

# Case study: Dodd Frank reporting remediation at a global swap dealer



## The client

A global swap dealer with headquarters in London that had traded tens of millions of derivatives with clients across the globe since Dodd Frank (DFA) reporting go-live in 2013.

## Background

In order for swap dealers to comply with Parts 43, 45 and 46 they must submit timely and accurate swap transaction data to a registered swap data repository (SDR). Pricing data must be reported in real-time and any errors or omissions that are discovered must be corrected.

Dodd Frank is a single-sided reporting regime. Reporting firms must have in place the appropriate process to determine if they are the counterparty responsible for reporting to the SDR.

## The problem

The client discovered issues with its reporting however it was unable to detect the scale of the issues or exactly what they were. Multiple source systems and huge amounts of data made the analysis of the problem next to impossible to complete without specialist help. Changes to counterparties' status over time meant that some trades were in scope for reporting at some times and out of scope during others. Complicated trading scenarios made it difficult for the firm to decide which trades they needed to report.

Application of Kaizen's ReportShield™ services revealed that over 500,000 trades had been under-reported. The root cause of under-reports largely revolved around incorrect US person static data in the client's reference data. Further investigations also revealed system issues around the reporting of data in UTC time which meant that the majority of data reported to the SDR was incorrect.

## How we solved it

Kaizen's expertise in functionality of the SDR enabled correction files to be built and tested quickly. Files included all required data, including MTM valuations, and the firm's reporting can now be evidenced as being complete to the NFA using the host of management reports created by Kaizen.

## The results

The client has now reported all historic data that was omitted or erroneously reported. Kaizen's analysis of historic data also allowed them to detect current reporting flaws that needed to be corrected. As a result, the client is now confident that all historic data has been reported correctly and can focus on the challenges that are emerging with future regulatory change rather than problems of the past.

## About Kaizen Reporting

Kaizen Reporting are the market leaders in regulatory reporting quality assurance. Kaizen has combined regulatory expertise with data science to develop its award-winning quality assurance service, ReportShield™ which gives financial institutions full visibility of the quality of their reported data.

Comprising accuracy and reference data testing, advanced reconciliation and a control framework, ReportShield™ reduces costs, increases efficiencies and ensures compliance with regulatory obligations for some of the world's largest investment banks, fund managers, hedge funds and brokers.

Whether it's DFA, MiFID II, EMIR, SFTR or another G20 regulation, Kaizen provides financial institutions with confidence in the quality of their regulatory reporting.

### Contact us

To learn more about how we can help you with your DFA reporting remediation, please contact us.

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