• Advanced Search Engine - Discover Everything. Fast.
• Early Case Assessment (ECA) - using Content Analytics and Text Mining.
• Machine Translation – Information without Language Borders.
• Technology Assisted Review (TAR) - automatically classify documents as Confidential, Privileged, Responsive or other.
• Visual Classification - automatically recognize and identify the content of pictures and videos
• Audio Speech Search - enables direct search, review and analysis of audio data.
BENEFITS

• Automatically identify, collect, process, de-duplicate, enrich and classify relevant electronically stored information (ESI).

• Immediately review relevant documents after processing; there is no need to wait for batch uploads saving time and expense.

• Efficiently search all documents leveraging our advanced search engine and content analytics, including: regular expressions, hit highlight text on images, auto redact, bulk tag and pre-classify data into pre-defined categories such as semantic categories, as well as potentially responsive, privileged or confidential.

• Confidently deep-search data collections to find non-compliance issues when new legislation is introduced or when you need to analyze client and other files in the case of disputes or internal investigations.
**BENEFITS (continued)**

- Quick and flexible production to PDF, TIFF, text and native documents by keywords or metadata, with custom Bates numbering, burnt-in redactions, and the ability to produce in various load file formats.

- Scalable cluster architecture allows easy adaptation to changing eDiscovery project requirements given unpredictable volumes and types of data and varying specific collectors and processing functionality.

- Quickly complete eDiscovery collections and data investigations without interruptions or the need for constant IT Department intervention with the additional use of ZyLAB’s Preservation Vault. Preservation Vault allows selected data from custodians or departments that are constantly involved in data investigations or eDiscovery requests, to be collected, processed, redacted and ready for eDiscovery.
BENEFITS OF ‘ZYLAB PRESERVATION VAULT’

• Selected data is pre-processed and ready for eDiscovery.

• All technical errors will have been solved at ingestion, so eDiscovery collections can be done quickly and without interruption.

• Collection and processing will be easier and won’t require the need for constant IT Department intervention.

• Since the data is all pre-processed, estimating collection and processing times are more reliable.

• Additional auto-classification and auto-redaction can be performed at the time of ingestion, then reviewed and tested, before an actual eDiscovery event.

• Attorneys can perform deep searches during early case assessment, eliminating the need to over collect data because they could not rely on the incomplete index of the original repository.

• Sensitive data can now be redacted once and for all in the Preservation Vault instead of re-reviewing and redacting for each new matter.

• Privileged documents can be tagged as such and be excluded from all future collections, saving duplicate review efforts and limiting the risk of unintended disclosures.
CASE STUDY

Our customer, a top financial institution serving the USA and abroad wanted to professionalize their eDiscovery process and recognized the extreme importance of doing everything methodically and in accordance with the contemporary standards of the courts. They were looking for a reliable framework for the periodic production of matter-specific responsive documents, but also for the long-term management and assessment of all of their electronically stored information.

The customer selected ZyLAB to facilitate internal forensic data investigations, regulatory events and eDiscovery ECA and production.
ZyLAB was ultimately selected for its advanced handling of PST email files containing nested messages, attachments, and image files; its multi-directional OCR support; its robust legal search tools and audit logs; and its seamless connectors to existing infrastructure.

As part of the engagement, ZyLAB will deliver strategic advisement on the IT and legal considerations for data-rich corporations such as multi-national banks, and implement a solid software platform for managing enterprise data and responding to requests for information.
Hedge fund managers have limited control over whether their funds or management companies are sued or audited. Hedge funds should adopt a practical strategy to stay ahead of the constant stream of Dodd-Frank regulatory requests for information and to manage the risks and costs associated with eDiscovery.

Special attention needs to be given to:

**The Amount of Data**

The Frank-Dodd Act requires hedge funds to retain all internal and external electronic business communications. This creates a mountain of sensitive and transactional financial information that must be accessed, searched and retrieved during a discovery or regulatory request. How do you stay ahead of the constant stream of regulatory requests for information and respond in a timely manner to avoid hefty fines?
ZyLAB FOR HEDGE FUNDS (continued)

The Complexity of Data
All internal and external business communications include difficult formats like audio recordings from personal devices, corporate systems and social media that need to be readily accessible, identifiable, and searchable.

The Control over Data
All internal and external business communication, regardless of their format, must be readily accessible, identifiable, and searchable to timely respond to a regulatory request for information.

ZyLAB helps Hedge Funds to archive, protect and manage their sensitive information in compliance with strict regulations. Our scalable solutions help SEC-regulated Hedge Funds during their audits and regulatory investigations to easily search, efficiently review and produce under an intense deadline.
ZYLAB HAS THE MOST SCALABLE AND FLEXIBLE ARCHITECTURE ON THE MARKET

YOUR DATA

on-premises

cloud

ZyLAB eDISCOVERY PLATFORM

identify  preserve  collect  process  analyse  review

scale as you go

Infrastructure – physical or virtual

Microsoft Azure

Amazon Web Services

PRODUCTIONS

Set 01
Set 02
Set 03
Set 04
Set 05
Set 06
IN TOTAL, THE EDISCOVERY INSTALLATION THEN LOOKS LIKE THIS
IN THE DATA-INTENSIVE FINANCIAL SERVICES INDUSTRY - EDISCOVERY IS NOT A MATTER OF IF, BUT A MATTER OF WHEN."

~ George Socha, Founder of EDRM
ZyLAB ONE eDiscovery uses the latest Artificial Intelligence and Data Science tools to accelerate truth finding missions along the typical dimensions Who, When, Where, Why, What, How, and How Much.

ZyLAB is positioned as “leader” in Gartner’s latest Magic Quadrant for eDiscovery Software, ranked #1 for complete EDRM eDiscovery in Gartner’s “Critical Capabilities for E-Discovery Software” report and has received numerous other industry accolades over the last three decades.