

Transaction Reporting Change Controller

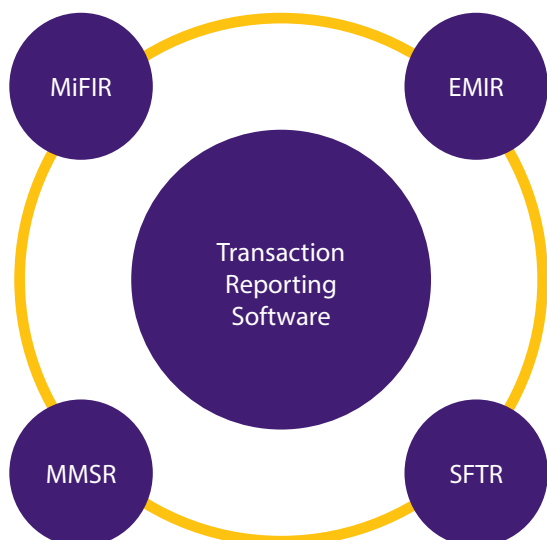
Create usability, visibility and transparency on transaction reporting

Regulatory transaction reporting: Change projects

After the global financial crisis in 2008 supervisory authorities introduced a series of reporting requirements for capital market transactions with the objective to create transparency, increase integrity and reduce systemic risk of our financial system. The implementation of automated processes to comply with the mentioned reporting obligations still result in high project efforts for financial institutions. Additionally, harmonization requirements and the resulting amendments of existing reporting formats and contents causes budget-intensive change projects. Consequently, market participants are looking for smart technical solutions to reduce upcoming adjustment effort.

Challenges

The challenges of change projects in a regulatory environment are manifold and of immense importance. If the implementation requirements are not timely or are of insufficient quality, financial institutions face considerable damage to their reputation and even monetary penalties. The definition of goals, the transparency of results and the cooperation between specialist and implementation teams are further critical success factors of a change project.



targens

As an expert consultancy for banking, compliance and digital innovation, targens is the leading provider of consulting and software solutions. Based in Germany, Austria and Switzerland, the company has 30 years of experience in the development of internationally proven compliance services for financial institutions with futuristic and disruptive technologies. Using artificial intelligence and blockchain technology to create innovative products that provide the highest possible value to our clients. With its consulting portfolio, targens supports clients in their banking and corporate management, trading activities and the safeguarding of business processes.



Our solution for our clients

Our **Transaction Reporting Change Controller** creates transparency on new RTS/ ITS and validation rules by smart features.

- » A dynamic user interface shows mandatory fields based on defined input values and automatically updates after each entry. So the dependencies and conditions between the single fields become visible.
- » The software indicates the change impact to a previous reporting version by identifying new fields and changes of fields regarding their logic and format.
- » The software generates a XML reporting file that is compliant with the current requirements and standards from authorities and trade repositories. It may also compare the generated reporting file with an input reporting file generated by customers and clarifies the root cause of potential differences for quality assurance.



Summary and Outlook

Planning & tracking

Specification & Agile development

Testing Control framework

Documentation

The obligation to report a wide range of transactions and the constantly changing requirements for the format and content of such reports lead to complex implementation and change projects with effects on the entire system landscape of a financial market participant. A scalable software solution for a variety of reporting regimes which creates transparency on change impact and required adjustments as well as visibility on field descriptions and dependencies is our approach to face these challenges.

