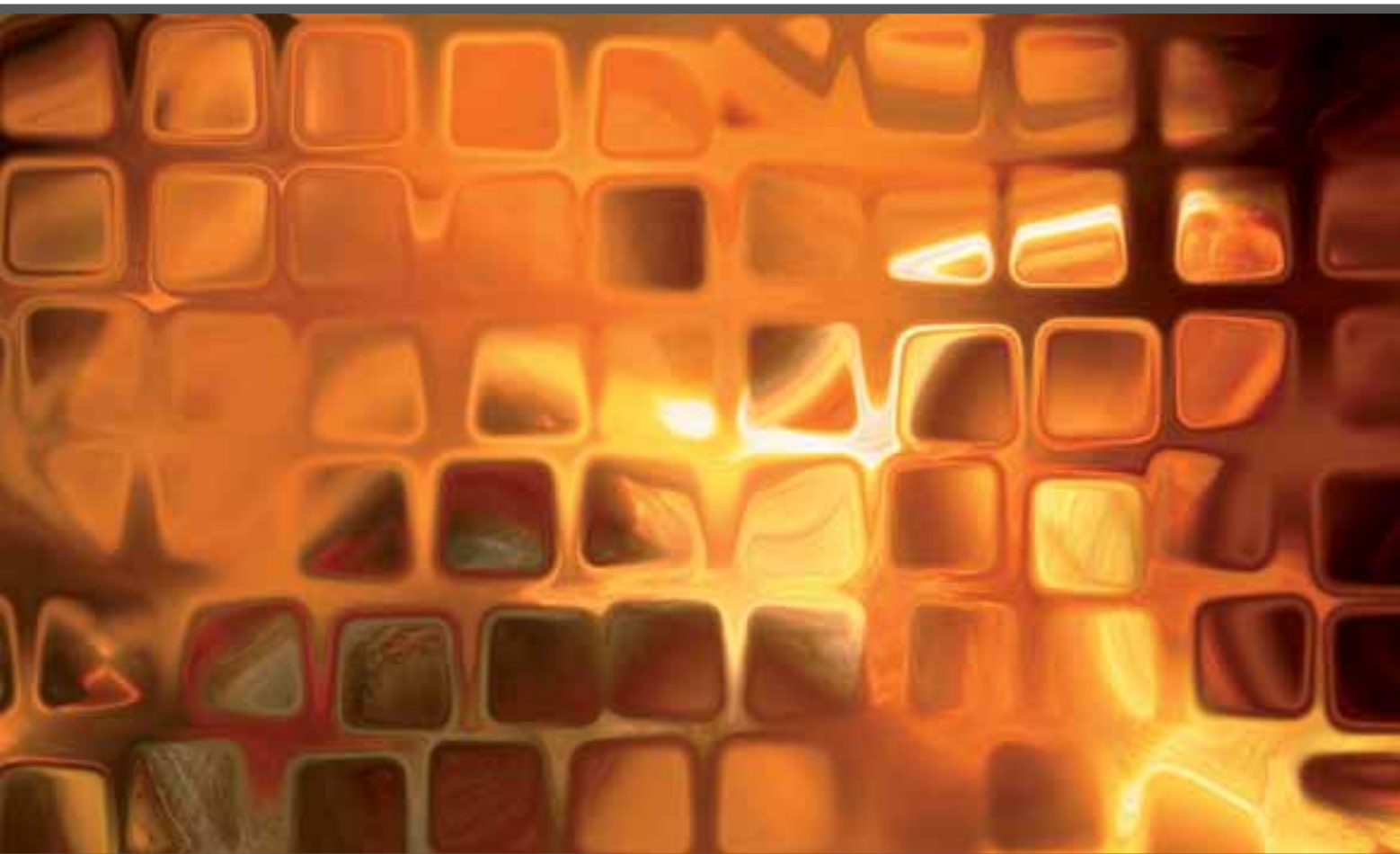




# waters

trading technologies for financial-market professionals

Regulation   
Special Report



Sponsored by:



