

Customer success story



IPC's Compliance solutions Recording Check and Call Match Help a Global Investment Bank Meet MiFID II Regulations

Quick Facts

CUSTOMER:

A European-based global investment bank with global operations

CHALLENGE:

Ensure the bank could identify and quantify failures in its communications recording system in order to assist in compliance with the bank's MiFID II regulatory requirements in a timely manner.

SOLUTION:

The bank worked closely with IPC's experienced compliance team to implement Recording Check and Call Match to deliver daily health checks of the recording system and data for analysis on any recording issues.

CUSTOMER BENEFITS:

The bank now has greater peace of mind for compliance because it has:

- Automated checking of calls on a daily basis
- The ability to evaluate the impact and provide information to its compliance team if and when a recording failure occurred
- The capability to provide regulators and/or investigators sufficient information and documentation in a timely manner about recordings to mitigate the bank's compliance risks.

“As MiFID II will require all “communications that are intended to lead to a transaction” to be recorded, solid compliance monitoring and system health checks are key to early identification of potential risks, non-compliance trends and recording failures. With the additions of Recording Check and Call Match, our bank has daily controls in place and is much better positioned to detect issues quickly and respond sufficiently to compliance requests from industry regulators.”

- Head of Global IT Compliance, Top 10 Global Investment Bank

CHALLENGE

MiFID II regulations require financial markets participants to know when their systems have failed and to investigate the failure. The investigation of any failure should provide not only recovery from the failure but solutions to prevent recurrence of the failure in the future. It is widely recognized that systems failures uncover weaknesses in procedures, technologies and processes much more than in the normal course of business, so this kind of review is critical in tightening everything in the chain.

Additionally, best practice will require banks to formulate lists of communications that were not recorded while the system was down. This way when regulators call, they will be able to demonstrate that they have good controls in place to prevent a recurrence of any problems; along with a good understanding of the calls or messages not captured while the problem existed. Organizations should keep their written investigations for five years – the same as if they captured the records originally.

One of the world's top 10 corporate investment banks discovered during its search and replay of calls that recordings were missing or truncated. This created a compliance risk and led to the bank working with IPC for a more reliable solution for compliance controls.

SOLUTION

IPC® provides expertise supporting the customer's goal. The bank and IPC agreed that robust compliance monitoring and health checks within the bank were key to early identification of potential risks, non-compliance trends and recording failures, including compliance risk management control weaknesses. It would also provide evidence for whether the control system was operationally effective. Such testing and monitoring objectives better position the bank to detect issues quickly and meet its business and compliance requirements.

IPC Compliance Assurance Services delivered a two-prong approach to address the bank's recording concerns. First, for greater control and oversight of the bank's recording estate, Recording Check automatically provides the bank an end-to-end evaluation of its telephony and recording systems before the market opens each day and after an operation is conducted that would impact its recording capabilities. This provides the bank – and especially its compliance and IT teams – with:

- Proven assurance of recording ecosystem efficiency
- Automation of time-consuming manual processes
- Efficient, timely service after a system upgrade
- More comprehensive system checks versus periodic sampling
- The ability to focus on problem solving instead of problem detection

Call Match is the second part of the IPC solution. This service provides an audit to ensure that every call of the bank's regulated users is being recorded and helps the bank avoid being unaware of any recording outages. Additionally, Call Match helps reconcile all recordings and expedite data needed for compliance investigations.

Call Match & Recording Check support IPC's Communications systems as well as a set of PBX and recording platforms. It helps avoid being non-compliant without knowing it and allows for recording lost impact analysis, if needed.

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Results

“With IPC’s solution, we’ve been able to quickly identify either a misconfigured profile or malfunctioning turret, which is extremely useful information,” says the bank’s head of global IT compliance. “Recording Check also helped us test the recording system immediately after conducting a business continuity (BCP) test. Having Recording Check running every night and providing reports is very helpful. Call Match allows to spot issues, to provide metrics on the number of recording issues and last but not the least provides data on which communications are affected.”

The bank’s objectives have now been achieved including:

- Automated checking of calls on a daily basis
- The ability to evaluate the impact and provide information to its compliance team if and when a recording issue occurred
- Provide regulators and/or investigators sufficient information and documentation in a timely manner about recordings to mitigate the bank’s compliance risks.

Today, the bank has greater control because recording checks are done every day at all of its sites (small, medium and large). If a problem occurs, its senior management will be informed of it including the steps that are being taken to quickly correct the issues. This gives the bank peace of mind – knowing it has the data to quantify the outages to the regulators, and therefore, assist in avoiding any costly investigations and mitigating greatly the risk of potential fines for non-compliance.

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