

data management summit

FROM **A-TEAM**GROUP



London

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Event Review



A-Team Group Data Management Summit

Exceptional speakers, inspirational content and a great opportunity to network

A-Team Group's London Data Management Summit was a huge success, with hundreds of delegates from financial institutions enjoying presentations covering everything from the evolution of the Chief Data Officer (CDO) role to the unfinished business of Markets in Financial Instruments Directive II (MiFID II), the outstanding data management challenges of General Data Protection Regulation (GDPR), and the real potential of technologies including cloud, machine learning and artificial intelligence.

Andrew Delaney, chief content officer at A-Team Group, hosted the Summit and in his opening remarks said financial institutions are 'coming out of the winter of the credit crisis and beginning to exploit data'.

The event's first keynote speaker, Gary Goldberg, CDO at Mizuho International, echoed Delaney's view with a compelling presentation covering the use of data to bring business together, a move

from data governance to analytics, the evolution of the CDO role to version 4.0, and the need for all investments in data management to deliver operational gains.

Goldberg said: "There are huge opportunities in our industry that are waiting to be tapped. We now have the tools for the task and the CDO 4.0, a strategic partner to the business who is using data science and analytics, acting as an internal consultant to drive business strategy and seeking profitability."

He noted that data provides power and with it comes responsibility, including identifying problems to be solved, considering the questions of 'why' and 'so what' before investing in data management tools and processes, and using data to drive profitability.

Goldberg went on to describe the future of the data office as a facilitator of change and process innovation using data to unify business



functions and data flows as business flows. He summed up: “Data will drive business process improvement. The data office will become an internal consultancy, answering business questions as a partner rather than as a service function. It will also drive value for the business and business strategy. Data governance, quality and architecture are all important, but they are not strategic.”

Risk and opportunity

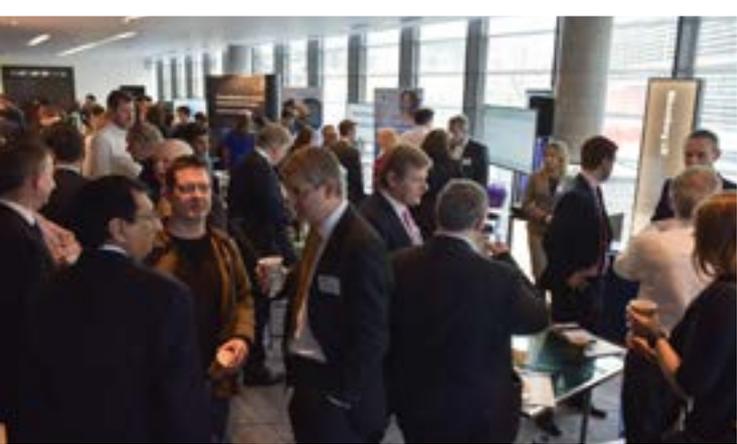
Following the keynote, a panel of CDOs touched on current and forthcoming regulation and discussed their role in turning data that is often seen as a risk into an opportunity, and making data work for the business. Delaney moderated the panel and was joined by Gary Goldberg as well as Naomi Clarke, head of data at GAM; Andrew Barnett, CDO at Legal & General Investment Management; Mahendra Jape, former data governance leader at GE Capital; and Marion Leslie, managing director, Enterprise, at Thomson Reuters.

The panel acknowledged that Day 1 of MiFID II on

January 3, 2018 was not too stressful and turned its attention to the data management challenges of GDPR, which takes effect on May 25, 2018, and the Securities Financial Transaction Regulation (SFTR), which is expected to come into play towards the end of 2019.

Responding to regulatory demand, Leslie noted the need for compliance teams to invest in skills and solutions, and focus on areas such as interpreting and implementing regulation, and capturing regulatory change. She suggested the Financial Conduct Authority’s (FCA) Project Innovate provides a useful baseline to benchmark regtech solutions.

Picking up on the innovation theme, Delaney questioned how CDOs can make a case for innovation when data is seen as a risk. Jape said the business case has to be based on increasing revenue, rather than on cost, and ‘eating the [innovation] elephant in small pieces’. Considering the meaning of a data driven culture, Barnett described a culture fuelled by data but led by customer demand.



Underlining the potential of data and innovation, a later panel moderated by A-Team Group editor Sarah Underwood and joined by Chris Johnson, senior product manager, market data at HSBC Securities Services; Sanjay Vatsa, head of Americas at AIM Software; and Sue Baldwin, vendor management expert and independent consultant, discussed how to harmonise data to provide a strong data management foundation and reporting capability.

Regulation

In a market characterised by regulation, the Data Management Summit reviewed the aftermath of MiFID II go-live and preparation for GDPR. Calling on the conference audience to share its views on these regulations, an audience poll questioning the most complex aspect of MiFID II delivery showed 57% of respondents citing interpreting and baselining the regulatory requirements, 41% sourcing, mapping and integrating required data, and 2% testing and integrating with industry participants and regulators.