Financial Information



## POSITIONED FOR EXCELLENCE

REAL-TIME INVESTMENT COMPLIANCE MONITORING  
AUTOMATED BREACH MANAGEMENT - FLEXIBLE WEB-BASED REPORTING

- Regulatory, prospectus and client-directed restrictions
- Comprehensive results: passes, warnings and fails
- Maker/Checker (four eyes) review capabilities
- Multi-level look-through for funds & derivatives
- Support for substantial shareholding and short selling disclosure rules
- 'As-of' compliance monitoring for any historical time period

Raising our clients to excellence with our award winning compliance solution and services.

Linedata Compliance delivers comprehensive, fast and integrated compliance monitoring across all assets, markets and company locations. Today, Linedata Compliance supports the daily compliance requirements of over 85 of the most progressive and complex asset managers, hedge funds, global custodians and administrators. With clients across North America, Europe and Asia, Linedata Compliance simplifies the management of complex compliance requirements for compliance officers, portfolio managers and traders.

To learn more, please visit us at [www.linedata.com](http://www.linedata.com) or e-mail [getinfo@linedata.com](mailto:getinfo@linedata.com)

**Editor-in-Chief** Victor Anderson  
victor.anderson@incisivemedia.com  
tel: +44 (0) 20 7316 9090  
**US Editor** Anthony Malakian  
anthony.malakian@incisivemedia.com  
**Deputy Editor, Sell Side** James Rundle  
james.rundle@incisivemedia.com  
**US Staff Writer** Jake Thomases  
jacob.thomases@incisivemedia.com  
**US Staff Writer** Tim Bourgaize Murray  
timothy.murray@incisivemedia.com  
**Head of Editorial Operations** Elina Patler  
elina.patler@incisivemedia.com

**Contributors**

Max Bowie, Editor, Inside Market Data  
Michael Shashoua, Editor, Inside Reference Data

**Global Commercial Director** Jo (Garvey) Webb

jo.webb@incisivemedia.com  
tel: +44 (0) 20 7316 9474

**US Commercial Manager** Bene Archbold  
bene.archbold@incisivemedia.com

**US Business Development Executive** Joseph Donato  
joseph.donato@incisivemedia.com

**Business Development Executive** Shayna Hersh  
shayna.hersh@incisivemedia.com

**Senior Marketing Manager** Claire Light  
claire.light@incisivemedia.com

**Marketing Manager** Natasha Gordon-Douglas  
natasha.gordon-douglas@incisivemedia.com

**Design** Lisa Ling  
lisa.ling@incisivemedia.com

**Multiple Subscriptions/Site Licences**

Monazer Rashid tel: +44 (0)20 7316 9606 (UK)  
Andre Anderson tel: +1 646-736-1870 (US)

**Subscription Sales**

Hussein Shirwa tel: +44 (0)20 7004 7477 (UK)  
Cantwan Dove tel: +1 646-736-1848 (US)  
waters.subscriptions@incisivemedia.com

**Group Publishing Director** Lee Hartt

**Chief Executive** Tim Weller  
**Managing Director** John Barnes

**Incisive Media Head Office**

32-34 Broadwick Street  
London W1A 2HG,  
tel: +44 (0)20 7316 9000

**Incisive Media US**

55 Broad Street, 22nd Floor  
New York, NY 10004  
tel: +1 646 736 1888

**Incisive Media Asia**

20th Floor, Admiralty Center, Tower 2  
18 Harcourt Road  
Admiralty, Hong Kong, SAR China  
tel: +852 3411 4888

**Incisive Media Customer Services**

Haymarket House  
28-29 Haymarket  
London SW1Y 4RX  
tel (UK): +44 0870 240 8859 (UK)  
tel: +44 (0)1858 438421 (International)

To receive *Waters* magazine every month you must subscribe to *Buy-Side Technology* online, *Sell-Side Technology* online or one of our multi-brand subscription options. For more information and subscription details, visit [waterstechnology.com/subscribe](http://waterstechnology.com/subscribe)

Waters (ISSN 1068-5863) is published monthly (12 times a year) by Incisive Media. Printed in the UK by Wyndeham Grange, Southwick, West Sussex.

