

# Trade life cycle transparency & investigation

## MiFID II trade reconstruction overview

Financial services firms are set to be faced with an increasing range of trade-related investigatory demands. No longer just a regulatory or legal initiative, the ability to quickly and accurately reconstruct events and trade records is essential for multiple segments of the business, including risk management and operations. Efficient and comprehensive event reconstruction begins with trade event data in multiple platforms, including quotes, orders, routes, executions and fills, and combines those trade events with related pre- and post-trade communications — voice calls, electronic communication modes such as emails, instant messages, Bloomberg communications, as well as files.

As of January 2018, European firms will have more regulatory requirements than ever before. Many non-European firms have obligations to comply with MiFID II if they trade on European venues or have European clients. Even those that are not required to are electing to comply with these broadened requirements as a best practice.

The intent of MiFID II is to strengthen investor protections, maximize market transparency and reduce market abuse. To achieve those objectives, the European Securities and Markets Authority (ESMA) has proposed many changes to the way OTC products and exchange-traded equity markets operate and function. Among these changes are broader requirements for event reconstruction, record-keeping and market abuse detection and prevention.

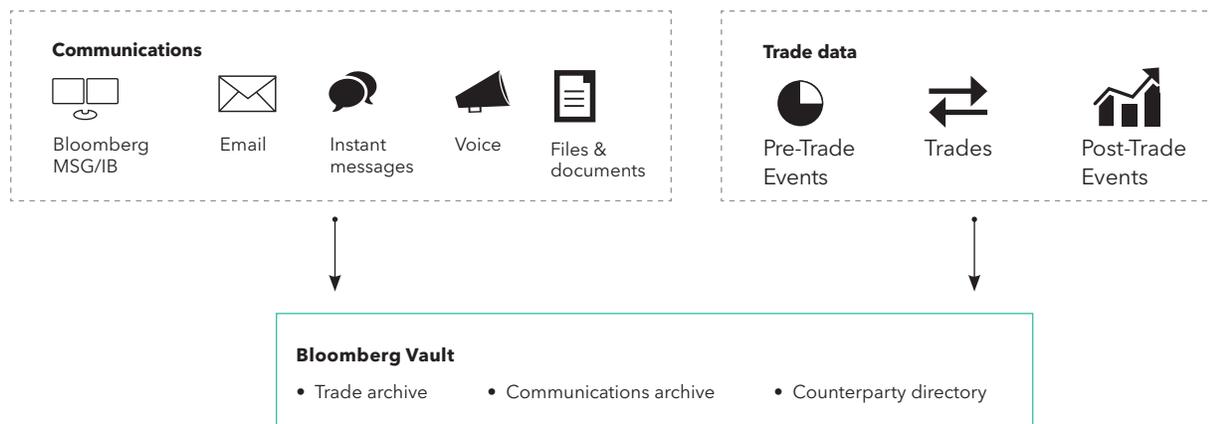
Firms must maintain records of all electronic communications and telephone conversations relating to activities that are intended to result in the conclusion of an agreement, even if those conversations or communications do not result in an agreement.

This includes not only any placed orders, but also modifications and cancellations of orders, as well as executed orders and indications of interest. Upon request, firms must reconstruct these records for regulators from individual transactions or counterparties.

### Comply with confidence

In response to these challenges, Bloomberg Vault offers an end-to-end solution for enterprise archiving, surveillance, search and data correlation analytics to help address the needs of legal, compliance and investigation professionals. This can assist firms with their trade analyses and reconstruction demands by streamlining both internal and external investigations.

It provides transparency into the complete trade lifecycle, giving customers the ability to reconstruct events with the sequence of voice recordings and electronic communications related to a trade and deliver reconstructed events to regulators on demand, as specified under MAR, MiFIR Article 26, MiFID II RTS 22 and Dodd-Frank 1.35a and 23.201-3.



## Search, retrieve & classify

### Access comprehensive trading & communications records

Bloomberg Vault provides native integration to proprietary trade event related platforms such as Sell-Side Execution and Order Management Solutions (SSEOMS), Trade Order Management System (TOMS), Asset Investment Manager (AIM) and Execution Management System (EMX). Third-party trade data can be delivered using industry-standard methods — such as a real-time FIX 5.0 connection — and stored in the trade archive for search and retrieval.

Customers that take advantage of Bloomberg's Fixed Income Trading platform have the added benefit of being able to reconstruct trade data from initial pricing to reporting of the trade to the SDR. Data in the trade archive can be retrieved based on transaction ID/USI or counterparty identifier.

The trade events stored in the trade archive fit a standard Bloomberg Vault schema designed to assist customers comply fully with MiFID II requirements and include orders, routes, fills, and executions. Those trade events will be available on a go-forward basis in advance of the MiFID II January 3rd go-live date. Historical information backfill will not be supported initially.

It also offers native integration with the proprietary Bloomberg Message and Instant Bloomberg communication tools — through which a high volume of the industry's transactions are discussed and executed. In addition, Bloomberg Vault can ingest and archive communication data created outside of Bloomberg. This includes corporate email (e.g., Microsoft® Exchange), instant messages and voice recordings.

The result of storing trade records alongside all trading participant communications is the unique ability to seamlessly reconstruct conversations and chat forums that preceded or followed a particular transaction or group of transactions. For firms requiring the ability to prove best execution, monitor and investigate trades against other trading activity, including market data benchmarks, pricing data and market-moving news, Bloomberg Transaction Cost Analytics (BTCA) provides a turnkey solution and is also integrated.

### Searchable voice recordings

Bloomberg offers integrated voice recording archiving solutions through ingestion from leading voice-recording service providers including NICE, Verint and other recording platforms. An exclusive partnership with Red Box Recorders offers preferred pricing on voice recording. Archived voice recordings are stored and searched in a unified archive with other communications and can be retrieved using call metadata associated with the recording with voice call playback right in the user interface.

### Transaction & counterparty search

Leverage the Bloomberg Directory to facilitate identification of participants involved in pre- or post-trade communications. A counterparty may be identified as a specific individual, a customer account or even an entire firm. This facilitates inclusion of a counterparty in the search criteria for retrieval of records from the archive.

In addition, users are able to upload counterparty tree and customer contact mappings to facilitate tagging of ingested data. This ensures that all records throughout the trade life cycle can be retrieved using a normalized counterparty identifier.

Full-text search is provided across all communication and attachment text. Simple keywords or advanced Boolean expressions can be used to identify details of a specific transaction included in the conversation.

## Contact us

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