

VSmart™

MOBILE COMPLIANCE
WITHOUT COMPROMISE



SUMMARY

VoxSmart



Outlined in this report is a summary of the main points of the FCA Handbook / Conduct of Business Sourcebook and the ESMA report article 16(7).

As you will see there is a seismic shift from MiFID I to MiFID II and what was the original FCA COBS requirement which was limited to Sales and Trading / Corporate Finance and is now extended and also removes the exemption for Investment Managers.

There is also a debate regarding which type of solution should be used to address these requirements such as

App based / Store and forward solutions 'on demand' which is typically used with a BYOD policy compared to 'always on' embedded solutions. User behaviour tells us that if the user has a choice it leaves too much to chance and does not protect the individual or the organisation it represents.

The key factor in the decision by any firm to the solution it deploys is its own policy and that it remains responsible even for personal devices that it has approved for business use.

MIFID II RECORDKEEPING AND RECORDING

MIFID II

The Commission set out four objectives for the revised legislation:

+ **STRENGTHEN**
investor protection

- **REDUCE** the risks
of a disorderly market

+ **INCREASE** the efficiency
of financial markets and
REDUCE unnecessary
costs for participants

- **REDUCE** systemic risks

WHO IS THIS CONSULTATION AIMED AT?

This consultation affects a wide range of firms we authorise and recognise, particularly

- Investment banks
- Interdealer brokers
- Firms engaging in algorithmic and high-frequency trading
- Trading venues
- Prospective data reporting service providers
- Investment managers
- Transaction Reporting



IMPACT OF MIFID II

- MiFID II is arriving January 2018 and will require all “communications that are intended to lead to a transaction” to be recorded, rather than the previous, narrower mandate of “client orders and transactions”.
- This materially increases the level of retained information.
- The information also needs to be retained for a longer period, 5 years instead of the previous 6 months.
- One of the purposes of MiFID II is to ensure there is an effective single market for investment services and activities across the European Union. This ensures that an investment firm authorised in one EEA33 country to provide investment services, or perform investment activities, in another EEA country without requiring additional authorization, and under the same record keeping requirements, creating, maintaining and safeguarding an audit trail of transactions for at least five years.
- This ensures there is evidence to resolve disputes between an investment firm and its clients over the terms of transactions; Assist with supervisory work in relation to conduct of business rules; and helps deter and detect market abuse and to facilitate enforcement.

REQUIREMENTS FOR FIRMS

On this basis, MiFID II will require firms to keep records of telephone calls and electronic communications. MiFID II Directive requires that:

- Firms must keep records of telephone conversations or electronic communications relating to transactions when the firms receive and transmit and /or execute client orders.
- This will include telephone calls and emails where a transaction occurred AND where there was an intention to complete a transaction, but it never occurred.
- Firms must inform clients that telephone calls will be recorded, whether a transaction occurred or not.
- MiFID II requires firms to retain client communication, whether a transaction occurred or not over a variety of methods for client communication: telephone, mobile phones, mails, faxes, emails, and documentation made at meetings. It can also include written minutes or notes of face-to-face meetings.
- Firms have to take all reasonable steps to prevent employees or contractors receiving client orders via their own personal equipment that is not being recorded by the firm.
- The records must be kept for at least five years
- Firms should have effective organisational requirements to comply with the MiFID II rules in this area;
- The firm's management body should have effective oversight and control over the relevant policies and procedures;
- Firms should have a policy on the recording of telephone conversations and electronic communications, which should identify which conversations and communications are in scope;
- The firm should comply on a "technology-neutral" basis, so that its procedures can be updated to reflect the use of new technologies;
- Firms must give education and training to employees on this issue;
- Firms should periodically monitor their records to ensure compliance; and
- Firms should be able to demonstrate their policies, procedures and management oversight to the relevant NCA.
- Firm need to ensure records of telephone conversions and email are securely kept where they cannot be manipulated or altered.
- The firm must ensure records are readily accessible if requested.



TIMESCALES FOR IMPLEMENTATION

The MiFID II Directive will come into effect in member states from 3 January 2018 and the FCA has advised firms to start planning now.

Due to the updated directive, 50,000 people will need to record their mobile devices. How will you achieve this in your business?

Since 2011, mobile call recording has evolved and now you can get the best of traditional solutions but with better user functionality and zero-touch deployment.

For the first time, BYOD is achievable on a global scale and all calls, regardless of operator or network are recorded and stored. Whats more, cloud based solutions offer the reliability of traditional infrastructure but offering new flexibility and cost saving solutions.

MIFID II will drastically change mobility and compliance across the financial sector, but with the right investment, your firm can turn a regulatory requirement into an opportunity.



VOXSMART

Introducing VSmart™
from VoxSmart - the
only global solution for
the financial and trading
community offering
mobile compliance
without compromise.



The new European-wide MiFID II legislation covers more communications, more organisations and more individuals than current rules. From 2018, all calls related to 'firm business' – even internal ones – as well as text, IM and voicemail will need to be recorded and stored for 'at least' five years.

VSmart™ was developed to meet these more stringent requirements as simply and comprehensively as possible.
Minimum fuss, maximum benefit.

VSmart™ is an embedded client solution stored in the cloud and deployed remotely. The solution runs as a client on the handset which communicates with the VSmart™ global VoIP Cloud network.

The network feeds the data to in-house recorders, our secure cloud servers or your own private cloud for storage.

FOR MORE INFORMATION

about mobile call recording
call our team on or visit

www.voxsmart.com

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