



Press Release

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Investment Advisors leverage India to Prepare for Cost Basis Legislation

November 15, 2010

LOS ANGELES, California. Back when the Y2K computer problem was hanging over our heads, the largest US companies decided to outsource the time consuming and mundane fixes to India, ostensibly to save money and because there was a large pool of resources available to work on the problem. With a significant change looming in the investment advisory business, India is poised once again to help out.

Starting January 1, 2011, custodians will be required to maintain and report on cost basis on a new 1099. For investment advisors who report cost basis to their clients in the form of realized gains and losses, this presents the challenge of having to compare and match thousands of lots of securities that are held on their own portfolio accounting system with what the custodian will show. With back offices already overextended and revenues of RIAs flat, this change comes at a difficult time.

Taking its cue from the Y2K issue, Empaxis Data Management, with its operations based in India, has launched a streamlined and cost effective service to address the cost basis problem. “Empaxis has developed specialized tools to identify the problem securities – where there are differences and where you are missing cost basis.” says Stephen Van de Wetering, CEO of Empaxis. “We also work with the custodian to resolve the discrepancies.”

Empaxis already works with over \$20 Billion in assets from some of the top multi-family offices and wealth managers. “These are the firms that have the most urgent and difficult cost basis needs.” adds Van de Wetering. “Firms typically underestimate the number of lots of securities that need to be adjusted. Just knowing where you have accurate basis versus not is a daunting task. There are often tens of thousands of data points that need to be checked. We do this for you.” Empaxis will work with advisors to help fix the basis with the custodians and sync up their portfolio accounting system.

The largest custodians all agree that advisors who are prepared for the upcoming regulatory changes will come out ahead. For the ones who report cost basis to their clients, having numbers that agree with the custodian will be critical.

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About Empaxis

Empaxis Data Management is the leading provider of outsourced services for independent investment advisors in the US. To find out more, please visit www.empaxis.com.

Media Contact:

Kim Wise

Empaxis Data Management

310-721-1625

Kim@empaxis.com

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