

Smart Data for Markets in Financial Instruments Directive (MiFID) II

Challenge	Solution	Benefit
Assess sell side research providers and justify to clients all research spend	FactSet DMS and FactSet RMS	Easily connect and report on disparate sources of information

MiFID was implemented by the European Union in 2007. It is the keystone of the Financial Services Action Plan that outlines pre- and post-trade transparency and capital requirements, with the intention of integrating the EU's financial markets. In 2011, the European Commission published a proposal for MiFID II to further reduce risk, strengthen the markets, and guarantee full-bodied investor protection. The adoption of MiFID II is expected to take place in **January of 2018**.

The overall goals set out by MiFID II follow three key themes:

1. **Theme One** – Increase investor protection
2. **Theme Two** – Increase competition across the financial markets
3. **Theme Three** – Introduce reinforced supervisory powers to regulate, supervise, and audit the markets

Challenges

Those subject to MiFID II regulation are likely to encounter a number of challenges related to the way they collect, manage, and report data associated with their operations.

- **Unbundling:** As part of MiFID II, asset managers will be required to establish an annual research budget with the option of paying completely out of pocket or via Research Payment Accounts. Managers must also be able to justify their research costs with the providers to their clients.
- **Market Data/Reference Data:** All entities participating in transactions are further required by MiFID II to identify themselves and obtain a Legal Entity Identifier (LEI). The bottom line challenges are around increased obligations and scope for reporting.
- **Investor Protection:** Those subject to MiFID II must have access to all of the necessary instrument-level reference data immediately and report on it on a real-time basis.

All entities participating in transactions must identify themselves and obtain a Legal Entity Identifier. Having a complete list of legal entities and the associated meta-data is a requirement. The challenges it presents are:

- How to obtain a full/consolidated list of registered LEIs
- How to map these records to internal databases
- How to obtain a wider list of meta-data for these legal entities for a variety of processes, including KYC and counterparty exposure analysis

With current count of 400,000+ Legal Entity Identifiers (LEI) currently registered, one needs to stay on top of the latest list of legal entities and the most up-to-date information available on them.

FactSet Data Management Solutions (DMS) and FactSet Research Management Solutions (RMS)

DMS for Regulatory Reporting

Take advantage of FactSet as a single source for your regulatory reporting needs and alleviate the burden and cost of managing multiple data sources.

Rely on FactSet Data Management Solutions (DMS) to manage the linkages and hierarchies between entities, securities, people, and funds. FactSet DMS uses a hub-and-spoke model to connect disparate sources of information using a single entity identifier. This entity-centric model, along with FactSet's common symbology, provides a foundation to integrate and manage reference and market data while optimizing the organization of your firm's internal content assets, as well as third-party data.

FactSet DMS will find, aggregate, and connect data including:

- Industry standard IDs
- Instruments reference data
- Legal entities reference data

Security and entity reference data contains between 103 regulated markets (RMs) and another 151 multilateral trading facilities (MTFs) currently published by ESMA. FactSet DMS has over 4 million+ entities in its database and can provide up to 120 basic data items. It can then be complimented with other FactSet Content, such as Sanctions and Ownership.

Smart Data

FactSet provides essential security and entity reference data items across a broad collection of securities:

- 8.2 million+ securities linked to 396,000+ issuing entities, with data going back to 1978
- 4.2 million+ business entities, with over 1.7 million entities involved in over 296,000 unique parent subtree hierarchies

FactSet integrates thousands of FactSet-sourced and third-party databases to provide a robust market data solution that combines global coverage, deep history, and unparalleled transparency.

Flexible Data Delivery

Choose to receive information from a variety of data delivery mechanisms to populate financial portals, intranets, CRM systems, and other business applications. FactSet offers a variety of standard packages based on region and data items, as well as the ability to filter based on specified criteria, including universe and history. Comprehensive schema descriptions provide a blueprint to help you maintain a local copy of FactSet's proprietary content. Take advantage of our DataFeed Loader to download files and update local databases based on your needs.

FactSet RMS

FactSet Research Management Solutions (RMS) and Broker Research give you the tools to assess the value of the services you receive from your research providers. Readership statistics, alongside your internal rating of broker research and corporate meeting access, will help you justify your costs to your clients for research services provided by all of your providers. Incorporate this analysis as part of your workflow for documenting research performed on investment ideas.

Industry-Leading Client Service

All FactSet clients have unlimited access to a team of FactSet consultants and product specialists. As part of this service, FactSet can provide dedicated concordance support to help you manage your coverage universe. From small requests to complex tasks, you can rely on FactSet as a technology partner, with 24/7 phone, email, and instant messaging access to our Support Desk.

To learn more about FactSet's Regulatory Solutions please email us at sales@factset.com.