

# Regulatory Volatility Offers Opportunity to Mine Value from Compliance Data

14 May 2025



A new era of regulatory change is presenting institutions with a golden opportunity to prosper from the troves of data they need to comply with reporting obligations.

Information required by market overseers has value that goes beyond its obligatory use in disclosures and companies that put it to wider use stand to gain a competitive advantage and build resilience.

And with regulators also upping their digital capabilities, confidence is rising in the quality of the data they issue, offering further potential for value-creating insights.

"Institutions need more granularity to support their trading strategies, and some of those requirements are aligning with the additional data that the regulators are looking for," said Linda Coffman, Executive Vice-President of Reference Data Services at SmartStream. "It's a nice blend of roads coming together."

## New and Rewritten Rules

With the European Union introducing and refining new rules at the same time as Asian jurisdictions are getting a handle on market oversight, institutions' compliance teams are busy preparing the data-management groundwork necessary to build their reporting workflows. This gives them a chance to rethink their data management and technology setups to mine the full value of the data they'll be packing into compliance disclosures.

Obvious overlaps can be seen in the commodities derivatives space, where granular data given to regulators and sourced from the overseers in the form of end-of-day trading positions and other metrics, can help front offices make better investment and portfolio decisions.

Having invested in sourcing and managing information required by financial market overseers, firms should seek to maximise its utility, Coffman told *Data Management Insight*.

"There's been a lack of standardisation when it comes to commodities in the data space, and so with, for instance, the European Market Infrastructure Regulation (EMIR) refit recently the regulators now require more in-depth attributes when reporting, particularly in the commodities derivatives space," she said.

"What we're finding is that those same attributes tend to be what the hedge funds and proprietary trading shops need from a granularity perspective to support their trading strategy."

## Challenges Abound

Seizing on the multiple uses of regulatory data, however, is no easy task. Mapping data attributes across different applications can be challenging and the data quality levels tolerated for one use case may not be sufficient for another.

Coffman said, for example, that regulatory data is often cleansed only at the end of the data lifecycle to make it fit for reporting purposes. Changing that approach would require a data governance overhaul.

A recent [A-Team Group webinar](#) noted that data quality often posed a hindrance to the exploitation of data.

"Improved data accuracy and quality are key, with standardisation critical to achieving consistency in interpretation, lowering maintenance costs, allowing for reuse of data and supporting global harmonisation," said Emma Kalliomaki, managing director at Derivatives Service Bureau, before the event.

Fragmented tech stacks and data systems are also a pain point for the extramural use of regulatory data. With poor connectivity between front-, middle- and back-office systems still bedevilling many firms, data chiefs and engineers are finding it difficult to deploy data across their enterprises.

Additionally, there have traditionally been cultural barriers to data reuse and sharing. Moves to ameliorate that have often been refused on the grounds that any change has a cost implication, and different perceptions of data across institutions have prevented a joined-up approach to its management.

"Historically, regulatory data was never looked at as beneficial," said Coffman. "It was always looked at as 'basic data' that you weren't going to gain any further insights from. And so if firms decided along their journey that they were going to attack this more from a manual perspective, then there's less of a chance of them leveraging that data set more holistically."

Coffman said the solutions to overcoming the hurdles to full utilisation of regulatory data were so fundamental that repeating them might be considered "monotonous".

Having good data stewards, correct lineage, robust governance and good connectivity and access through APIs or self-service products, are essential.

"They are your basic data management principles – you have to have somebody who can see the whole picture, but understands what's happening in the regulatory space understands the needs of your front-, middle- and back-office and can pull the picture together," she said.

"If they did the right thing from the start and built it into their data management systems, then it would be easy for them to leverage the data in other areas."