Transaction Reporting Change Controller

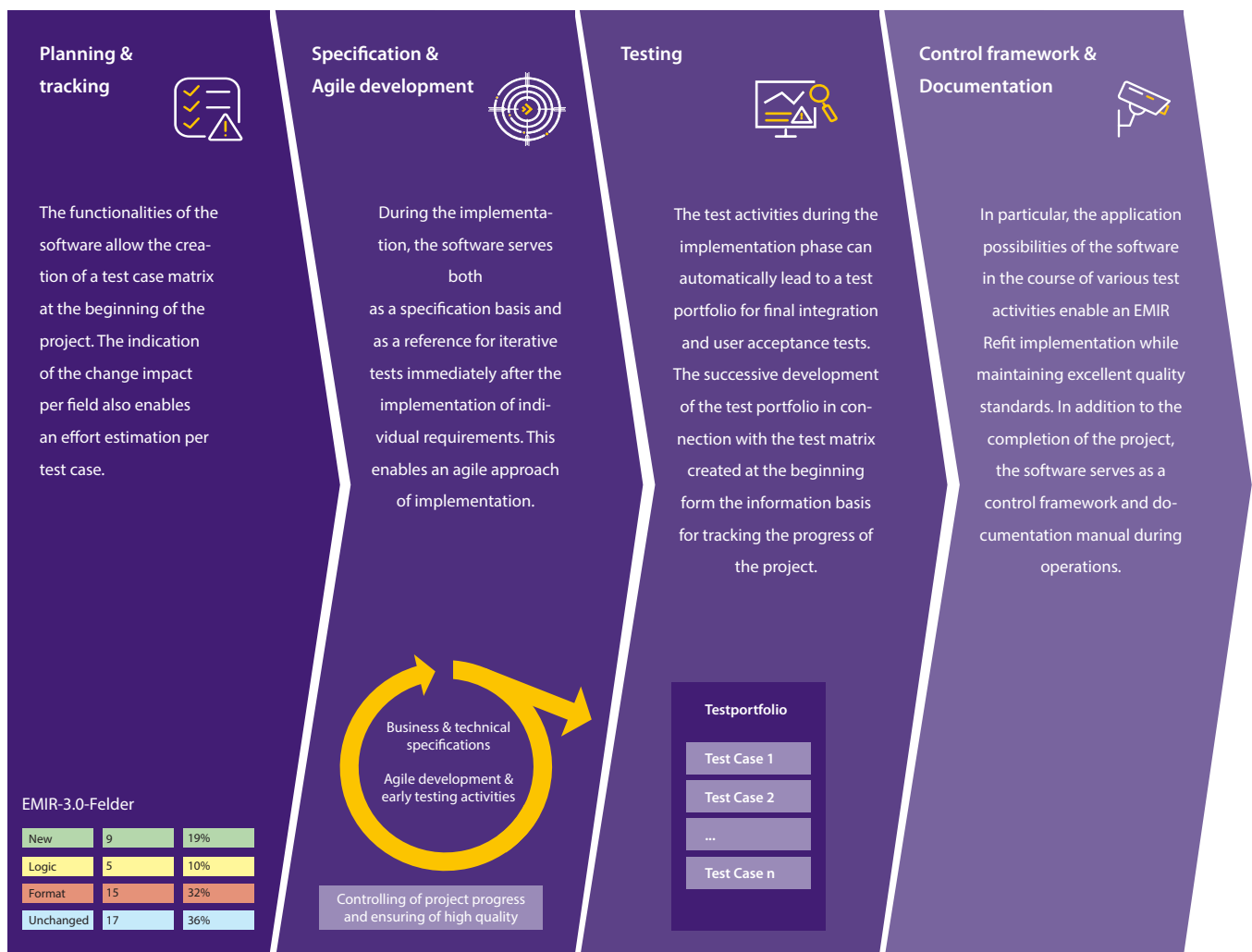
» Accelerating the project of implementing EMIR Refit

EMIR-Refit

The EMIR Refit will lead to fundamental changes to the EMIR reporting files in terms of their content and format. The introduction of event types, the redesign of collateral messages and the consideration of risk reduction techniques are main changes in content that lead to an increase in the number of message fields from 129 to 203. From a technical point of view, the changeover to an XML reporting format in accordance with ISO 20022 poses challenges

