

SmartStream Technologies launches regulatory solution for MiFID II compliance

SmartStream Technologies has launched a new regulatory solution to help firms comply with the rulings of the second Markets in Financial Instruments Directive (MiFID II), including assisting non-over-the-counter trading venues to fulfil MiFID II transparency requirements.

The solution, Trading Venue Quantitative Reporting Outlier Reconciliation, is designed to alleviate the burden for a trading venue when submitting a single daily file of instrument quantitative data to SmartStream Air (AI Reconciliations).

The reconciliation solution reconciles the single daily file or instrument reference data for the trading venue, consumed directly from the European Securities and Markets Authority (ESMA).

SmartStream Air also deploys instrument classification of financial instruments codes from the SmartStream Reference Data Utility, which it uses to check that the instrument included on the reference data report is not one reportable under the quantitative transparency reporting regime.

The reconciliation solution has been designed in an effort to help clients comply with ESMA's increased data continuity checks post-Brexit.

ESMA now outlines that trading venues must perform increased data checks when reporting instrument reference and quantitative data.

Any irregularities must be accounted for and mistakes re-reported, so that ESMA can meet its timelines in publishing instrument liquidity and large-in-scale calculations.

At present, trading venues typically check their records retrospectively, on a three-month basis.

The launch of the reconciliation solution comes after SmartStream's Reference Data Utility (RDU) and SmartStream Air were combined to create Transaction Reporting Reconciliation and Reporting Decision Control, a solution to provide disclosure capabilities for compliance with MiFID II.

Commenting on the launch of the Trading Venue Quantitative Reporting Outlier Reconciliation, Jethro MacDonald, product manager — innovations lab at SmartStream, says: "Financial authorities' appetite for delving into trading venues reporting is growing, and they are doing so with an increasingly critical eye."

He adds: "Complying with the data continuity checks of ESMA is both complex and costly, and this is placing a real strain on trading venues. In response, market participants should take advantage of the sophisticated tools now available, including artificial intelligence-enabled reconciliation solutions and regulatory reference data."