

MIDRANGE DYNAMICS GMBH

Zugerbergstrasse 4
Postfach 19
CH-6301 Zug
Tel. +41 (41) 710 27 77
Fax +41 (41) 710 95 87
info@midrangedynamics.com
www.midrangedynamics.com



SARBANES-OXLEY

MIDRANGE DYNAMICS
CASE STUDY

The Sarbanes-Oxley Act (SOX) is a US law passed in 2002 in response to a number of major corporate and accounting scandals involving prominent companies in the United States. These scandals resulted in a loss of public trust in accounting and reporting practices.

The Act, sponsored by US Senator Paul Sarbanes and US Representative Michael Oxley, was enacted on July 30, 2002. It applies to all companies that have registered equity or debt securities listed in the United States, whether the company is domiciled in the US or elsewhere.

The Sarbanes-Oxley Act of 2002 aims to restore investor confidence by strengthening the rules around corporate governance, financial disclosure, and the practice of public accounting.

The Sarbanes-Oxley Act provisions direct the Securities and Exchange Commission (SEC) to issue implementation guidance. The SEC is an agency of the US government created by the Securities Exchange Act of 1934 and charged with protecting the interests of the public and investors in connection with the public issuance and sale of corporate securities.

To protect the investors and maintain the integrity of the securities markets, the SEC requires public companies to disclose meaningful financial and other information to the public; oversees other key participants in the securities world, including stock exchanges, broker-dealers, investment advisors, mutual funds, and public utility holding companies. The SEC's effectiveness is ensured by its enforcement authority.

The Sarbanes-Oxley Act does not only apply to US publicly owned companies, but also to foreign private issuers that are listed in the United States.

The legislation is structured into 11 titles, ranging from additional responsibilities for audit committees to tougher criminal penalties for white-collar crimes such as securities fraud. For most companies the following deadlines apply:

- **Sections 302 & 906:** Financial Statements of the year ended 31.12.2003
- **Section 404:** Financial Statements of the year ending 31.12.2006

Titles of the Sarbanes-Oxley Act (SOX)

- I Public Company Accounting Oversight Board (PCAOB)
- II Auditor Independence
- III Corporate Responsibility
- IV Enhanced Financial Disclosures
- V Analyst Conflicts of Interest
- VI Commission Resources and Authority
- VII Studies and Reports
- VIII Corporate and Criminal Fraud Accountability
- XI White Collar Crime Penalty Enhancements
- X Corporate Tax Returns
- XI Corporate Fraud and Accountability

Sarbanes-Oxley Act (SOX) of 2002 and MDCMS



MIDRANGE DYNAMICS GMBH

Zugerbergstrasse 4
Postfach 19
CH-6301 Zug
Tel. +41 (41) 710 27 77
Fax +41 (41) 710 95 87
info@midrangedynamics.com
www.midrangedynamics.com



SARBANES-OXLEY

MIDRANGE DYNAMICS
CASE STUDY

Each title is further divided into several sections. The most relevant and critical sections for corporations are:

- **Title I** - Public Company Accounting Oversight Board (PCAOB)
- **Section 302** - Certification
- **Section 404** - Management Assessment
- **Section 906** - Certification

MDCMS and the Sarbanes-Oxley Act (SOX)

To properly fulfill the requirement of the Sarbanes-Oxley Act (SOX) it is absolutely necessary that companies have a complete audit trail over all its transactions. This includes all transactions and changes made on their IT-systems.

MDCMS has been certified Sarbanes-Oxley compliant at 2 global banks. The certification process was performed at the first bank by one of the 5 big auditing companies (like ACCENTURE, KPMG, Deloitte, etc.). At the other bank, the Group Auditing department intensively checked MDCMS from an auditing point-of-view and certified MDCMS).

MDCMS provides many tools to assist IT departments in becoming Sarbanes-Oxley (SOX) compliant.

Many companies have chosen MDCMS to handle its Change and Distribution Management in part due to its completeness of functionality to trace every change on the system.

MDCMS function overview

MDCMS provides every function necessary for handling application changes on iSeries systems. All of the following processes are incorporated into one powerful, inexpensive and highly flexible product:

- Project management
- Analysis management
- Source and Object management
- Installation management
- Distribution management
- Audit management

Audit management

- All functions in MDCMS are individually secured by MDSEC to prevent unauthorized access.
- Comprehensive logging performed each time an installation occurs. The detailed information may be viewed online or a customized report may be created by the report generator.
- Detailed audit reporting for object modifications made outside of MDCMS. Now, you can be secure in knowing every change made to your applications at the data and object level.
- MDCMS has been certified Sarbanes-Oxley compliant. If your IT shop needs to quickly conform to the new regulations, MDCMS will remove one large obstacle for you.

Sarbanes-Oxley Act (SOX) of 2002 and MDCMS

©MIDRANGE DYNAMICS 2001, 2007



MIDRANGE DYNAMICS

providing innovative iSeries solutions 3