Regulatory spaghetti

Regulator ready

Easing the strain of regulatory compliance with ready-to-consume data

Investor protection
- PRIIPs
- MiFID II

Tax
- FATCA
- IRS 871(m)

Risk
- PEP AML
- Sanctions

Reporting
- CRS
- Solvency II

SECOND EDITION
Foreword

Welcome to SIX

Recent years have seen financial institutions race to meet the deadlines of many transformative regulations, reshaping transparency, investor protection, and tax as we know it. With a number of the key regulations now in place, a new opportunity arises.

In the rush to the finish line, many focused solely on the data required to tackle each regulation – aiming for “Minimum Viable Compliance,” without considering cost implications or long-term strategy. But the question becomes one of efficiency: how can firms manage their compliance processes so that they operate in a more streamlined and scalable manner?

Future successes will rely on flexibility: having the right data, in the right place at the right time.

And that means asking more of your strategic data vendor to eliminate the costly and complex integration of multiple vendors and manual workarounds. At SIX we help you focus more on your business, your clients and how you can stand out, rather than on costly and unnecessary data management.

You can rely on our expertise in managing vast pools of data and integration to deliver high quality, business critical information. And with our long history of innovation, an eye towards the future, and a solid reputation as one of the highest quality companies in financial information, we are in the perfect position to help you now and in the future.

For too long, data has been seen by businesses as a commodity, low octane fuel to feed their systems without due consideration for its quality and value. At SIX, we believe that information should be leveraged to its full capability to achieve your business goals. It’s this belief that compels us to provide you with on-time, high-quality data when and where you need it.

How you manage data and compliance processes in this “post-deadline” moment is critical. Trust SIX to help you transform regulatory compliance from a one-time obligation into an everyday driver of business value.

Phil Lynch,
Head Markets, Products & Partners
Harnesing the power of investor protection data

Compliance that drives business

The arrival of MiFID II and PRIIPs has coincided with the financial industry’s next great leap into the digital age. Compliance is evolving, with automation and intelligent technologies transforming static processes into dynamic, flexible and proactive activities that drive business value. Regulatory data is the key - the way that information is sourced, utilized, and exchanged will define whether the next wave of investor protection mandates burden or benefit your business.

Moving beyond MVC

Historically, compliance has been rigid, deadline-driven and costly. Firms have typically addressed regulation through “minimal viable compliance” (MVC), in other words: devote a specialised team, check off the boxes, move on, and repeat. Today, the new regulatory ecosystem stands to promote flexibility, a proactive focus and, ultimately, enhanced customer value. Everyone in this ecosystem must collaborate to devise the efficient and expedient flow of information. For example, the interconnected nature of investor protection regulations calls for a different approach. It’s all about a more scalable, cost-effective strategy – instead of adding new data over and over again, firms can look to optimize their data processes to address multiple product governance, costs reporting, and transparency requirements.

MiFID II provides a concrete example. Product costs data can be utilized to identify and develop more cost-effective portfolios for clients, elevating the quality of service as well as a firm’s competitiveness.

With an eye towards the future

“Compliance has seldom looked beyond the next regulatory deadline. Yet in a digital age where financial institutions are looking to derive value at every touchpoint, regulatory compliance will evolve into a strategic exercise that taps into the power of data. And as the regulatory ecosystem becomes even more interwoven, firms will need to challenge their data vendors to give them what they need, how they need it, to ensure proper quality, consistency and completeness for this model to live up to its potential.”

Heiko Stuber, Senior Product Manager

Strategic investments

“The new model lends itself to the seamless customer experience that institutions are increasingly seeking to deliver. Regulatory data holds a wealth of intelligence that, when tapped, can give firms valuable insight into customers, products, and the marketplace which they can leverage to be one step ahead of any need. The main focus is no longer on avoiding regulatory issues, but on making a genuine investment in the future of the business.”

