

Risk

Markets Technology

Awards

2020

Risk.net



**Mifid II product
of the year**

DROIT

Droit

Mifid II product of the year

Droit automates global regulations and market micro-structure within real-time trading systems. Via a call to an application programming interface that is easy to integrate and navigate, Droit's Adept platform generates the full global cross-regulatory implications and obligations of each transaction in real time, incorporating a visualisation framework that is auditable and traceable.

The scale and complexity in complying with global regulation significantly increased in the wake of the revised Markets in Financial Instruments Directive (Mifid II). Droit has digitised the European Securities and Markets Authority (Esma) text and maintains support for eligibility and scope of obligation determination for 14 critical Mifid II and Markets in Financial Instruments Regulation mandates. These include pre-trade transparency for trading venues, firm quote obligation for systematic internalisers, post-trade transparency, transaction reporting and best execution.

Droit's product suite centrally serves all aspects of Mifid II real-time decision-making both pre- and post-trade, in a single, easy-to-maintain location that is consistent across asset classes. The full decision auditability per transaction – including attribution to versioned digitised regulatory text through the Adept visualisation framework – is an invaluable capability for clients in conversations with internal audit and compliance, regulators and customers.

Droit monitors all changes to regulation and related market infrastructure and provides easily deployed updates directly to clients as structured data. Updating regulatory rules takes days not months and is easily testable, completely versioned and does not require software updates. Clients also get access to growing and ever-improving market consensus for Mifid II pre- and post-trade regulation, and a well-defined process for contributing to that consensus.

Realising that data that must [be understood to] comply with regulatory regimes is often patchy, poorly indexed and not readily available, the company recently introduced the Droit Reference Service. The new service provides enriched and optimised regulatory reference data for decision-making without fragmenting enterprise data sources. Clients

now have access to the full range of regulatory published reference data at the point where eligibility is being assessed or a report generated, as well as to a fully bi-temporal store of the data, which is essential for accurately reproducing historical decisions.

In preparation for the UK's secession from the European Union, Droit modelled the Financial Conduct Authority's (FCA's) version of the Esma rule sets. Incorporating complex nuances on a mandate-by-mandate basis, Droit allows clients to evaluate Esma and FCA rules simultaneously and understand in which jurisdiction they are in-scope and where substituted compliance applies. Droit will also include FCA versions of transparency and liquidity data necessary to transact compliantly in its reference data service.

Judges said:

"Droit demonstrates admirable design, content, market positioning, business impact and time-to-market. It has good investors and clients, some of whom are the same."

"Basing its trade reporting eligibility assessments on digitally rendered versions of the regulatory text makes Droit a pretty unusual service. Clients seem to appreciate it."

"Droit's preparatory work for Brexit is clearly valuable."

Brock Arnason, chief delivery officer at Droit, says:

"Droit is proud to be the choice of a growing number of global financial institutions in their continued Mifid II implementations. We support over 20 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 and business policies in force at that time." ■