©Incisive Media Investments Limited, 2013. All rights reserved. No part of this publication may be reproduced, stored in or introduced into any retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the copyright owners.



## A Never-Ending Story

Complying with new regulations governing how the financial services industry works tends to be pretty costly. I remember moderating the CIOs' panel discussion at our Waters USA event in New York back in December 2010, where I asked the panel members—Peter Kelso, CIO, Deutsche Asset Management; Michael Radziemski, CIO, Lord Abbett and Co.; Scott Marcar, global head of risk and finance technology, RBS; Peter Richards, CTO, JPMorgan; and Drew Vaden, CIO, Nomura Holdings—to estimate how much of the following year's IT budget would be swallowed up by compliance and regulatory spending. The consensus was startling: All the panelists estimated that spending in this area would account for between 30 and 40 percent of their overall 2011 budgets, although they weren't prepared to drill down into the figures to provide a more transparent breakdown of exactly what was being allocated to which area of compliance and regulatory spending.

At the CIOs' panel discussion at the recently held Buy-Side Technology European summit in London, I posed that same question to the four panelists—Chris Sims, CTO, Ignis Asset Management; Simon Lumsdon, CTO, Bluebay Asset Management; Julian Hingorani, CTO, UBS Global Asset Management; and Neil Panchen, CTO, Altana Wealth. I was surprised to hear that their spending forecasts were far more modest—in the region of 10 percent of their total IT budgets. These two examples illustrate the extent to which regulatory and compliance spending differ from firm to firm, even though their regulatory requirements are broadly similar.

Much has been made of the role played by data—the stuff that makes the capital markets world go round—when it comes to regulation and compliance, a phenomenon covered in detail by the Q&A section of this special report that starts on page four. In many respects, a firm's ability to provide evidence of its compliance to regulatory bodies across a range of business activities is largely contingent on the efficacy of its data management processes and governance. In this respect, the greatest challenge facing both buy-side and sell-side firms is not so much generating and storing the requisite data, but rather producing it on demand, in the right format, in a reasonable time period. And that boils down to sound data management, a never-ending story across the capital markets, if ever there was one. ■

**Victor Anderson**  
Editor-in-Chief

Inside Market Data Inside Reference Data



# waterstechnology



## Bats Chi-X Europe Gets FCA Approval for RIE Status

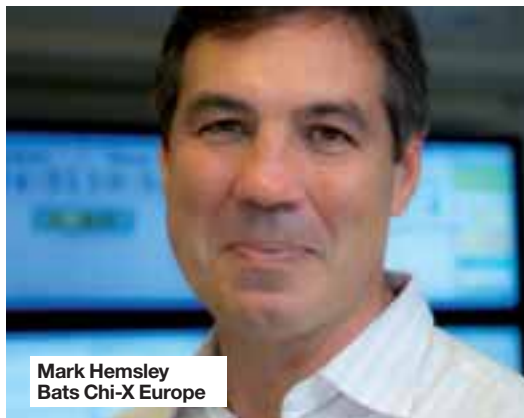
One of the largest multilateral trading facility (MTF) operators, Bats Global Markets, has received approval from UK regulators to change the designation of Bats Chi-X Europe to a recognized investment exchange (RIE).

Bats Chi-X Europe became an RIE on May 20. Its initial application was filed with the UK Financial Services Authority in December 2012, before the regulator split into the Financial Conduct Authority (FCA) and other arms in April.

An RIE is an investment exchange recognized by the FCA, under the Financial Services and Markets Act (FSMA). RIEs are exempt from the requirements to hold authorization as an investment house, whereas MTFs are not, and may operate

both regulated markets for primary listings and MTFs. Bats says that the change will broaden its market traction with buy-side firms and those that are obligated to send orders to RIEs.

