



# MiFID II: ARE YOU COMPLIANT?

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MiFID II focusses additionally on the buy side of transactions and places new obligations on organisations to further document when and how their transactions take place, looking at the framework of trading venues/structures in which financial instruments are traded.

With substantial penalties promised for non-compliance with key areas of the legislation, including call recording, it's clear that the changes can't be ignored.

The importance of the regulation to all kinds of financial businesses is not in doubt, neither is the impact its implementation will have on the industry. The question comes when we look at how companies are making their compliance investment work. Looking at where they choose to prioritise capital and the types of systems they put in place will determine how they perform in the years to come.

So, how can your company turn the need for compliance into an opportunity to use the data collected into a powerful tool for your business to function even more effectively?

**Heres how....**

## OVERVIEW

Current readiness	P3
Recording - what's required?	P4
Key considerations when choosing a recording supplier	P6
Beyond compliance	P7
What makes us different?	P9
Our process	P10

## CURRENT READINESS

MiFID II has a number of key objectives comprising:

- 1 Increased investor protection
- 2 Alignment of regulation across the EU in certain areas
- 3 Increased competition across the financial markets
- 4 Introduction of reinforced supervisory powers

To meet these aims, MiFID II contains a broad range of complex provisions.

These include:

### ➤ Protection for investors

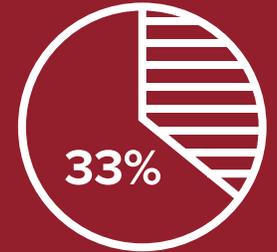
MiFID II aims to introduce significant controls to avoid conflicts of interest that encourage greater transparency before and after sales take place and to prohibit commissions payable in respect of investment advice and portfolio management.

### ➤ Business procedures

MiFID II provides for increased powers of supervision, coordinated with the European Securities and Markets Authority (ESMA). This means that interventions will be permitted on both a pre and post execution basis, with wider general powers to oversee governance processes and to intervene where deemed necessary.

### ➤ Organisational implications

MiFID II further emphasises the importance of compliance, audit and risk management functions, in production and marketing of new financial instruments, reporting and conflicts of interest. Measures to prioritise the interests of clients and the integrity of the financial markets see more robust requirements for management functions.



**1 in 3 financial services professionals surveyed\* didn't feel prepared for MiFID implementation**

\*The study was conducted by Red Box Recorders in partnership with Censuswide research agency speaking to a sample of 100 IT decision makers and senior compliance managers across the UK

## RECORDING: WHAT'S REQUIRED?

MiFID II gives direction on the recording and storage of communications laying out the obligations for financial services organisations to ensure their compliance with the regulations.

### WHAT THIS ACTUALLY MEANS FOR RECORDING

#### RECORDING



Investment firms must arrange for records to be kept of all services, activities and transactions undertaken including recordings of telephone or electronic communications.

Such telephone conversations and electronic communications shall also include those that are intended to result in transactions.

#### STORAGE



The records kept must be provided to the client involved upon request and shall be kept in a durable medium for a period of five years and, where requested by the competent authority, for a period of up to seven years.



**1 in 13 surveyed\***  
currently have  
no systems in  
place to record  
and capture  
their communications



## RETRIEVAL



The records shall be retained in such form allowing reconstruction of each key stage of the transaction. It must be ensured that records can't be manipulated or altered. Organisations must also ensure data allows IT or any other efficient exploitation when the analysis of the data cannot be easily carried out due to the volume and the nature of the data.

## MONITORING



The monitoring of records of relevant telephone conversations and electronic communications is necessary to assist the firm in ensuring that it is meeting the recording requirements and also adhering to its wider regulatory obligations under MiFID II including the deterrence and detection of market abuse.

## REVIEWING



The monitoring should be conducted regularly and when necessary on an ad-hoc basis. Due regard should also be given to any emerging risks.

