

Inside Reference Data

WFIC 2017: SmartStream RDU Debuts Systematic Internaliser Register, Partners with Deutsche Börse

Service aims to plug MiFID II reporting gap; Deutsche Börse to Use SmartStream RDU for Regulatory Reporting Hub.



Georg Gross, Deutsche Börse

SmartStream Reference Data Utility (RDU) is releasing a new service—dubbed the Systematic Internaliser Register—that aims to close a fundamental reporting gap in the requirements of the revised Markets in Financial Instruments Directive (MiFID II).

In 2007, the original MiFID allowed banks to act as systematic internalizers (SIs), enabling them to carry out client orders internally against their own capital. MiFID II, which comes into force on Jan. 3, 2018, broadens the definition of an SI so that any investment firm that deals on its own account in an organized, regular and material basis will be categorized as an SI.

Firms must be able to identify which counterparties are SIs in order to be MiFID II compliant, because that identification determines which party has the obligation to carry out post-trade reporting. However, the European Securities and Markets Authority ([ESMA](#)) has announced that it will neither provide a list of SIs before Jan. 3, nor centralize and publish international securities identification numbers for SI relationships before the end of 2018. Firms will therefore have no chance to fully test their new reports ahead of the MiFID II deadline.

The [SI Register](#), jointly developed by [Smartstream RDU](#) and [Deutsche Börse Group](#), allows SIs to share the financial instruments for which they are offering services.

Deutsche Börse is also cooperating with SmartStream RDU to use the utility for its upcoming Regulatory Reporting Hub, which bundles all of the exchange group's regulatory compliance solutions into one platform. The RDU includes data from ESMA and the Global Legal Entity Identifier Foundation, as well as the opening and closing times of markets used in transparency services offered by the Deutsche Börse hub.

"By collaborating with SmartStream RDU we are able to offer a comprehensive offering via our hub, which meets all regulatory requirements; and processes are simplified, resulting in lower overall administrative costs for our users. The SmartStream RDU Systematic Internaliser Register in particular, will be extremely valuable to our clients since it eliminates the need to bilaterally communicate systematic internalizer status in trade messages," says Georg Gross, head of regulatory services at Deutsche Börse, in a statement.