“With FCA approval of our RIE application, we will be even better positioned to support the vision of a borderless European capital market and to compete in other areas, such as primary listings,” says Mark Hemsley, CEO at Bats Chi-X Europe. “Our RIE status also enables a broader range of retail investors and buy-side firms to connect to our market and enjoy the benefits of competition that the Markets in Financial



Mark Hemsley  
Bats Chi-X Europe

Instruments Directive (Mifid) allowed, including trading-venue choice, lower fees and improved service and technology.”

## Triangle Park Sees SIX Connection Fueling Reference Data Demand

A partnership that allows Triangle Park Capital Markets Data to redistribute data from SIX Financial Information could be extended to include reference data, according to an executive from the vendor of price surveillance, monitoring and over-the-counter (OTC) verification services.

Currently, the partnership gives Triangle Park’s clients access to SIX’s end-of-day pricing data to help them comply with new rules such as International Accounting Standards 39 and Topic 820,

by validating their accounting and reporting systems. “We serve as a complement to the traditional evaluated pricing sources that are used in many of the accounting and reporting systems today,” says Ron Valinoti, Portsmouth, NH-based founder of Triangle Park.

Valinoti says he has already seen demand for reference data, including corporate actions data, and this could be added to the feeds from SIX that Triangle Park’s customers use. “We think we are going to drum up some ad hoc demand

for reference data initially and then depending on how well SIX produces some valuable new information, we think we will create some long-term larger opportunities for their new evaluated pricing services,” he says. “Clearly, when our customers need to explain why something happened to a bond price, for example, and it is explained by some corporate action event like a redemption or a change of control of some kind; that information could be accessible through the same kind of pipeline.”

## DataArt Unveils Front-End Form PF Reporting Solution

Software vendor DataArt has released a front-end application that will allow hedge funds to report their Form PF filings to regulators.

The solution is free of charge and allows users to create, edit and approve the forms. It also holds records of past filings and allows for report sharing between multiple users.

“This application is the first in a line of our complimentary solutions to help buy-side firms overcome new regulation requirements and optimize the cost of compliance reporting,” says Oleg Komissarov, a senior vice president at DataArt. “In the future, we will be releasing solutions in response to other reporting requirements, including

the Alternative Investment Fund Managers Directive, the Foreign Account Tax Compliance Act, and the Commodity Futures Trading Commission’s Form CPO-PQR. We look forward to continuing to elevate the industry’s response and fluid adaptation to regulation challenges through collaborative, professional and cost-effective methods.”

## SunGard Consolidates Protegent into Single Platform

SunGard has announced the integration of its various Protegent market surveillance products into a single platform, to provide a consolidated view for compliance officers across a firm.

Protegent covers a range of compliance-related activities, such as market abuse detection, training, regulatory tracking and observance of Regulation NMS provisions, among other areas. The consolidated platform, the vendor says, will help with compliance budgets and IT complexity.

“SunGard’s consolidated Protegent Compliance Platform helps our customers achieve a competitive advantage by being able to respond more quickly to



Steve Sabin  
SunGard Protegent

regulatory inquiries and audits such as providing evidence of review and other requested data without causing a costly and disruptive drain in resources,” says Steve Sabin, COO at SunGard’s Protegent business.

## ConvergEx Preps Electronic Blue Sheet Compliance

ConvergEx Group has announced that its LiquidPoint options trading software will be fully compliant with Electronic Blue Sheet (EBS) requirements in the US, once they come into force on November 1 of this year.

EBS, mandated by the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (Finra), will obligate brokers to include so-called Large Trader IDs, as well as time-stamps for every execution report submitted to regulators.

ConvergEx says LiquidPoint already captures the necessary information through FIX, and supports Large Trader ID entries. As well as electronic trading, customers using floor brokers through BrokerPoint will also be able to record the data.