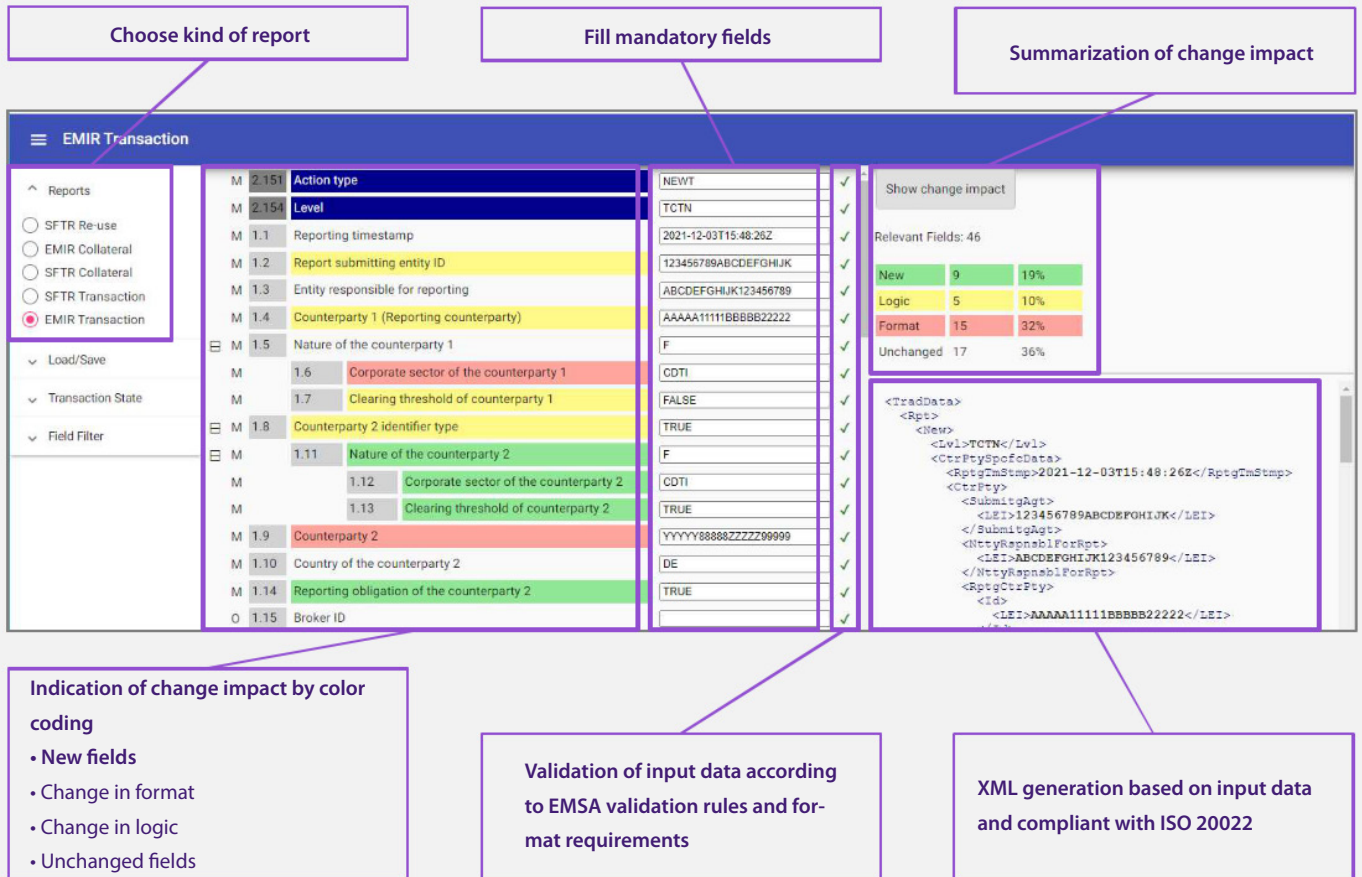
The change project

The software can be used in all phases of the EMIR Refit implementation from planning to go-live.



Entering and validating transaction / collateral data

» User interfaces and main functionalities of the TR Change Controller



The screenshot shows the EMIR Transaction interface with several callouts highlighting key features:

- Choose kind of report:** A sidebar menu on the left allows users to select the report type, with "EMIR Transaction" selected.
- Fill mandatory fields:** A central table lists fields with their status (M for mandatory, O for optional) and values. Checkmarks indicate successful validation.
- Summarization of change impact:** A summary box on the right shows the impact of changes:

Category	Count	Percentage
New	9	19%
Logic	5	10%
Format	15	32%
Unchanged	17	36%
- Indication of change impact by color coding:** Fields are color-coded to show their status:
 - New fields: Yellow
 - Change in format: Red
 - Change in logic: Green
 - Unchanged fields: Grey
- Validation of input data according to EMSA validation rules and format requirements:** Checkmarks in the right column of the field table indicate successful validation.
- XML generation based on input data and compliant with ISO 20022:** A preview window on the right shows the generated XML data.

Generated XML file is a reference for testing purposes

Generated XML based on input data

Customer XML – imported via drag & drop

← EMIR 3.0

Created XML

```

<TradData>
  <Rpt>
    <New>
      <Lvl>TCTN</Lvl>
      <CtrPtySpfcData>
        <RptgTmStmp>2021-12-03T15:48:26Z</RptgTmStmp>
      </CtrPtySpfcData>
      <CtrPty>
        <SubmitgAgt>
          <LEI>123456789ABCDEFGHIJK</LEI>
        </SubmitgAgt>
        <NttyRspnsblForRpt>
          <LEI>ABCDEFGHIJK123456789</LEI>
        </NttyRspnsblForRpt>
        <RptgCtrPty>
          <Id>
            <LEI>AAAAA1111BBBBB2222</LEI>
          </Id>
        </CtrPty>
      </New>
    </Rpt>
  </TradData>
          
```

Dropped XML

```

<TradData>
  <Rpt>
    <New>
      <Lvl>TCTN</Lvl>
      <DerivEvt>
        <DerivEvtTp>TRAD</DerivEvtTp>
        <EvtTmStmp>2021-11-15</EvtTmStmp>
      </DerivEvt>
      <CtrPtySpfcData>
        <RptgTmStmp>2021-11-15T10:36:39Z</RptgTmStmp>
      </CtrPtySpfcData>
      <CtrPty>
        <NttyRspnsblForRpt>...</NttyRspnsblForRpt>
        <RptgCtrPty>...</RptgCtrPty>
        <OthrCtrPty>...</OthrCtrPty>
        <SubmitgAgt>
          <LEI>ABCDEFGHIJK123456789</LEI>
        </SubmitgAgt>
      </CtrPty>
    </New>
  </Rpt>
</TradData>
          
```

Identification of errors in customer XML file with tracing to EMIR 3.0 field

You have questions or want more information? Then get in touch with us!



Your Contact
 Competence Center
 Financial Markets Regulation

handelsregulierung@targens.de