A poll designed to found out how well prepared

market participants are to meet GDPR's May 25 compliance deadline showed 58% of respondents somewhat ready, 15% just starting projects, 12% not ready at all, 9% in the planning stage and just 5% well prepared.

MiFID II

MiFID II was in the spotlight during a panel discussion moderated by Delaney and including Meredith Gibson, counsel at Deutsche Bank; Richard Young, industry and regulatory relations, global data, at Bloomberg; John Mason, global head of regulatory and market structure propositions, Financial & Risk, at Thomson Reuters; David Lawlor, head of regulatory products at TP ICAP Data and Analytics; and Irina Sonich-Bright, director, global markets electronic products and head of business Development AES Europe, at Credit Suisse.

The panel described a push to be ready for the MiFID II compliance deadline last December 2017 – a month in which banks usually operate an IT change freeze – and great relief when all went well at go-live.



Mason quipped that his favourite MiFID II headline was 'The day of the MiFIDs', although it didn't work out like that. On a more serious note, he said the outcomes of MiFID II include more than a trillion new data points, changes to exchanges and trading venues, and increased dependency on market data. Considering the extent to which regulators may reconsider elements of MiFID II now it is in play, he suggested that any divergence from the intentions of the regulation, and any inconsistencies created in the market may require a regulatory review.

Mason also commented on the MiFID II Consolidated Tape Provider (CTP), saying that as regulators assess whether MiFID II is achieving its transparency expectations, the likelihood is that a CTP will become a mandatory demand rather than a request for an organisation to operate a tape.

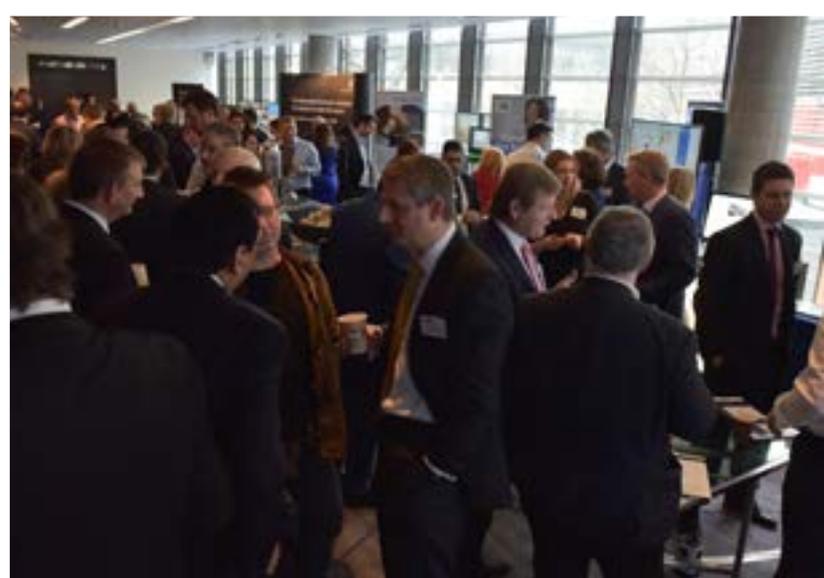
Ongoing data management challenges of the regulation were noted by the panel as managing new sources of data and data standards such

as the Legal Entity Identifier (LEI), although the European Securities and Markets Authority (ESMA) has postponed the required use of LEIs to June 2018; working with ESMA's Financial Instrument Reference Database (FIRDS), which is not intended to provide golden source data but is being used in that way as FIRDS data is not available elsewhere; the consistency of reference data; digitalising pre-trade quotes; and getting post-trade data right.

The conflict of MiFID II requirements to collect, manage and store huge amounts of data including personally identifiable information (PII) and the data privacy rights embedded in GDPR is also a cause for concern.

Looking forward at how firms will continue to restructure operations to improve their MiFID II response this year, Peter Moss, CEO at SmartStream RDU, focused on four critical issues:

- Remediation, to fill gaps and transition to full implementation including ESMA adjustments and additions



- Optimisation, to improve efficiency and effectiveness, take out costs, and ensure an implementation is robust, resilient and fit for purpose for the next 10 to 20 years
- Systemic internalisers (SIs), brokers may want to decide whether to become SIs before ESMA mandates which firms must be SIs this September
- Moving on from basic compliance, MiFID II requires a control framework to validate reporting.

GDPR

After a busy lunch break that was used well by delegates to network with colleagues and talk to solutions vendors, Garry Manser, head of data at governance at Visa, took the stage to moderate a panel discussion on the countdown to GDPR compliance. Panel members included Colin Ware, regulatory product manager at BNY Mellon; David Thomas, regulatory CDO and EMEA/UK/MENAT CDO at HSBC; Jesse Canada, enterprise data management strategic lead at ASG Technologies; and Sinéad McKeown, vice president of product management at Arkivum.

