

# MARKET MAKER IMPROVES COMPLIANCE & RISK MANAGEMENT

## MARKET MAKER

Providing liquidity across major exchanges globally, and to institutional counterparties

### CHALLENGE

#### Rising Cost and Complexity of Compliance with Emerging Regulation

Faced with the increased venue scrutiny and reporting of the ratio of unexecuted orders to transactions (OTR) posed by MiFID II Commission Delegated Regulation (EU) 2017/566 to prevent disorderly trading conditions, the firm was challenged by the high cost and complexity of:

- Daily review of reports from over a dozen execution venues covering thousands of instruments
- Reactive compliance checking when each venue calibrated its own OTR limits and fines per instrument
- Multiple automated trading strategies that combine into a firm-wide OTR for each venue and product
- Creation of a consistent, proactive oversight without dedicating significant resources to develop predictive analytics and risk assessment tools

### SOLUTION

#### Continuous OTR Risk Assessment and Predictive Alerting

With zero overhead to trading systems, Corvil analyzed the firm's entire order flow across two high volume markets to provide:

- Streamlined firm-wide OTR measurements and calculations by dimensions of venue, market, instrument, and participant type
- Machine learning-powered analysis of per-instrument OTR behaviors and predictive forecasting and alerting of end-of-day violations
- Streamlined collaboration between compliance, business, and technology teams to identify strategy or performance changes to balance management of intraday compliance risk and execution outcomes
- Independent creation of venues' end-of-day per-market, per-instrument reporting, simplifying validation and reconciliation efforts
- Complete, forensic audit-trail record of all order lifecycle messages and analysis to simplify inquiry response
- Flexible, modern analytics platform with machine learning for diverse trading business intelligence use cases such as order flow analytics, operations, and quantitative analysis

### RESULTS

#### Eliminate Compliance Risks More Efficiently

- ↑ Number of proactively identified and managed compliance issues
- ↑ Staff productivity
- ↓ Mean time to respond to regulatory and client inquiries
- ↓ Regulatory tail-risk through delivery of continuous independent analysis
- ↓ Time to market / value relative to our solutions
- ↓ DevOps opportunity costs