“Many of our clients have expressed concern regarding their ability to meet these new requirements,” says Anthony Saliba, CEO at LiquidPoint. “However, at LiquidPoint, we have always taken a prudent approach toward compliance reporting and have architected our products to be flexible and prepared for new requirements as they arise. As always, we remain committed to proactively offering solutions for industry-wide issues such as this.”

## New UK Regulator Goes Live With Nasdaq Surveillance Tool

The Financial Conduct Authority (FCA), a UK regulator formed in April, has gone live with Nasdaq OMX’s Smarts Integrity market surveillance platform to enhance its monitoring of transaction reports across the UK’s financial markets.

Smarts Integrity provides the FCA with a surveillance platform for the detection of market abuse across financial instruments admitted to trading on regulated or pre-

scribed markets, including any underlying derivatives. The FCA chose Smarts Integrity in September with the aim of covering European legislation such as the Markets in Financial Instruments Regulation, and Market Abuse Regulation.

“The implementation project went smoothly with all target dates and requirements met,” says Paul McKeown, vice president of market technology at Nasdaq.

## Northern Trust Launches Online Form PF Module

Northern Trust Hedge Fund Services, the fund administration arm of the Chicago-based bank, has released a new online module that will allow clients to draft, review and finalize their Form PF submissions.

Through the release, Northern Trust looked to add clarity for some of the instructions and questions within the

form. They achieved this in three ways. First was by providing insight into the norms of how larger funds answered the questions.

The second measure was embedding Northern Trust’s data aggregation tools to provide not only aggregating capabilities, but tagging capabilities as well. Finally, the platform allows users

access to calculations that are needed to provide answers to questions throughout the form.

For the future, Northern Trust will leverage the platform’s capabilities for core risk questions for Form CPO-PQR for commodity pool operators, and for Alternative Investment Fund Managers Directive reporting.

# Collaborating for Compliance

In the wake of the financial crisis, buy-side and sell-side firms are being forced to comply with a slew of new and far-reaching regulations, irrespective of their location and business focus. This new dispensation has had a marked impact across all areas of the business, forcing firms to pull together and collaborate on their data management, governance and delivery initiatives on a firm-wide basis, which naturally impacts their technology consumption.

**Q** What are the best ways for firms that operate in multiple regulatory jurisdictions to digest, navigate, and comply with a constant barrage of new rules?

**Jacob Gertel, senior project manager, legal and compliance data, SIX Financial Information:** To comply with the laws of local and other jurisdictions and international regulatory bodies, directives, and regulations, firms are advised to implement a number of operating procedures. The first and primary step is setting up a strong backbone that monitors regulatory developments on an ongoing basis.

This would centralize the regulatory know-how, provide coordination and control within the organization, engage IT departments locally and at headquarters early on in the process to facilitate a competent technology strategy, and ensure smooth implementation and adequate cost control. Furthermore, firms are advised to contact data vendors and external consultants to ensure regulatory clarity, and obtain relevant data and solutions offerings.

Another important point is planning ahead for regulatory changes by structuring the firms' internal regulations and processes, as well as the internal and external communication channels in a way that any change of laws and regulations can easily be introduced. Let's not forget that implementing adequate and "easy-to-update" training programs ensures better navigation in the long-run.

**Sarah-Jane Dennis, principal, Investit:** The current regulatory environment is presenting a significant change-management challenge. Changes are being forced onto firms by external parties that, for the buy side in particular, may not always make good commercial or business sense, added to which the requirements are constantly changing. At a top level, we recommend that firms look at the themes of what the regulations are seeking to achieve: increased client protection, reduced systemic risk, timely and extensive transparency of trading, organizational structure, risk management, tax-related reporting, and more. Using these themes, firms can set up individual programs of change and benefit from addressing more than one regulation at a time. This is particularly beneficial for organizational changes not dependent on technology changes where detailed requirements are key to an effective implementation. For example, the introduction of regula-

