

Ten10 Academy Business Analysts Enable Leading Inter-dealer Broker To Meet The Demands Of MiFID II Regulation By Improving Their Reporting Accuracy And Coverage

Ten10

Client: A Leading inter-dealer broker

Industry: Capital Markets

Ten10 Services: Ten10 Academy: Business Analysis

Ahead of the new Markets in Financial Instrument Directive (MiFID II) regulation, Ten10 was engaged by the client to test their relational database solution. The client engaged a team of Academy Business Analysts from the Ten10 Academy with the objective being to devise improvements or new solutions.

What We Did

The client engaged a team of Business Analysts from the Ten10 Academy with the objective being to devise improvements or new solutions altogether, to ensure the system was performant, flagged data quality issues, and fulfilled all the various regulatory obligations through easy-to-maintain processes. In particular, there were three main areas that the Business Analysts were tasked with: instrument reporting solution, error handling and preparing for Brexit.

The main instrument reporting solution proved to be non-performant a few months after go-live, due to the increasing volume of data that was accumulating. The system was unable to deal with imminent repeated re-submissions (which also prevented the transfer of operations responsibilities to the dedicated team).

Additionally, the logic implemented for the six reports was created separately, which led to the reports not being linked to each other and therefore misaligned with the regulator's validations.

The Ten10 team of Academy Business Analysts devised a new reporting solution focusing not

just on the client's reporting obligation, but also taking into account business processes, day-to-day operational management of reporting, and maintaining a chain of historical data versioning. This required building back from the European Securities Markets Authority's (ESMA) and the Financial Conduct Authority's (FCA) requirements, validations and process flows and fitting this into the existing business processes.

In order to achieve this the BA team from the Ten10 Academy:

- Liaised with different stakeholders to get business buy-in.
- Carried out technical analysis and provided a definition of all instrument reporting obligations, part of the MiFID II regulation.
- Defined new business logic requirements to align with regulatory requirements and validations.
- Re-defined the process from the ground-up from creating and storing the reportable data, to creating reports, tracking the status submissions (and linking this back to individual data points) and automating re-submissions.

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Error Handling

A full data quality solution was defined from the ground up, that would sit on top of the unstructured data document database. In order to accurately capture the requirements, the Ten10 Academy Business Analysts held meetings and technical discussions with the stakeholders of all the different systems. This led to low-level changes to the relevant system Base Level Data (BLDs) mappings.

The 'Error Handling' solution was designed and built using RDF and Semantic Web concepts. This allowed for the bundling and analysis of systemic data issues which appeared frequently within such a large downstream data lake, enabling fast and systematic remediation of such issues resulting in the client being able to improve its data accuracy and practices.

Against moving deadlines, the Ten10 Academy Business Analysts worked on all known scenarios. This gave the client confidence that they were MiFID II compliant in the run-up to a major change in their business structure.

Deliverables

Improvement of reporting accuracy and coverage to up to 99% (for quantitative data).

Daily automatic re-submissions of data that is ready to be reported, saving time and enabling the reporting solution to be ready for transfer to the operations team.

Systemic and data quality issues being uncovered, leading to improvements both in out and in downstream systems.

Ensuring the client is compliant in all the various reporting scenarios.

Brexit

The Brexit project team delivered a new book of work to the project and required the BA team to provide clear and concise guidelines and advice around what the expected reporting obligations would be around soft and hard Brexit scenarios.

Challenges

The quality and accuracy of reporting the project faced an aggressive deadline in order to meet the increased regulatory scrutiny.

Ensuring that complex data systems interact and integrate as expected and that the data is unified into a unique model used as a base for building the regulatory reports was a challenge. This posed issues due to the downstream system having little control over how data is structured in the upstream system.

Working with many different systems and business owners to ensure the data required for reporting is passed through in the appropriate format.

Potential for the regulatory requirements to be interpreted and applied differently by technical and business models in the company. This had led to the solution not aligning with the validation the regulators had in place.