



MiFID II - R Squared Tool

Existing and legacy frameworks - Limitations

Financial institutions typically rely on multiple Excel workbooks to capture key requirements and track their responses to the reports and notices from both Regulatory Authorities and Auditors. These workbooks are becoming the basis of their planning activities. This approach is both inefficient and ineffective since it does not scale easily, especially where the notices are from more than one Regulator and they impact on multiple business lines. Further limitations to the typical Excel based planning approach are its usability (including access, version control and shared information); operational impact (including time intensive, data loss and inconsistency) and reporting (including lack of consistency, manually intensive and inflexibility).

R Squared Tool - Benefits

Based on our experiences and insights gained from a number of engagements relating to new and existing Regulatory Standards, Skilled Person's Report and Order Notices, we have developed a unique solution which realises a number of key benefits.

R Squared Tool is a solution that can sit at the core of oversight, management and reporting activities for a client who is planning their regulatory and remediation change activities. The Tool is designed to be browser based and, as such, to be easily accessible by individuals with a minimal desktop footprint. Other benefits include: consistent format, ease of access, concurrent users, efficiency (less time spent manually collating reports across multiple sources), golden source (the tool gives confidence to the business due to its integrated, consistent golden source of information) and reporting (flexible and adaptable reporting which can be run at any time and can include multiple metrics).

The Tool allows the capture, in one place, all the sections of the relevant regulatory notice(s) in a format which can be easily interrogated, tracked and reported against. In addition, it provides the necessary traceability of a given programme's deliverables back to the specific requirement that are part of the given notice or regulatory framework.

Level 0 - Overview

Input of regulation allows R Squared to orchestrate the people, processes and information resulting to the output; the golden source of requirements, actions and activities linking back to the original regulatory document, programme plan and real-time dashboards on the status of remediation programmes.

Level 1 - Methodology overview

The R Squared Tool solution is supported by a proven methodology. This methodology aids with the scoping, planning and subsequent delivery tracking of the components that will need to be put in place to meet the given regulatory requirements.

A key feature of the R Squared Tool is its ability to trace each of the given deliverables back to specific sections of the original regulatory framework that gave rise to them. This gives confidence to the Compliance Function, Auditors and Senior Stakeholders that the scope of all the given deliverables can be easily justified in regards of the specific regulatory issue being addressed.

The R Squared Methodology is broken down into 2x principal phases; "Scoping & Discovery" and "Planning & Delivery." These 2x Phases are then further broken down into 8x distinct steps.

Phase 1: Scoping & Discovery



The documents relating to the regulatory framework, Skilled Person's Report or notice (as applicable) are uploaded to the Tool in their original form – these are then available as the principal reference.

The reference documents are broken down into distinct paragraphs with each one being given a distinct index key. These are loaded into the Tool's database and cross-referenced to each other.

Each of the distinct paragraphs are reviewed and, if applicable, the requirements that the organisation will need to address are identified and captured in the Tool. These are linked to the originating text.

For each of the given requirements, further analysis is performed to define the specific actions that will need to be performed in order to satisfy it. These are captured in the Tool and cross linked back to the noted requirement.

Phase 2: Planning & Delivery



The detailed activities that underpin each action are defined and grouped into distinct workstreams. Details of owners, planned start & end dates are also captured.

Deliverables linked to the specific activities are captured and tied to its completion date (planned vs. actual). The Tool supports the automatic generation of Gantt Charts to aid programme managers with planning and execution.

For each of the noted deliverables, the Tool supports the maintenance of a Risks, Assumptions, Issues and Dependencies log. This can be used to form the basis of programme tracking and supporting MI dashboarding.

Contact

If you would like to discuss any element of MiFID II please do not hesitate to call your usual Grant Thornton contact.

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