

# Ensuring Global Financial Services MiFID II and GDPR Compliance

The European Union's enforcement of MiFID II and GDPR regulations are forcing firms, especially those in the financial services sector with operations anywhere in the EU, to uplevel how they collect, protect and maintain personal information. In 2018, proving compliance to the new regulations will be crucial as regulatory oversight organizations expect financial institutions to demonstrate their adherence with both regulations, along with improved responsiveness to inquiries.

The second iteration of the Markets in Financial Instruments Directive (MiFID II) came into effect on January 3rd, 2018. MiFID II requires financial services firms to track all information related to customer transactions, including phone conversations and face-to-face meetings, for a period of five years.

Separately, the General Data Protection Regulation (GDPR) takes effect on May 25th, 2018, replacing the Data Protection Act of 1998. The GDPR was constructed to improve customer security and privacy, by ensuring data held by corporations is accurate, up to date, secure and yet available for individuals to inspect.

Both European regulatory mandates address the ongoing trend to ensure greater transparency, trust and security in financial services in the aftermath of the 2008 global economic recession.

In terms of MiFID II compliance, piecing together and reconstructing trade events using electronic communications is expected to challenge many financial services firms. These firms need expert help and technological solutions to mitigate risks. They need best-of-breed solutions that offer open access to data for sophisticated, near-realtime analysis. They must also find ways to automate threading and the reconstruction of conversations using a minimum of hands-on effort.

To ensure compliance with both MiFID II and GDPR, financial firms must prove they can provide trusted immutable data storage and open access to data repositories. No matter how much they have already invested in data protection, one thing is clear: If a company operates or manages financial services in the EU neither regulation is optional, both are compulsory. Failure to comply will be costly. Penalties for GDPR non-compliance are substantial. A penalty fee can be issued for non-compliant operations, at a rate of up to four percent of the firm's global revenue, or €20 million, whichever amount is higher.

MiFID II



GDPR



## What Not to Do

In 2017, the U.K.'s Financial Conduct Authority (FCA) imposed more than £229 million in fines for non-compliance. And even U.S. financial institutions have been fined for failing to comply with a 2012 consent order related to deficiencies in its Bank Secrecy Act and anti-laundering compliance program. Other fines were for incomplete identification of high-risk customers in multiple areas of the bank and inadequate due diligence on its foreign correspondent customers.

Also, the Financial Industry Regulatory Authority (FINRA) fined one broker \$5,000 and suspended that broker for one month for sending text messages to clients, preventing the employer from supervising those communications, and violating the firm's policy about business correspondence. Two other financial firms were penalized a total of \$2 million for failing to maintain their electronic records in a write once, read many (WORM) format which would ensure the information could not be altered or destroyed.

To avoid penalties, bad publicity, litigation and other associated losses, financial services firms must ensure that they properly classify data to protect sensitive or personally identifiable information (PII). This has grown into a global business priority. In addition to MiFID II and GDPR, Japan's Personal Information Protection Act (PIPA) has also been upgraded to better protect data privacy, adding severe penalties for lack of compliance.

## Resolving Challenges

Fortunately, there are solutions available to help firms use cloud services and increase employee efficiency in managing records electronically and to ease the burden regulatory compliance without compromising effectiveness. Most financial services firms recognize that electronic records management can help reduce compliance headaches.

To achieve compliance, they must be able to easily search, locate and review transaction information to adhere to each regulation and demonstrate transparency to regulatory bodies. These solutions help simplify and automate processes that were traditionally manual cumbersome in nature.

By optimizing records storage and management, financial firms can effectively achieve compliance with MiFID II and GDPR. Data classification can be used to efficiently identify data resources and gain a better understanding of each data element's purpose, along with the risks associated with each piece of stored information. MiFID II includes sweeping record-keeping requirements related to services, activities and transactions, requiring the capture of voice recordings, email, Skype for Business, IM and text/SMS messages.