“A competent technology strategy should bear in mind that the regulatory environment is changing constantly. Therefore, the systems and processes have to be designed in a way that allows regulatory changes to be easily integrated. As national and international regulators focus on promoting transparency and sound risk management principles through regulatory means, there are commonalities in terms of data requirements and business processes. Leveraging those core principles can significantly reduce the technology implementation burdens and reduce implementation costs.” **Jacob Gertel, SIX Financial Information**




**Jacob Gertel**  
Senior Project Manager, Legal and Compliance Data  
SIX Financial Information  
Tel: +41 58 399 5111  
Email: jacob.gertel@six-group.com  
Web: www.six-financial-information.com

tions requiring evidence of robust risk-management governance is common to the theme of reducing systemic risk. It is unlikely that a significant amount of change is required, but potentially a formalization and documentation process is needed along with processes for reporting "identified staff."

For other changes, establishing a good understanding of the requirements is fundamental and now made harder as firms can't rely on a single source of information for all the regulations. This means having to source, read and digest a vast amount of documentation, a high percentage of which continues to be educated guesses—a Herculean task, given that firms are also trying to reduce the number of people involved, while achieving efficient and accurate communication with the rest of the organization.

**Robert Proctor, vice president of compliance products, Linedata:** Best practices involve a combination of industry collaboration and a technology-based compliance strategy. With the sheer number of upcoming reviews and reforms like European Market Infrastructure Regulation (EMIR), Capital Requirements Directive (CRD IV), the review of the Markets in Financial Instruments Directive (Mifid II), Dodd-Frank and the Market Abuse Directive, to name a few, collaboration as an industry, using trade associations or similar groups, enables a consolidated impact assessment. This facilitates coordinated feedback to regulators with a unified voice. In addition, a consensus-based approach to regulatory compliance reduces the





**Robert Proctor**

Vice President of Compliance Products  
Linedata  
Tel: +1 617 912-4700  
Web: www.lidsam.com

risk of regulatory sanctions. A technology-based compliance strategy is the key to tactical execution. Firms need aggregated and extensive portfolio data capabilities against which to run rules, a flexible compliance rules engine to apply against that data, and a flexible delivery mechanism to support the communication of results.

**Darragh Jones, managing principal, capital markets and technology, Capco:**

Firms should centralize both command and control within the business in order to establish a compliance framework that spans the organization, regulators, and jurisdictions. In addition to this, it is important to design and implement organizational and governance models to prepare for, and to anticipate, changing demands and regulatory compliance requirements. Strong stakeholder and business engagement must be a key success metric. Firms must also implement flexible resourcing models in order to support peaks to get over the line and communicate with regulators, industry groups, and competitors to understand and benchmark performance.

**Q To what extent is a competent technology strategy essential for keeping track of regulatory developments?**

**Jones:** A competent technology strategy is fundamental to success and enables firms to build out capacity in a cost-effective manner. In the new climate, it is no longer economic to build technology for single-point regulations.

“Let’s remind ourselves that we can’t outsource fiduciary responsibility. At the same time, many firms don’t have the capabilities to manage a full compliance-monitoring process with their internal staff, systems, and infrastructure. Proprietary systems have inherent risks of their own. Primary among them is key person risk. Consider this: Would you buy a car that only one or two mechanics in the world could fix? Losing one of these resources could mean the difference between being compliant or not.” **Robert Proctor, Linedata**

**Proctor:** It is critical. There are three key aspects to a compliance technology strategy:

**Data—**You need to consolidate position data globally.

**Rules—**Flexibility is critical here. The ability to use a parameterized rules engine with integrated calculation capabilities facilitates the creation and monitoring of rules and gets you away from coding that can lead to compliance breaches through systemic errors.

**Reporting—**A flexible, integrated reporting engine facilitates putting that data in the hands of the people with the fiduciary responsibility to monitor those rules—regulators, clients and other interested parties.

Seamless integration of these three aspects is essential to a successful compliance lifecycle.

**Dennis:** Everyone should strive to establish or maintain a competent technology strategy that is aligned to the core

business aims, maintaining regulatory compliance being one. Keeping track of regulatory developments is not really a technology challenge but keeping up with them certainly is. If we consider again the themes of regulatory change, transparency leaps out in terms of technology strategy because it is so data-dependent.

