Regulatory topics 2018.

Finding the whole in the detail and vice versa./Drone/Place unknown.

One of the repercussions of the crisis in 2008 was and is the re-regulation of the financial markets. This wave, which in the industry is often referred to as "regulatory tsunami", has peaked in the last few years. The most prominent example for this is MiFID II/MiFIR, which entailed projects with a duration of many years. Even though there is a legitimate reason to assume that this wave of re-regulation is over for the time being, and supervisory authorities and politicians like to consider and analyse the effectiveness now before new adaptations are carried out, in 2018 a not to be underestimated number of old and new topics are also to be addressed.

Together with our customers we put together an overview of these topics every year to ensure that analysis and implementation can be carried out in time and in a reliable way.

The issue of MiFID II/MiFIR is still relevant, as several topics with low priority still require some final touches. They include, for example, transaction reporting according to Article 26, for which in the area of corporate actions (reports for stock dividends with selection option) changes still occur as well as the reporting of securities financing transactions (simultaneous purchase and disposal of a financial instrument without change of the ownership of this financial instrument with the requirement for post-trade publication).

Securities financing transactions are at the same time the core of the SFTR. For its implementation, data model enhancements of repo/lending/collateral and the processing of new attributes in the reporting records are required.

Two additional topics from MiFID II/MIFIR are still being implemented until 2018: One topic is the optimised creation of documents for cost transparency via SDS MCOST and another one the taxation and posting of inducements to be transferred to the client. Inducements from the sale of financial products must be forwarded to the final customer under specific circumstances and are therefore subject to taxation. For these amounts determined outside of SDS GEOS, customer invoicing, posting, determination of CYT/non-resident taxation and loss pool adjustment (for Austria), customer reporting, output in tax reporting, CYT registration and automatic information exchange (via SDS IREG) are carried out in SDS GEOS.

Thus, solely with the fine tuning of MiFID II a significant work load has to be dealt with. In addition, there are the "usual" tax topics in Austria concerning non-resident taxation (CYT) and CYT, which are discussed in experts panels regularly.

There is no lack of new topics either: The question of the legal reporting obligation to the FMA concerning in-house transactions which are not settled via CSD (CSDR reporting), is to be clarified starting January 2018. With regard to the General Data Protection Regulation (GDPR), the relevant changes are implemented in our software products within a tough deadline. The Shareholders' Rights Directive (which is, however, only valid as of 2020) should be examined as of autumn 2018 on a larger scale.

CONCLUSION

In a nutshell, these are the most important points. Of course, we have to be aware that in the course of 2018 additional topics – which are today not yet foreseeable – could come up. In any case, with the representation of these requirements in GEOS, we will also make an essential contribution to ensure a structured and efficient capital market in Austria in the upcoming year.

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About SDS

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