SmartStream releases product for trading venue regulatory checks

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SmartStream Technologies, the financial Transaction Lifecycle Management (TLM) solutions provider, today announces a new regulatory solution, Trading Venue Quantitative Reporting Outlier Reconciliation - helping firms to further meet MiFID II obligations, including assisting trading venues (non-OTC) to fulfil MiFID II RTS 2 transparency requirements.

Post-Brexit, ESMA has increased the data continuity checks that trading venues must perform 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, size-specific-to-the-instrument, and large-in-scale calculations. At present, trading venues typically check their records retrospectively, on a three-month basis, against massive ESMA data files. This highly complex exercise is costly and accompanied with a huge operational burden.

Jethro MacDonald, Product Manager - Innovations Lab, SmartStream, states: "Financial authorities' appetite for delving into trading venues reporting is growing, and they are doing so with an increasingly critical eye. 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 AI-enabled reconciliations solutions and regulatory reference data - which is straightforward to tap into as cloud-based APIs, and offer a very useful means to help alleviate the regulatory burden trading venues find themselves under".

SmartStream's new regulatory solution will alleviate the burden for a trading venue who can now submit a single daily file of instrument quantitative data to SmartStream Air (AI Reconciliations). It then reconciles this with the instrument reference data for the trading venue, consumed directly from ESMA. SmartStream Air also deploys instrument CFI codes from the SmartStream RDU (Reference Data Utility), which it will use to check that the instrument included on the reference data report is not one reportable under the quantitative transparency reporting regime, this process is carried out proactively and daily.