Alexander Dorfmann, Senior Product Manager

THE EVOLUTION OF COMPLIANCE

MINIMAL VIABLE COMPLIANCE

FUTURE COMPLIANCE

Source Integration

Reactive
Silied by regulation
Driven by regulatory needs
Data for purpose
Static

Proactive
 Scalable for multiple regulations
 Agile and flexible

VENDOR

VENDOR

Working for the business

Data for advantage

Source Integration
The future of compliance

SIX provides documents and data for the new investor protection ecosystem

Through our Regulatory Hub, SIX has built the foundation for investor protection compliance that delivers value for your business. We give you all the documents and data you need, ready-to-consume, connected to the wider regulatory community, and scalable for the future.
Global coverage, one trusted partner

Whether it’s an international or local regulation, SIX gives you complete support to scale your compliance program easily.

Under this EU directive, any alternative investment fund manager operating within the market must secure a passport for itself and each of its relevant funds. To meet the requirements, managers must regularly report on the liquidity, risk profiles and concentration of their portfolios. SIX provides you with the information you need to secure initial approval under the directive and helps you calculate asset and risk values for reporting.

To operate freely across the EU under this directive, collective investment schemes must ensure that they can measure risk at all levels. With SIX, firms have the data to track and report risk. Our data helps firms understand the linkages between derivatives and underlying instruments, instruments and issuers, and issuers to their parent organizations.

Looking ahead, the Swiss FIDLEG regulation will likely parallel some of the investor protection and transparency requirements that fall under MiFID II. It may also have a set of Key Investor Document (BIB) requirements similar to those mandated by other regulations. Though not set to be finalised until late 2018, SIX is already monitoring developments and collaborating with other industry participants to ensure swift and scalable compliance.

The value of SIX data
Consistent, ready-to-consume information for every regulation

Regulatory data is only as powerful as the context that’s added to it. With investor protection mandates, a single transaction can trigger a swathe of obligations. To stay ahead, firms need to be able to easily see the ramifications and link instrument-level data with various documentation and reporting needs.

SIX does the work for you. We develop tailored data packages that extract all relevant instrument information, including prices and conditions, automatically link it across multiple regulatory obligations, and deliver the data ready to use at the specific granularity needed.
Managing the regulatory burden

Staying a step ahead of sanctions

Political instability has accelerated the pace of new and revised sanctions. The ramifications are complex – compliance teams must quickly deduce how changes apply selectively to instruments, entities and individuals and ensure that corresponding data captures this to maintain the integrity of compliance processes and avoid the substantial financial and reputational penalties of making mistakes.

Managing this yourself is no simple task. SIX makes it easy. Our data and services turn a reactive, often painstaking process into a proactive, more strategic activity.

The SIX Sanctioned Securities Monitoring Service is a complete solution for monitoring, identifying and addressing the impact of sanctions. When something changes, the SIX team moves swiftly to help you stay compliant.

**Benefits**

- Lower cost and complexity of keeping data current
- Reduced financial and reputational risk
- Extensive coverage of national and international sanctions and watchlists
- Easy identification and access to “at-risk” securities and issuers
- Enables a more efficient deployment of compliance resources

A comprehensive, fast-moving service

Keeping you one step ahead

Sanctions moved quickly in the first half of 2018 – from the US publication of the CAATSA 241 list of Russian oligarchs and subsequent sanctions, to the withdrawal from the JCPOA. The complexity of linking newly-sanctioned entities, companies, individuals, and applicable securities was exacerbated by accelerated timeframes for compliance. Firms now not only need to react fast in the face of changes, but they also need to take a proactive view on exposure to sanctions and watchlists so they can take steps ahead of time where appropriate.

SIX automatically matches and validates sanctions lists against vast volumes of domicile, entity and beneficial ownership data to identify and flag the relevant instruments.