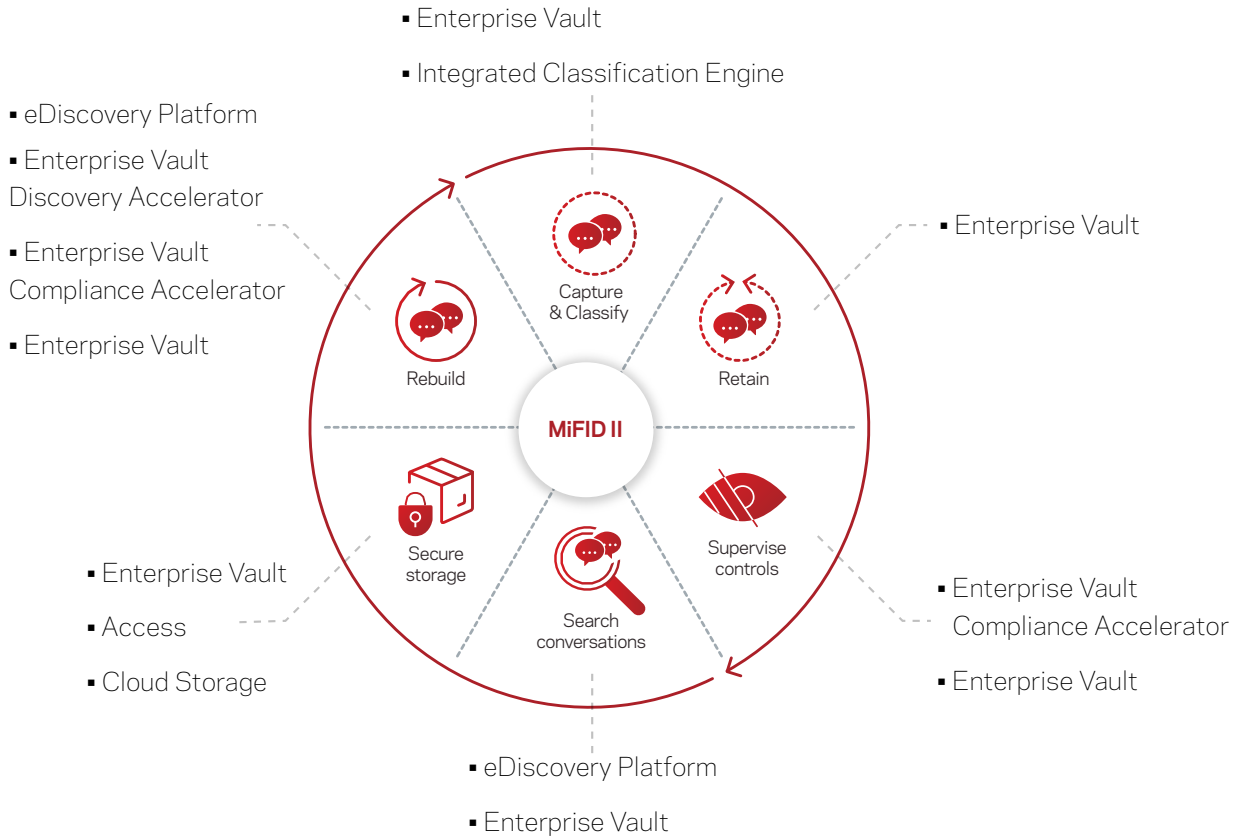


Financial firms must also monitor for prohibited market activity and quickly reconstruct the lifecycle of a trade across multiple channels. A well-rounded, proactive supervisory infrastructure backed with regulatory-grade retention and post-event discovery are considered crucial success factors to help users surf the information stored to reconstruct trades and inform what happened in any specified trading situation.

Using the right tools and techniques, financial services firms gain the ability to automate information management for MiFID II compliance, ensuring data retention, authentication and classification, while also reducing their compliance costs over time. And with the right immutable data storage in place, what was once considered a cost of doing business will open a new world of potential revenue opportunities for these firms and their customers.

Veritas tools and technologies address evolving needs of financial institutions around the globe. Our solutions and expertise can help you achieve MIFID II and GDPR compliance. Our clients gain a 360 degree view of their organization's data estate to navigate complex regulatory requirements—and avoid fines and other penalties that might otherwise be devastating.

## Veritas Solutions Help Improve Regulatory Compliance



This is likely why 86 percent of global Fortune 500 and all the top ten commercial banks, financial data service providers and telecoms trust Veritas. Veritas stands ready to help you quickly and effectively address MiFID II or GDPR compliance, streamline policies and empower your ability to discover the truth in your organization's most critical digital asset.

### About Veritas

Veritas Technologies is a global leader in data protection and availability. Over 80,000 customers—including 87 percent of the Fortune Global 500—rely on us to abstract IT complexity and simplify data management. The Veritas Enterprise Data Services Platform automates the protection and orchestrates the recovery of data everywhere it lives, ensures 24/7 availability of business-critical applications, and provides enterprises with the insights they need to comply with evolving data regulations. With a reputation for reliability at scale and a deployment model to fit any need, Veritas Enterprise Data Services Platform supports more than 800 different data sources, over 100 different operating systems, more than 1,400 storage targets, and more than 60 different cloud platforms. Learn more at [www.veritas.com](http://www.veritas.com). Follow us on Twitter at [@veritastechllc](https://twitter.com/veritastechllc).

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