When you read the regulations, it becomes apparent that the regulators are under the assumption that buy-side firms have complete control over their data, and that transparency is simply a case of sharing what

is already available. Data governance is one of the foundation stones in a competent technology strategy and we have helped firms define their data governance structure to better respond to the increasing demands for information from regulators and clients. Regulatory changes that are implemented without supporting technology changes will simply not be acceptable to the regulators because workarounds, spreadsheets, and manual processes are not robust enough for the envisioned future of the financial industry.

**Gertel:** A competent technology strategy should bear in mind that the regulatory environment is changing constantly. Therefore, the systems and processes have to be designed in a way that allows regulatory changes to be easily integrated. The





“Everyone should strive to establish or maintain a competent technology strategy that is aligned to the core business aims, maintaining regulatory compliance being one. Keeping track of regulatory developments is not really a technology challenge but keeping up with them certainly is. If we consider again the themes of regulatory change, transparency leaps out in terms of technology strategy because it is so data dependent.”  
**Sarah-Jane Dennis, Investit**

trends in the financial industry are in the areas of international tax transparency, combating money laundering, Basel III, Solvency II, and so on. As national and international regulators focus on promoting transparency and sound risk management principles through regulatory means, there are commonalities in terms of data requirements and business processes. Leveraging those core principles can significantly reduce the technology implementation burdens and reduce implementation costs by building upon existing data management processes and centralizing the core reference data required to underpin the process of regulatory reporting on an enterprise-wide level.

**Q** How do firms prepare for new regulations while avoiding costly technology spending on platforms that may not meet the requirements of finalized rules?

**Proctor:** Choose wisely! Firms can no longer get away with perpetuating manual or hybrid system and Microsoft Excel approaches to compliance. There’s too much risk inherent in this approach and regulators are not likely to be understanding if things go wrong.

At the same time, choosing the wrong system can be worse, as it has an explicit cost on time-to-market, implementation and real monetary implications. Look for platforms with the capability to meet today’s regulatory requirements and the flexibility to support tomorrow’s changes. Look for vendors with strong global presence with both clients and employees in your key markets. Look for firms with a proven track record with top-tier firms and firms with a similar profile to your own.

**Gertel:** We have seen high levels of interest in our compliance services from our clients because they are continuously updated to comply with the latest regulatory developments—in some cases through “tailor-made” solutions that can be integrated into the firm’s systems or through a stand-alone solution. As a vendor, we are responsible for developing a solution based on expert knowledge, leveraged from experience gathered from

other firms, regulators and consultants. Furthermore, due to the fact that we can provide the service to a large number of firms, it creates economies of scale, which both parties benefit from.

**Jones:** Early involvement and collaboration across regulatory bodies, industry groups and consultation forums can help firms to prepare for upcoming regulations. Such participation can help them to shape and influence the timely operationalization of regulation. Further preparation in terms of risk-based assessment of regulatory and implementation impacts and costs, along with effective scenario planning for initial day-one compliance, can also help firms. It is equally important to understand the overlap in requirements across different regulatory bodies and jurisdictions to minimize the amount of rework required and to plan for strategic implementations.

**Dennis:** It’s hard to protect against incurring unnecessary costs while regulations are postponed and significantly amended on a regular basis. Regulators are putting transition periods in place to try to help but firms will have to accept that requirements are constantly changing. Firms with high risk-appetites may have a policy of not committing any significant resource costs until all rules are cast in stone, but this isn’t the market standard. Most firms are working on a best-efforts approach and striving to ensure that what is delivered brings a benefit to the business regardless of whether the regulations still require it or not.

**Q** To what extent should firms rely on vendors, outsourcers, brokers or others to meet regulatory standards, and how much responsibility should they take themselves?