- Daily updates. Providing comprehensive daily lists of issuers and securities linked to domiciles, companies and individuals sanctioned by various global bodies, including the United Nations, European Union, US Treasury Department OFAC, HM Treasury (UK) and the Hong Kong Sanctions Regime.
- Pre-emptive identification. Pre-emptive identification of securities linked to entities or persons placed on watchlists, such as the US Treasury Department’s CAATSA Section 241 List. This helps firms be aware and responsive to future changes.
- Continuous monitoring. SIX captures and incorporates corporate actions with the potential to change the status of an instrument.
- Easy identification. Machine-readable data that plugs readily into downstream systems, ready for pre-trade screening, KYC and other compliance-related activities.

**Getting a grasp on sanctions**

- **260 new sanctioned instruments issued every quarter**
- **4,500 sanctioned securities listed on exchanges**
- **28,000 securities identified on sanctions and watchlists**

**Complexity and urgency**

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**SIX identifies and flags affected securities quickly**

- **Flagged 1200 entities**
- **860+ instruments**
- **Flagged 5800 entities**
- **800+ securities**

**Iraq sanctions**

**Russian additions to US CAATSA section 241**

> Looking ahead, staying alert

“The fast pace of sanctions activity heightens the risk of non-compliance for any firm that isn’t nimble. These days, preparation is essential. Having a strong understanding of those entities and individuals at risk of sanctions or other punitive activity – and not just those that have already been sanctioned – will enable firms to move briskly and effectively when the time for action comes.”

Oliver Bodmer, Senior Product Manager
Managing the regulatory burden

Don’t get tangled up in tax

When it comes to jurisdictions, securities, and tax exposure, asset managers have more to manage than ever. SIX frees you from these challenges. We deliver timely, complete and granular data that encapsulates actual and potential tax implications, supporting compliance and giving you the information you need to best advise your clients.

Section 871(m) of the U.S. IRS code states that tax must be withheld for non-U.S. investors on dividend-equivalent payments from any instrument (such as derivatives) linked to U.S. equities. Currently in a limited period of enforcement, this statute is already proving difficult to manage and will pose increased challenges for institutions when it comes into full effect in 2021. While it covers many types of securities, the rule only applies to an asset if its “delta” ratio crosses a specific value. Identifying whether or not a transaction falls under the rule requires complete and up-to-date data that accurately captures financial instrument reference data, eligibility information, timing and values of underlying dividend payments as well as issuer-confirmed product information.

Complete information to simplify your tax compliance

With SIX data, capturing and updating information on fast-moving global tax responsibilities is effortless. We untangle the complexities of identifying cross-border requirements for instruments, issuers or individuals to drive your monitoring, withholding and reporting processes forward.

REGULATION-SPECIFIC SERVICES
SIX provides specialized data services for various global tax regulations, including 871(m), FATCA and EU Financial Transaction Tax regimes. SIX also supports country-specific transaction tax requirements.

CLEAR CLASSIFICATION
Coping the strength of its data capabilities with its regulatory expertise, SIX identifies every instrument that falls under a specific mandate, helping you easily grasp the universe of applicable securities and liabilities.

AGGREGATION AND CALCULATION
SIX gathers and aggregates data to get a true picture of an instrument’s construction and determine whether it applies to regulatory initiatives, based on rules and calculations.

CONTINUOUS UPDATING
From dividend payments to corporate actions, SIX captures all events that may impose a change to an instrument’s tax liability. We continuously update our lists of flagged securities, providing firms with the most up-to-date information.

PRIMED FOR PROCESSING
SIX data is structured and formatted to plug seamlessly into your compliance processes. In addition, flexible data delivery interfaces ensure your teams get data how and when they need it.

Benefits
- Complete data to support ongoing compliance
- Extensive support for international/regional/national tax requirements
- Reduced cost and complexity, especially with identification
- Ability to identify and utilize tax efficiencies

“Turning complexity into advantage

The intertwined nature of international, regional and national tax schemes can create sizable risks - or pave the way for a competitive advantage. Those firms that take a more unified approach to managing tax requirements will gather a more complete picture of how domiciles, income taxes, and other factors affect the tax efficiency of a security. Managers will have the means to better identify instruments that are much more cost-effective to investors, elevating the quality of service.”

