

Risk

Markets Technology

Awards

2019

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Mifid II product of the year

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Droit

In January, a number of large financial institutions had a smooth go-live with Droit's Adept platform for their primary revised Markets in Financial Instruments Directive II (Mifid II) trade-by-trade decision-making. Mifid II and Markets in Financial Instruments Regulation (Mifir) mandates covered by Adept include pre-trade transparency for trading venues, firm quote obligation for systematic internalisers, post-trade transparency, transaction reporting and best execution.

Mifid II is one of a growing list of regulatory mandates, including business conduct, electronic execution, clearing, reporting, uncleared margin, risk mitigation, taxation and banking insolvency across regulatory regimes aligned to the Group of 20 that Adept covers. The platform generates full global cross-regulatory implications and obligations of trades in real time and provides auditability and traceability by visualising each step of the regulatory decision-making process and by linking the decision steps to their sources in the digitised regulatory texts.

Droit's approach to generating executable regulatory logic starts by digitising regulatory texts using a format designed specifically for statutory and regulatory documents. Each portion of the digitised text is annotated to specify which data elements are required, the logic inherent in the regulation and the applicable Droit taxonomical scopes with the annotations linked directly to the implementation. This approach supports traceability, and complete and consistent implementation. The company monitors all sources of regulation and related market microstructure changes, providing ongoing rule and data. Users of Adept can identify attributes of any given transaction that might be adjusted to optimise trading.

Droit has also developed Liquid Markets Service, a centralised source for the European Securities and Markets Authority's reference data necessary to meet regulatory requirements under Mifid II and Mifir.



Joceline Zheng, Droit

The service provides seamless integration with the Adept application programming interface (API) and its Mifid II mandates suite. It performs calculations to evaluate transactions for factors such as whether they are above or below threshold status, which deferrals or waivers are available, and financial instrument liquidity status.

Droit has a number of strategic investors, including Goldman Sachs, while clients include global and regional banks and asset managers, such as BNP Paribas, Crédit Agricole CIB and UBS.

Judges said:

"Droit's list of tier one bank users going live on Mifid II this year is impressive, as is the scope of the company's functionality. It is positioning itself explicitly and purposefully to add more applications and solutions through ambitious data management and self-documenting API."

"Smart automation that integrates regulatory impacts into trading decisions."

"Droit was talking itself up last year, and it seems like it has delivered."

Joceline Zheng, head of product at Droit, says:

"Droit is proud to be a critical component of a successful Mifid II go-live for a wide range of global banks, processing millions of trades per day. We support 18 global regulatory regimes, with logic representing industry consensus, generating the full global cross-regulatory implications and obligations of a trade in real time. Our platform provides complete auditability and traceability through to fully digitised regulatory text; our clients find it invaluable to prove to themselves and regulators that their decision-making for each transaction is accurate and complete with respect to the laws in force at that time." ■



The Operating System for Regulation