



# **MAR & MIFID II**

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**Record-keeping, Market Abuse  
Prevention and Event Reconstruction**

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## BACKGROUND ON MAR & MiFID II

The broad intent of MAR and MiFID II is to strengthen investor protections, maximize market transparency and reduce market abuse. To achieve those objectives, ESMA has proposed many changes to the way OTC products and exchange-traded equity markets operate and function.

Among these changes, broader requirements for record-keeping, event reconstruction, and market abuse detection and prevention mandate the retention of records and communications for all services, activities and transactions to enable national regulators to monitor compliance. These new record-keeping and supervision requirements build on the existing EC directives established in Article 13 and in Article 51<sup>1</sup>.

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### Under MAR & MiFID II firms will be required to adhere to the following:



#### Record-Keeping Scope

Records must include electronic communications (e.g., email, IM and fax), voice recordings of telephone conversations, and minutes from face-to-face meetings related to reception, transmission and execution of orders on behalf of clients or on one's own account (Article 16(7)).



#### Reconstruct Events

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. The recordings must not only include 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.



#### Voice Compliance

Firms must maintain good quality recordings of voice conversations to assist national regulators in detecting and deterring inappropriate behavior.



#### Longer Retention Periods

The records kept in accordance with Article 16(7) must be provided to the client involved upon request and must be kept for a minimum period of five years and, where requested by regulators, for up to seven years.



#### Compliance Storage

Records should be stored in a "durable medium" that allows them to be replayed or copied and must be retained in a format that does not allow the original record to be altered or deleted. In addition, records should be stored in a searchable medium to ensure that they are accessible and "readily available" upon request.



#### Market-Abuse Monitoring

In addition to the extensive requirements of MiFID II, CSMAD, MAR and MIFIR now also include market abuse prevention and supervision requirements. Firms will need a comprehensive supervision plan in place to meet these mandates – which go into effect in July 2016.

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<sup>1</sup> The Committee of European Securities Regulators, The list of minimum records in Article 51(3) of the MiFID implementing Directive: 2-6.

## HOW BLOOMBERG CAN HELP

DETAILED REGULATORY REQUIREMENT	REQUIRED FOR			BLOOMBERG VAULT SOLUTION
	MIFID II	MAR	DFA	
Records should be kept for all services, activities and transactions	✓	✓	✓	Flexible ingestion schema to include transactions, orders and activities from multiple trading and order management systems
Records should include those orders that were intended to result in a transaction, even if orders were cancelled	✓			Ingesting and archiving all submitted orders, including canceled and completed transactions
Records should include telephone conversations	✓	✓	✓	Telephone conversations are identified by call recording metadata, and associated with specific trader and set of narrowed down transactions
Records should include electronic communications	✓	✓	✓	Electronic communications (email, IM, messaging systems) are identified by metadata and counterparty and associated with a set of suggested transactions
Records should include minutes of face to face meetings	✓			Documents are identified by creator or modifier and associated with specific set of transactions
Records should be stored on a medium that cannot be amended or deleted, and is readily accessible upon request	✓	✓	✓	All records are stored on tamper-proof WORM storage
Records should be stored and available for the duration of up to 7 years	✓	✓	✓	Flexible retention setting is available by communication source and by group that falls under a specific regulatory requirement
Enable reconstruction of order activity and trade events upon request from client or regulator.	✓		✓	Trade reconstruction interface provides ability to reconstruct events for transactions or intended transactions within specific date ranges, trader id, investor, individual transaction is available with export capabilities in several formats
Effective and ongoing monitoring of orders received, transmitted and executed for purpose of identifying suspicious behavior		✓		Event reconstruction interface is used to further investigate and evaluate events for randomly audited transactions or transactions that have been flagged as a result of either trade alert or communication alert
Upon request, provide regulators analysis on suspicious orders and transactions which have been examined and reasons as to whether or not submitting a STOR		✓		Documents are identified by creator or modifier and associated with specific set of transactions All records are stored on tamper-proof WORM storage Flexible retention setting is available by communication type and by group
Submit a STOR to regulator along with supporting documents, communications, telephone conversation, order and transaction details		✓		Interface to reconstruct events for transactions or intended transactions within specific date ranges, trader id, investor, individual transaction is available with export capabilities in several formats Event reconstruction interface is used to further investigate and evaluate events for randomly audited transactions or transactions that have been flagged as a result of either trade alert or communication alert

**Bloomberg Vault's comprehensive coverage includes:**

**BLOOMBERG DATA**

- Message (MSG)
- Instant Bloomberg (IB)

**TRADE DATA**

- Bloomberg Trade Data
- Non-Bloomberg Trade Data

**CORPORATE EMAIL**

- Microsoft® Exchange
- Microsoft Office 365
- Lotus Domino
- Google Mail
- Salesforce Email
- Any SMTP Format

**FILES & DOCUMENTS**

- Corporate Network
- Sharepoint

**INSTANT MESSAGE & SOCIAL MEDIA**

- Microsoft Lync
- Thomson Reuters
- Blackberry
- Yahoo/AOL IM
- Pivot
- Social media data sources

**LEVERAGE OUR EXPERTISE**

A market leader in record-keeping, event reconstruction and supervision with more than 1,000 firms subscribing, Bloomberg Vault supports more than 20 different data sources for record-keeping, supervision and trade reconstruction. These data sources include voice, email, instant messaging, trades, social media, and documents/files.

Our comprehensive trade reconstruction solution offers transparency into the complete trade lifecycle. It provides the ability to reconstruct events with the sequence of voice recordings and communications related to a trade and can deliver reconstructed events to regulators on demand, as specified under MAR and MiFID II.

A next-generation communication supervision tool with advanced algorithms provides an ability to customize more than 40 out-of-the-box policies. The service is integrated with Bloomberg Transaction Cost Analytics (BTCA) to provide a unique means of reviewing the intersection of trades, market data, market-moving news, communications data, recorded voice and documents in an integrated workflow.

Preventive compliance controls such as restricted lists, information boundaries, ethical walls and access controls support the market abuse prevention objectives of MAR and MiFID II.

Bloomberg is committed to helping firms meet future regulatory challenges and meet market structure changes, including the new Dodd-Frank Act, MAR and MiFID II requirements, with the successful launch of a Swap Execution Facility (SEF) and commitment to launching a Multilateral Trading Facility (MTF).



**Bloomberg Vault Event Reconstruction**

- Trade Archive
- Communications Archive
- Counterparty Directory

**TAKE THE NEXT STEP**

Bloomberg Vault's solution for trade investigation can help your firm to mitigate risk. Contact us at +44 20 7330 7500, [bvault@bloomberg.net](mailto:bvault@bloomberg.net) or call your regional representative to schedule a personalized demonstration.

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