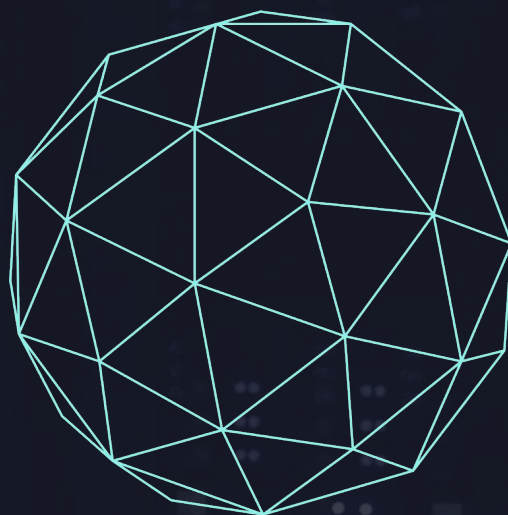# THE NEW FRAMEWORK TO IMPROVE YOUR REGULATORY DATA EFFICIENCY

**REGTECH
DATAHUB**

29/03/2023

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INTRODUCING REGTECH DATAHUB

REGTECH DATAHUB is a software solution built to deliver regulatory data in a transparent format with no usage limitations and significant cost savings.

REGTECH DATAHUB - is a software system collecting vast amounts of data from public and commercial open sources like ESMA, GLEIF, ANNA-DSB. REGTECH DATAHUB structures the data, enhances it, and combines it in intelligent ways to create new data available to our clients in an easily accessible setup with suitable data formats. REGTECH DATAHUB is built from a series of modules tailor-made to the needs of the specific client, and offers authority reporting for both banking, insurance, and pension sectors. The modular structure ensures that clients get a simple and customized solution for their exact purpose, while paying only for the data needed. REGTECH DATAHUB's different modules are shown below.

REGTECH DATAHUB

- MIFID
- ESG
- CRR II
- Solvency II
- Credit hierarchies
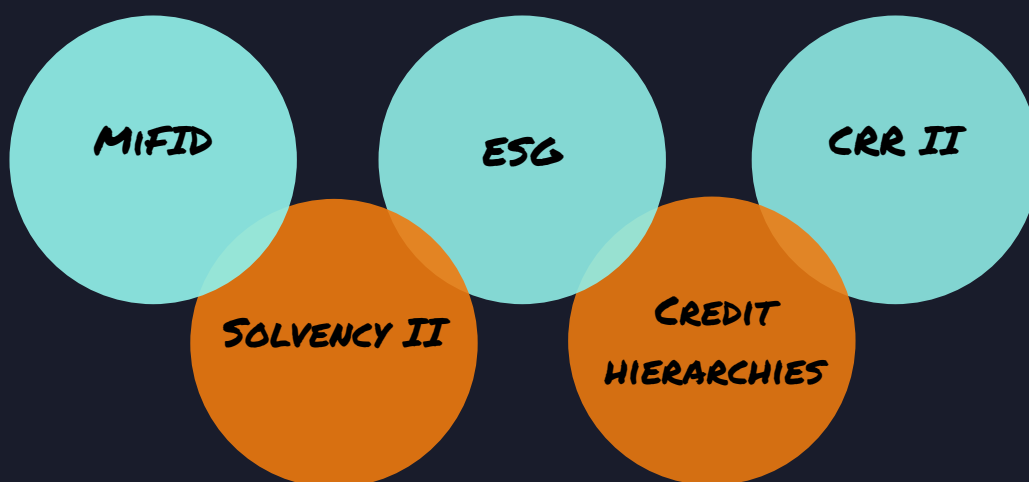
REGTECH DATAHUB take a somewhat different approach in making data available for clients. In a set-up with a traditional data vendor, you are limited in the usage depending on the contract and the price paid. This means that you have costs related to your data governance and the occasional audit by the vendors. With REGTECH DATAHUB, you rent the software that produce the data. Afterwards, the data is yours and you can use, display and manipulate it as you like. There's no cost associated with data administration and governance, no risk of audits and hence no surprises – the price is fixed, and usage is unlimited.

Data Output

REGTECH DATAHUB's output can be delivered in different formats depending on customer requirements. This could be as TXT, CSV or XML files, as fully integrated solutions or as API queries. In addition, a website is available whereby data can be looked up and be readily accessable for ad hoc purposes.

Algorithms

For the more advanced part of the reporting, the system contains algorithms that determine if an instrument is leveraged, complex, etc.

THE MODULES

Improved MiFID II Efficiency by Using REGTECH DATAHUB

The MiFID module is a complete data framework collecting all MiFID II related data provided by ESMA and other complementary sources. In general, the majority of the data sources are different and available through dissimilar formats. Consequently, the data is stored in REGTECH DATAHUB in order to facilitate the combination of data from different sources thereby adding value to the data. All data is combined and structured in a way that leads to a more efficient usage of MiFID II data having potentially huge cost savings.

The solution supports many different data usage patterns for clients who will benefit from compliant, consistent, and reliable data. The data is primarily collected from ESMA, which ensures that clients are compliant with their reporting back to ESMA. Using the same data source leads to more consistency in the usage of data. When data is corrected in the primary source, every component using that data will get the newest data available.