Jürg Stalder, Senior Product Manager
Cement a secure foundation

The SIX services are built upon value-added reference data that helps you enhance the quality, speed, and efficiency of your pre- and post-trade activities.

Premium Fund Data: Typical data isn’t enough in a typical marketplace. SIX specially certifies fund data that is enhanced with additional tax and regulatory content. This list of premium data grows every day, encompassing more funds and markets than ever. The detail and quality of this data further ensures the integrity of your compliance and investment decisions.

Unrivaled Corporate Actions Coverage: Stay on top of every critical corporate action with SIX’s award-winning service. We rapidly incorporate stock splits, spinoffs, redemptions, and dividend payments into our data to power accurate cash management, income distribution and portfolio management processes. The service also keeps you abreast of ownership structure changes, helping you remain compliant and up to date with all tax reporting and withholding obligations.

Clean structure enhance data

The SIX data factory

Rigor, detail, and flexibility that create value

Reference, pricing and corporate actions data of the highest caliber doesn’t simply arrive that way. SIX cleans, structures and enhances data, turning it into powerful, trusted information that generates maximum impact. More than just quality, we measure the completeness, accuracy, and timeliness of our data. The strength of our information underpins every one of our services.

COLLECTION AND AGGREGATION
To create a truly authoritative database, we gather data of all sorts, including:
- Market
- Pricing
- Corporate actions
- Tax
- Regulatory
- News

TRANSFORMING RAW DATA INTO READY-TO-CONSUME INFORMATION
- Data consolidation
- Data completion & correction
- Data standardisation
- Data analysis
- Data updates
- Data value change

FLEXIBLE DATA DELIVERY
- Tailored, easy-to-integrate feeds
- Batch files, ready for instant processing
- Intuitive desktop and mobile GUIs, set to the business user

THE RESULT: ACCURATE, COMPLETE AND CONSISTENT DATA, DRIVING VALUE ACROSS THE BUSINESS
- Enhanced business and regulatory reporting
- Streamlined operations, fewer manual errors
- Strengthened tax and regulatory compliance
- Efficient securities administration
- Greater support for investment decision making
- A more cost-effective approach to data, reporting and compliance

Data you trust
SIX Flex: reimagining data delivery

Question: Would you use a fire hose to fill a glass of water?
Financial data in its raw form can be a bit overwhelming. As part of our reference data feed alone we report on roughly 4,600 reference data markers for millions of securities. Layer on top of that the market data and you have about 6.7 billion data points that are reported on a daily basis.
SIX Flex is your tap for delivering the financial data you need. The application satisfies your thirst without drowning your business teams.

Benefits

✔️ Only the data you need
Data packages are tailored for specific business use cases, from individual regulations to corporate actions. Our packages are equipped with every data field, making it easy for you to process transactions.

✔️ Ready to use
Gain immediate access to your content and reduce your integration costs. Data packages are easy to integrate through CSV flat files.

✔️ Giving you control
Dictate when and how your data is delivered. Monitor how data is being consumed and utilized with ease.

Corporate actions packages, encompassing various levels of detail. Cross Reference and Corporate actions packages, encompassing various levels of detail.

Specific packages for compliance data, such as MiFID II Investor Protection and Transaction Reporting.
Capture automatic updates to relevant instrument and entity information.

SIX iD: intelligent display, intelligent use

Question: How quickly can you make a critical business decision?
Regulatory data provides a wealth of business opportunity. But when time has to be spent sifting through data, the window for opportunity slams shut.
SIX iD brings the intelligence straight to your screen. Our intuitive display shows you the data, helping you see the opportunity and act fast.

Benefits

✔️ Suited to you
Arrange information so you can access what you need. Tailor your workspace with easily customizable, independent windows.

✔️ Get more from searches
Take action swiftly and confidently. Load quotes, charts, summaries and more directly from your searches. Drag and drop identifiers between windows.

✔️ Prioritize for opportunity
Put your critical data first. Set up workspaces to remain visible when you switch workstations. Prioritize windows to sit above other applications.

