

DROIT ADEPT: ADVANCING GLOBAL REGULATORY COMPLIANCE & REAL TIME CONTROLS

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Shifting the control paradigms for pre- and post-trade compliance

Abstract

MARKET PAIN POINTS

Risk-centric and market structure regulations continue to create complex requirements that pose integration and information consistency challenges across siloed organizational and system boundaries. At the same time, the paradigm for supervisory activities, risk, and compliance management has evolved: Conventional rules-based paradigms of approaching risk and compliance obligations have given way to risk-based approaches where greater supervision intensity is placed on high-risk/systemically important financial institutions, right conduct, and emergent systemic risks.

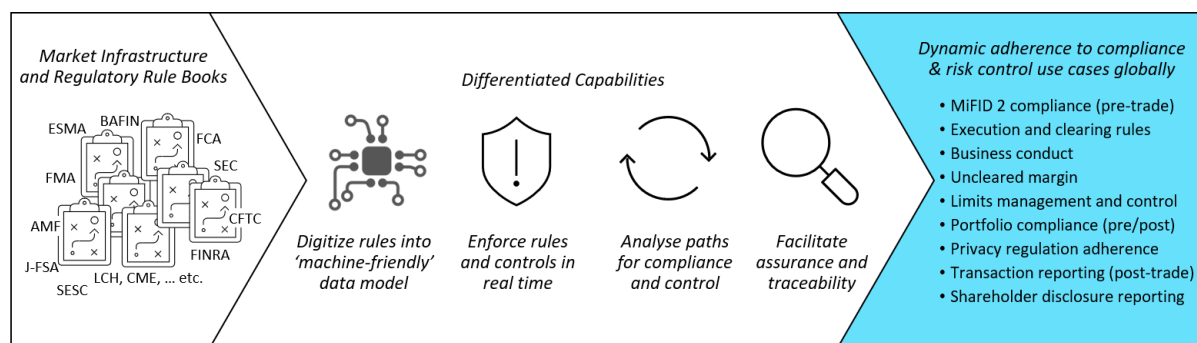
At best, inadequate responses to regulatory requirements translate into suboptimal outcomes. More likely, they heighten operational risks and add costs due to overlapping systems interfaces, complex application / data dependencies, incomplete audit records, and extensive change management issues. These pose significant go-to-market risks and costs which firms must look to address.

DIFFERENTIATED SOLUTION PARADIGMS

Our recent discussions with financial clients have led to conversations with Droit Financial Technologies -- to discuss their track record of delivering to pre- and post-trade compliance initiatives, especially for the regulatory control of high-volume capital markets transactional activities for broker-dealers, industry trading venues and post trade utilities.

As banks, broker-dealers, insurers, wealth managers, and investment management firms look to become more coordinated and streamlined in terms of information delivery, enforcement of rules, and production processes for

trading, risk controls, regulatory compliance, and financial reporting, this research presents perspectives on how/where innovative methods and technologies offer the potential for scaled expansions, cost reductions, and more dynamic control of regulatory compliance.



In this solution brief, we explore how Droit's approach is different from prevailing approaches, going beyond what would conventionally be related (but not directly comparable) to solutions for transaction surveillance, compliance management, and regulatory reporting. Apart from an ability to translate regulatory requirements into "machine-actionable" information, regulated entities can look to embrace "control-as-a-service" delivery models and loosely-coupled IT integration approaches to potentially enable them to optimize operational costs, reduce ease of implementation, and achieve faster time-to-value value in the mid to long-term.

In the end—whether driven by obligation, necessity, or strategic ambition—firms are standing on the verge of change not only in the way regulation, risk, and governance practices are defined, but more importantly, in the way that change can be demonstrably and effectively executed. Reactive strategies, uncoordinated responses, and "bare minimum" tactical approaches will no longer suffice. Smarter ways are emerging for those willing to embrace them.