

ReportShield™ for Dodd Frank reporting quality

What is Dodd Frank?

The US Congress passed the Dodd Frank Act (DFA) in response to the financial crisis and the subsequent G20 commitment to improving transparency and reducing risks in derivative markets. It is a wide-ranging package of obligations on firms based in the US and swap dealers in other jurisdictions relating to their internal and external business conduct, including reporting.

What do you have to report?

Firms trading OTC derivatives must report details of "swaps" to the Commodities and Futures Trading Commission (CFTC) via a swap data repository (SDR). This includes the primary economic terms and any event that affects the valuations or terms of the contract (Part 45) to allow regulators to monitor systemic risk. There is also an obligation on firms to report in real-time (Part 43) to provide transparency on pricing to the market. Historical trades must also be reported under Part 46.

ReportShield™ quality assurance for DFA reporting

Firms are increasingly being asked by the CFTC, through the National Futures Association's on-site examinations and 'Section 4s letters', to evidence effective, comprehensive controls mapped back to the obligations.

Kaizen's ReportShield™ meets this challenge, providing firms with the ability to demonstrate appropriate control over their reporting obligations for Parts 43, 45 and 46 of DFA.

Accuracy testing

Assesses the correctness of all DFA open positions at the SDR.

Reference data testing

The full population of reference data is tested for complete mappings to the appropriate identifiers. The service checks that counterparty identifiers are valid and up-to-date and values for LEIs are proposed if missing from your data.



Advanced regulatory reconciliation

Application of an advanced reconciliation between a primary trading system and the records held at the SDR. This includes:

- ✓ US person counterparty determination
- ✓ Reporting party tiebreaker logic
- ✓ Any no-action letters that may be effective.

Control framework

A full governance structure, policy documentation, guidance and training required to be fully compliant with DFA obligations. We can help you understand any of the finer details of the regulation to ensure compliance.

Cross-regulation testing can also be conducted so submitted DFA reports are consistent with other reporting regimes.

How does it work?

ReportShield™ is delivered as a managed service with testing and reconciliations taking place periodically depending on your trading volumes. Its components can be mixed and matched and tailored to your business requirements. Bespoke tests can be added and adapted to meet your firm's needs.

What's unique about ReportShield™?

Kaizen's testing and reconciliations are underpinned by our multi-dimensional testing methodology which gives firms a complete and independent assessment of the quality of their reporting.

Kaizen's accuracy testing won a Queen's Award for Innovation, one of the UK's highest business accolades.

Why ReportShield™ for DFA?

- ✓ **Correctly identify and quantify reporting issues** – ReportShield™ tests for reporting accuracy, completeness and timeliness
- ✓ **Protect yourself** – detect your reporting issues before the CFTC does
- ✓ **Stay ahead of the curve** – tests are regularly updated to align with regulatory changes
- ✓ **Completely independent** – an ongoing and completely impartial assessment of your reporting
- ✓ **Cost effective** - ReportShield™ costs significantly less than delivering testing and controls in-house and provides significant savings to safeguard against regulatory censure.

Additional services

Kaizen also provides consultancy support from DFA subject matter experts including remediation of DFA reports.

Are you fully compliant with DFA?

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

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About Kaizen Reporting

Kaizen Reporting is a specialist regulatory reporting assurance company. Founded by former regulator Dario Crispini, we've combined our deep knowledge of regulation with data science and analytics to develop ReportShield™ an award-winning suite of automated testing and controls that address the ever-growing challenges that regulations present. Whether it's MiFID II, EMIR, DFA, SFTR or another regulation, we can give you confidence and peace of mind in the quality of your regulatory reporting.