**Dennis:** The regulators are clear that responsibility cannot be delegated unless the provider is a regulated service, but even then due diligence is required to ensure compliance. Third parties are in a slightly different situation in that they are looking at regulatory change and using client demand to prioritize and define. This



“Firms should centralize both command and control within the business in order to establish a compliance framework that spans the organization, regulators, and jurisdictions. In addition to this, it is important to design and implement organizational and governance models to prepare for, and to anticipate, changing demands and regulatory compliance requirements. Strong stakeholder and business engagement must be a key success metric.” **Darragh Jones, Capco**

means that they are useful for providing an overview of what the rest of the industry is considering, as well as a source of regulatory change updates. Therefore, there should be active partnership with third parties to ensure regulatory standards are met while recognizing that the buck stops at your door and cannot be outsourced.

**Proctor:** Let’s remind ourselves that we can’t outsource fiduciary responsibility. At the same time, many firms don’t have the capabilities to manage a full compliance-monitoring process with their internal staff, systems, and infrastructure. Proprietary systems have inherent risks of their own. Primary among them is key person risk. Consider this: Would you buy a car that only one or two mechanics in the world could fix? Losing one of these resources could mean the difference between being compliant or not. While the decision is complex, there are some good best practices.

Avoid the flavor of the day boutique and instead look for long-established and financially sound firms with a proven track record.

If you are going to outsource compliance processing, make sure you know what underlying systems are being used and make sure they are best-of-breed. Homegrown systems or applications without broad adoption present risk. Look at the compliance-breach management review, approval, and reporting processes being offered to you. Does it let you comply with your fiduciary responsibility? Who is on their staff? Would you hire them within your own compliance group? What is their experience not only in number of clients, but with clients like your firm and with rules like the ones you need for your business.

Consider hosted solutions. Increasingly, firms have the ability to manage their own compliance processes, but not the IT expertise or capabilities to respond quickly enough, given today’s dynamic compliance landscape. Look to firms that can host your application and let you focus on your business of managing compliance. Involve your security officer to ensure you are comfortable with the hosting approach of your preferred provider. Full cloud solutions that have your data flying across the globe run amok of a myriad other regulatory issues. Pay close attention to your solution provider’s support


costs structures and service-level agreements (SLAs). The last thing you want is to have your firm sit idle in a rapidly changing environment because your solution provider requires two weeks’ notice every time you have a question or incur issues.

Consider a hybrid approach. Do you need help writing your compliance rules to supplement the team you have? Do you need help monitoring your application, running database updates, monitor loads, and writing reports? There are a host of options here to supplement your capabilities and capacity.

Finally, regulation shows no signs of slowing down in the next couple of years. Get ready and put in place a comprehensive business and technology strategy to ensure the future of our businesses.

**Jones:** Firms must be prepared to demonstrate appropriate governance and controls over any externally outsourced compliance offerings and ensure that they understand the impact of process failures and a lack of compliance. In this new regulatory landscape, it is imperative for firms to wholly own and be responsible for compliance with regulatory standards. Nonetheless, they should also look to leverage external, shared or vendors offerings where there is a quantifiable risk reduction.

**Gertel:** The ultimate responsibility for compliance lies within the firms, but in close cooperation with their data and software vendors they can ensure data suitability and quality. As the regulatory environment evolves and data requirements become more complex, we have seen increasing levels of collaboration between practitioners from both the buy side and sell side and vendors alike to engage on common industry issues. As a vendor of a wide variety of compliance services, we see it as our responsibility to work together with the firms and software partners in order to ensure that we come up with the best possible solution. Additionally, our experts around the world continue to contribute by engaging in local industry working groups and interacting with national and international regulators for further clarification. ■



# Discover the refined and validated Evaluated Pricing Service.

SIX Financial Information's Evaluated Pricing Service now offers enhanced coverage of valuations for securities and derivatives. Our mission is to support you with defensible, transparent and independent valuations to fulfill critical reporting and compliance standards. [www.evaluated-pricing.com](http://www.evaluated-pricing.com)



Financial Information

Unlocking the potential.



# waters