Better Reporting and Risk Management under Solvency II

With the REGTECH DATAHUB's Solvency II data and the solvency hierarchy module, CMP has developed a system targeting the insurance and pension sector, making it easy to report LEI codes and ultimate parent LEI codes for all investments. Based on ISIN codes, this module returns LEI codes and ultimate parent LEI codes as well as the tree structure of LEI codes throughout the issuer hierarchy up to the ultimate parent issuer LEI code.

More importantly, the solution provides the correct data for an automated daily calculation of the concentration and counterparty risk within the Solvency II standard model, using ultimate parent LEI codes as a single name exposure aggregation key. With hundreds or thousands of investments, and with investments in companies with deep ownership structures, it is not a trivial task automatically to find the way from single investments to the LEI code of the direct issuer, and finally to the LEI code of the ultimate parent issuer.

The REGTECH DATAHUB's Solvency hierarchy module performs this task in an instant and subsequently makes it easy to integrate with existing systems - either by file exchange or API requests. The only requirement is a list of ISIN codes for the solvency hierarchy module to return issuer LEI codes and ultimate parent LEI codes.

Improved CRR II Efficiency by Using REGTECH DATAHUB

The CRR II module draws on international (GLEIF) and national business registers with ownership data and combines those. This avoids the problem that national registers do not handle cross-border ownership, and that GLEIF's registers lack parts of hierarchies not having LEI codes. The ownership proportion appears for each item in the returned hierarchy. The hierarchy can be enriched with other information, for example industry codes.

The module supports proper identification of the bond portfolio in the capital statement. This ensures that bonds – where the issuer and counterparty risk cannot be correctly identified – are not given a risk weight that is too high, and in this way capital is saved. Additionally, with RegTech DataHub you can identify the counterparty risk, achieving a reduction of tied-up capital.

Credit hierarchies for both issuers and debtors

The credit hierarchy module receives an identification of a customer - using either a LEI code or a national company ID - and returns a hierarchy of business identifications consisting of LEI and national identifiers such as CVR or other national identification.

The module creates and maintains accurate and complete credit hierarchies to support the credit rating of a given business commitment. Similar to the CRR II module, this module also draws on international (GLEIF) and national business registers.

Future development - incorporating ESG Data

The Sustainable Finance Disclosure Regulation (SFDR), imposes new transparency and disclosure requirements on financial market participants and will require all companies to publish ESG data, which the RegTech REGTECH DATAHUB will be able to collect through use of technologies as AI and ML.

If European MiFID Template (EMT) 3.1 and 3.2 makes ESG data available, this will be included in the RTDH.

EXAMPLES OF DATA

The figure below shows the different types of data REGTECH DATAHUB generates within four of the modules:

MIFID	SOLVENCY II	CRR II	CREDIT HIERARCHIES
• IsinId	• ISIN	• Issuer LEI	• Issuer LEI
• IsinFullName	• Instrument Name	• Issuer Name	• Issuer Name
• TradingVenue MicCode	• Exchange Traded (Y/N)	• Parent LEI	• Parent LEI
• TradingVenue Name	• Contract Size	• Parent Name	• Parent Name
• CfiCode	• Instrument Currency		• Parents parent LEI
• ToTV & uToTV	• Trading in units/nominal value		• Parents parent Name
• Issuer LEI	• Instrument type		• UltimateParent LEI
• Issuer Name	• Maturity date		• UltimateParent Name
• UltimateParent LEI	• Currency codes		
• UltimateParent Name	• CIC		
• Complex	• NACE		
• Leveraged	• LEI		
• Exemption Shares			
• SI thresholds			
• RTS 28 liquidity categorisation			
• Target market			
• Costs			
• ESG (Disclosure)			

FOUR KEY ADVANTAGES
OF REGTECH DATAHUB ©

1

Compliant

The customer purchases the software which generates the data. The customer therefore owns data and is not subject to restrictions on licensing

2

Only One Data Source

REGTECH DATAHUB collects data from many sources and delivers them in a simple and easily accessible structure facilitating implementation

3

STP Generates Less Errors

Many data sources in different formats are combined into a simple structure. Reporting can therefore be made on the basis of consistent data

4

Cost Saving

REGTECH DATAHUB is rented as a piece of software with a fixed annual rent regardless of the consumption of data

CONCLUSIO N AND A LOOK INTO THE FUTURE...

Your Data

The challenges of complying with the regulations for storing and distributing data from data vendors have been solved with REGTECH DATAHUB. These are your data, and they can be used freely and stored with other data.

Control

REGTECH DATAHUB ensures transparency about the algorithms that control various markings, so that the customer can influence the markings in relation to business model and customer type.

Risk Management

REGTECH DATAHUB allows usage of information on issuer and issuer hierarchy to manage counterparty risk and register "Ultimate Parents".

Financial

In a time with constant focus on costs, REGTECH DATAHUB provides significant savings on data acquisition costs.

1B RECORDS	**66M** ISINS	**945** TRADING VENUES
139,000 SI/DVC CALCULATIONS	**36M** OTC DERIVATIVES	**2,1M** LEI-CODES

WHAT TO EXPECT IN THE FUTURE ?

In the future, more data like ESG data will be required not only for regulatory reporting purposes but for the ordinary banking business. Evaluating clients' loan applications will include the use of ESG data. We are already looking at ways of using new technologies to add the raw ESG data provided by the issuers and companies themselves to the RegTech Datahub.

Furthermore, we believe that for various uses we can provide data structures, transparency and business clarity that simply does not exist in the market yet.

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For more infomation please visit

www.regtechdatahub.com   or   in

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