# KEY CONSIDERATIONS WHEN CHOOSING A RECORDING SUPPLIER

With these key obligations of the directive established it is crucial that financial services institutions pay close attention to how MiFID II will actually affect the day to day running of their business and how they will ensure that the rollout of a communications recording solution is not only a simple process, but also reliable.

[Click here to find out more](#)

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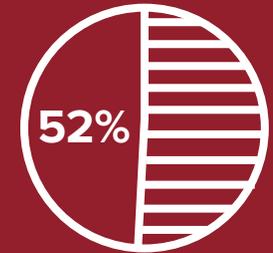
## BEYOND COMPLIANCE

The main driver for implementing the changes that are contained in the MiFID II legislation is to ensure compliance but it doesn't have to be seen purely through the lens of obligation.

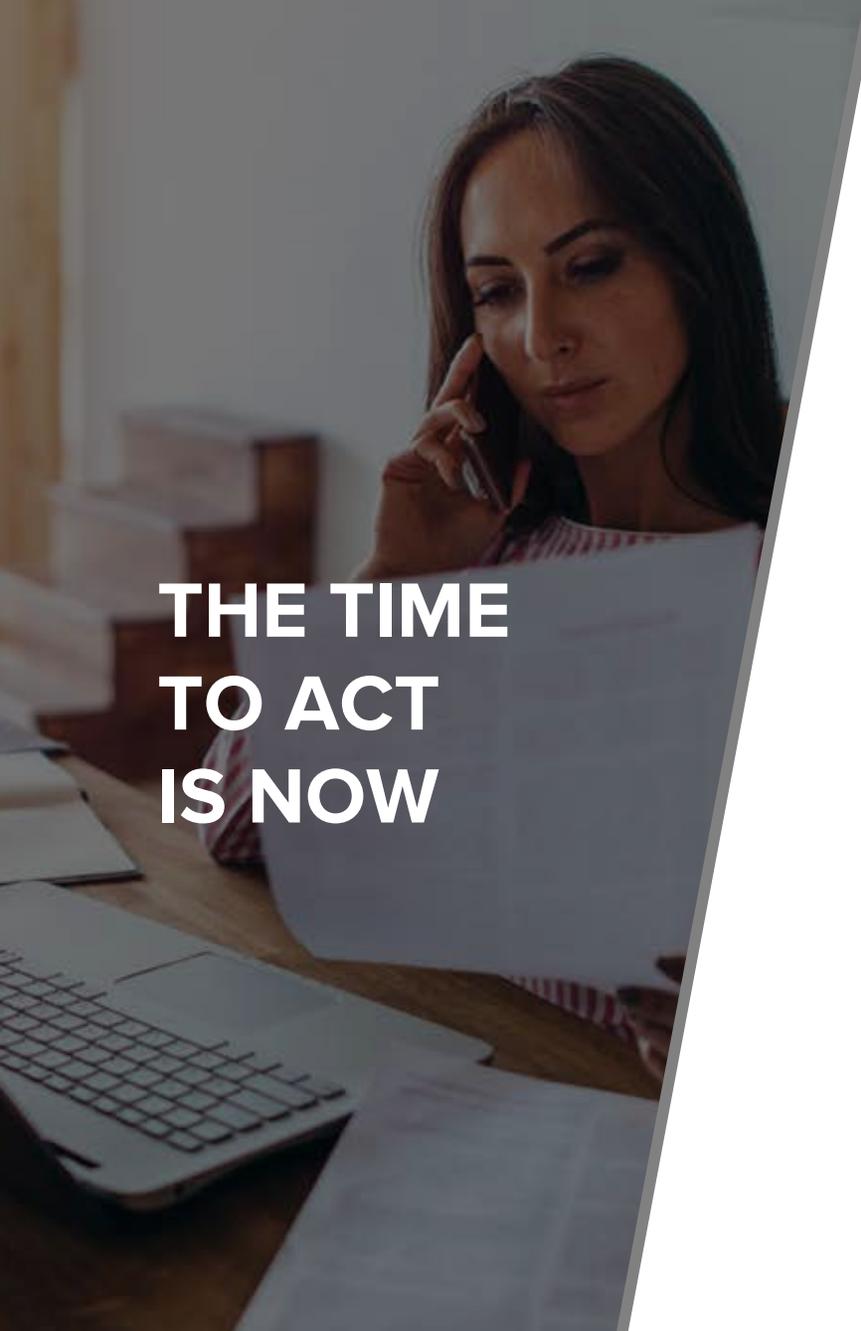
Many businesses are already taking the chance to look at how they can turn their compliance investment into an opportunity by:

- ensuring they take this time to bring their systems up to date with the latest developments and beyond
- looking at how they can use the data they are collecting to help run their businesses more effectively and better serve their clients

Technology such as transcription generates large structured data sets full of insight that would traditionally only have been accessible by listening, which is time and resource heavy. Transcribed call data can improve how organisations meet the MiFID II regulations by increasing the number of calls audited and speeding up the process of reconstruction, however it also provides a consolidated data set that can be utilised for highly valuable business intelligence.



**Over half of individuals surveyed\* have extensive plans to invest in technology and infrastructure to meet compliance**



## THE TIME TO ACT IS NOW

Our industry leading systems allow you to integrate with global compliance archiving and analytics platforms through our partners, allowing you to unlock the insight in your data.

Businesses need to consider what data will help them to operate more effectively. What are the kinds of information that will help them to not only flag issues and deal with them effectively, but also to evolve the way they work as an organisation to stop problems before they arise.

By turning the compliance requirement into an opportunity to transform your communication systems and leverage valuable data insight, MiFID II becomes a chance to drastically improve the way financial services organisations around the globe operate.

## WHAT MAKES US DIFFERENT



### Compliance

We understand the regulatory landscape and can ensure you meet these requirements



### Capture everything

Back office, front office and mobile



### Seamless integration

With leading archiving and analytics solutions



### Highly accurate transcriptions

Audit 100% of call and tap into the consolidated data for insight, fraud detection and risk management



### Simple and quick

We can manage the entire process to deliver compliance to you within six weeks



### Assured recordings

Our experience and platform availability means we can be entrusted to deliver for you with 99.999% assured recordings



### Risk reduction

Our products reduce the risk of disruption to your business



### Future proofed

Our systems are designed to evolve and adapt to future developments to reduce your ongoing investment

## OUR PROCESS

### ➤ Step 1

Our team will hold a discovery session to discuss the telephony systems already in place and explain the process of implementing new technology. They will also pinpoint exactly what solutions you need to ensure compliance with the internal compliance team to ensure a bespoke package is agreed for your company with clear actions and timings.

### ➤ Step 2

Once agreed, you will be assigned a project manager who will host a kick off meeting and ensure all milestones are agreed and feasible.

### ➤ Step 3

Our experienced testing team can go through each solution to ensure your system is working correctly and ensuring communication compliance for your company.

#### About Red Box Recorders

Red Box Recorders is a leading provider of communication recording solutions to store, retrieve, and analyse voice, IM, video and data for policy and legal compliance, fact verification, business investigation and quality monitoring. The company's Quantify Recording Suite is trusted by leading organisations across financial, contact centre, government and public safety sectors, including the world's top 6 banks, 85% of global interdealer brokers and nearly 70% of UK police forces.

Designed to be reliable, easy to use and swift to deploy, Quantify integrates seamlessly with established telephony, UC, mobile, trading, radio and contact centre platforms to deliver the reliability and functionality needed to meet strict compliance regulations and standards around the world. Red Box has offices in the UK, USA, Hong Kong and Singapore and is supported by a global network of partners to deliver high levels of service and support. For more information visit [www.redboxrecorders.com](http://www.redboxrecorders.com).

**Contact us today to discuss your communications compliance requirements on 0333 123 2 123**

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