In response to an opening question from Manser about the challenges of GDPR, Ware said: “GDPR is about how you control, track and manage personal data. Identifying personal data and developing data lineage and governance for compliance are difficult. There is also the need to go back to the business to find out how data is captured and used.”

Thomas said HSBC would be ready for the GDPR compliance deadline and suggested firms that pull together personal data, work out how they will respond to data enquires, and understand the roles and responsibilities of regulation should achieve a minimal viable compliance solution. Whether this will be enough going forward remains to be seen.

Discussing the impact of GDPR on business lines and processes, McKeown noted the need to centralise personal data management to answer individuals’ enquires about their data and manage third-party risk. Canada commented on the requirement to gain consent to process personal data, which includes the ability to



show how data will be used and a transparent inventory of consent information. She concluded: “GDPR means organisations have to safeguard customers’ personal data as well as they safeguard their money.”

Innovation

Reflecting Delaney’s early comment on ‘coming out of the winter of the credit crisis’, innovation was a hot topic in the conference room, on the exhibition floor, and in a Data Innovation Showcase featuring The Investment Data Utility, Features Analytics and The Cyber Consultants.

At the leading edge, Chirag Patel, managing director and head of innovation and advisory solutions for EMEA at State Street Global Exchange and State Street Associates, presented on the potential and promise of artificial intelligence (AI). He described how emerging technologies could change the investment world and provided examples such as machine analysis to support predictive analytics and machine learning to assess risk exposure. He also said industry transformation will occur at two speeds,

with robotic process automation (RPA) being a quick and relatively cheap solution for efficiency and automated reporting, and more powerful innovation using AI to develop novel investment models taking more time. The potential of emerging technologies is vast, with Patel listing reduced costs, improved risk mitigation, revenue growth, maximised efficiency, and the ability to free up talented staff.

A keynote delivered by data consultant Mady Korada, covered a case study of machine learning for trade anomaly detection at an investment bank. The project included a cross-asset strategy, vendor beauty parade, narrow focus on data, checkpoints, proof of value and success criteria. The outcome, said Korada, is trade monitoring that detects anomalies faster, more accurately and closer to where a trade occurs.

Marion Leslie from Thomson Reuters presented an interactive keynote covering cloud trends and the challenges and realities of the technology. She noted six drivers of public cloud adoption:



- A push for value that can be enabled by new technologies used at lower cost
- The need for regulatory compliance
- A generational shift and the war for talent
- The pace of innovation that can be supported by quick and low-cost experiments in the cloud
- Cost pressure that can be eased by using cloud systems that can be turned off when not being used
- Investment in security by cloud providers on a scale that cannot be achieved in-house.

While these drivers provide potential business and operational benefits, Leslie warned that moving data from the basement to the cloud is not a fix unless processes are reengineered and taken to data in the cloud.

Ending the conference with more questions than answers, Tom Dalglish, CEO at GadgIT, led a final panel looking at how to harness alternative data and next generation analytics. The panel included Chirag Patel; Rado Lipus, CEO at Neudata; Gabe Arnett, head of data strategy

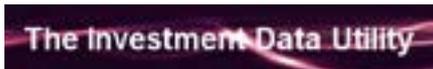
and data management at Moody's Analytics; and Paolo Puggioni, a machine learning data scientist at Schroders.

The panel defined alternative data as 'unusual, unexpected types of data' and noted about one thousand sources of the data, some of which are already being used by the buy-side and sell-side. Use cases of alternative data are emerging and financial firms taking advantage of the data are expected to benefit, but there is a caveat – for the moment at least, alternative data is not very mature, meaning it is difficult to map and integrate into existing data lakes. It could, however, turn market participants suffering from data overload into data overlords.

All in all, the A-Team Group London Data Management Summit was a great day, full of informative and inspirational content, and ending with a lively drinks reception sponsored by Thomson Reuters. Join us next time to stay ahead of the data management curve!



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Future Events:

Data Management Summit, New York http://bit.ly/DMSNYCSept18	20th September
RegTech Summit for Capital Markets, London http://bit.ly/RegtechCMLdn18	4th October
RegTech Summit for Capital Markets, New York http://bit.ly/RegtechCMNYC18	15th November

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Webinars:

Best practice approaches to digital transformation in the insurance industry	17th April
MiFID II revisited	19th April
Countdown to GDPR	24th April
How to optimise client onboarding, KYC and ultimate beneficial owner data	1st May
How to track usage for the market data services you pay for	10th May
How to maximise data sources created by MiFID II	24th May
The challenges of managing data for regulatory compliance and business performance	7th June
Solving the data management challenges of FRTB	19th June

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Handbooks:

GDPR	http://bit.ly/GDPRHB
MiFID II (Third Edition)	April
Data Lineage	June
Entity Data Management (Fourth Edition)	September
FRTB	September
Regulatory Data Handbook (Sixth Edition)	October

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