Full Package:
The intuitive display and wealth of data from all of our services will ensure you are well-equipped with the information you need to make decisions. Customize your SIX iD with additional third party providers, or pick from one of the pre-packaged offerings.

Wealth Management Package: This is designed to meet the needs of financial advisors by providing information to support investment decisions.

Reference Package: This easy-to-use platform designed for securities management professionals houses powerful search functions for securities.

Asset Management Package: The added international news service and market data help ensure you are fully prepared for your investment decisions.
SIX Regulatory Navigator

About SIX

SIX operates and develops infrastructure services in the areas of securities, payment transactions, and financial information with the aim of raising efficiency, quality, and innovative capacity across the entire value chain of the Swiss financial center.

FINANCIAL INFORMATION AT SIX

Data you trust
A long-standing leader in financial information, SIX has continually invested in developing data and services that help institutions transact and engage with confidence and make more informed decisions. We are driven to help institutions navigate the intricacies of today’s markets and regulation while building a viable path for future growth.

INNOVATION
Our culture of innovation means our teams are constantly exploring the value of new ideas. Our dedicated strategic business unit is always looking at integrating new technologies, such as AI and blockchain, into the business.

EXPERTISE
SIX regulatory teams have a deep understanding of over 60 business-critical regulations and the potential impact for your firm. Through our global and local expertise, we keep you and your data one step ahead of the latest mandates.

STRENGTH
SIX is industry-owned, with around 130 institutions standing behind the company as shareholders. Together, we hold ourselves to a higher standard of quality, governance, and service in pursuit of a shared mission to elevate the power of financial data.

VALUE-DRIVEN
SIX advocates connected communities to drive product enhancements and future product offerings. We do this by working collaboratively and setting up working groups with parties throughout the regulatory ecosystem to develop services that are attuned to growth and scalability.

DELIVERY
SIX ensures that your data and services are ready to consume for easy integration to your business processes. We save you time, energy, and cost by automating information flows and providing multiple delivery formats to best serve your needs.

AWARD-WINNING DATA
For over 85 years, SIX has been innovating and developing new value-added services by growing its quality and range of reference and corporate actions data. We look at industry problems that we can solve by leveraging data to drive that solution or by creating new ways of working together such as the Regulatory Hub. We are proud that the industry has recognized our efforts through the following awards:

Waters Technology Sell-Side Tech Awards:
- Best Data Provider for the Sell-Side (2018)
- Best Sell-Side Technology Provider of the Year (2018)

FTF Awards:
- Service Provider of the Year (2018)

Goodacre Systems in the City Awards:
- Market Data System (2018)
- Excellence in Data Content Management (2018) – Dominique Tanner
- Best Corporate Actions Data Service (2017)

Quality comes first

The world’s leading institutions rely on SIX because of our commitment to delivering financial data of the highest caliber. Our award-winning data feeds are comprehensive and consistent, ensuring the integrity of your trading and reporting.

Reference Data
The SIX securities database is one of the world’s most powerful, linking the vast, comprehensive universe of data elements – including entities, terms and prices – associated with tens of millions of securities.

Pricing Data
Accurate securities pricing and valuation, derived from reference and market data from over 1,500 sources and delivered in near real-time.

Corporate Actions Data
Automatically captures all details on splits, mergers, dividends, and other corporate actions for global securities, structuring this information for easy use and processing.

From aggregation to delivery, SIX continuously runs a detailed set of quality checks to ensure that data is complete, up to date and always ready for immediate use.

Capturing a wide range of asset classes, covering global, national and local markets.

Structuring and harmonizing data into standard formats, tailored for various delivery channels.

For over 85 years, SIX has been innovating and developing new value-added services by growing its quality and range of reference and corporate actions data. We look at industry problems that we can solve by leveraging data to drive that solution or by creating new ways of working together such as the Regulatory Hub. We are proud that the industry has recognized our efforts through the following awards:
Consistent Regulatory Data