

EDDy and the challenges it poses for investment compliance

With EDDy (Enhanced Data Delivery), data provider WM Datenservice is optimizing its master data delivery to provide customers with a modern IT infrastructure, more flexibility in data delivery, and increased efficiency in the data processing. For financial service providers, the new infrastructure offers far-reaching optimization opportunities. The project was launched in 2018 and is currently in the customer test or parallel phase of data delivery. Production operation of EDDy_neu is currently scheduled for April 24, 2023.

Investment compliance, the investment limit check, is one of the most important and at the same time most sensitive areas in the organization of a financial services provider. The high quality of master data of financial instruments plays a central role because it ensures efficient and cost-effective review processes and increases the quality of review results and the speed of reaction in case of emerging real violations of investment limits. The changeover within the scope of the "EDDy_neu" project therefore also poses new challenges for investment limit auditing, not least due to the changes in the content of the data deliveries. It is important to understand this new "data world" in order to be able to ensure a correct and efficient investment limit check in the future. In addition to new data structures, there will also be changes in formats, fields, and text fields as well as issuer identification numbers and in the interest area.

The change affects the investment limit check in many ways. For example, conceptual preparatory work is essential in order to be able to correctly represent the regulatory and customer-specific requirements in the verification systems even after the changeover. Special attention should be paid to data fields or attributes whose content is mapped by new fields or even completely discontinued. This requires a fundamental adaptation of the mapping of the supplied attributes that are used in the company's asset inspection system. At the same time, the conversion or adaptation of the sets of rules from the asset ceiling inspection offers opportunities for optimization and the possibility to critically question and validate existing inspection logic and auxiliary structures (e.g., the so-called "asset tree"). This offers a more than good opportunity for a "health check-up" of the data and rule sets used in investment compliance. All measures are intended to improve quality in the area of investment compliance.

EDDy offers the financial industry and in particular the investment compliance area, an opportunity to verify and optimize the investment limit check in order to be able to cope with regulatory and customer-specific requirements in the future and to avoid unnecessary violations and the associated damage to reputation. It goes without saying that such adjustments lead to a temporary increase in the need for specialized resources, which are not insignificant and can put a strain on ordinary day-to-day operations.

EPIC Solutions Group is one of the leading consulting boutiques in the field of Investment Compliance, Investment Compliance Outsourcing (certified according to ISAE3402 by PwC), Governance and Risk Management. The company was founded 6 years ago in Switzerland. The client portfolio ranges from small to large international financial service providers, banks and asset managers in Europe and Switzerland. The core competence of EPIC Solutions is in the area of Investment Compliance. Business customers are supported professionally and technically in projects for

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evaluation, integration, implementation and migration of new investment compliance systems and processes, in-depth quality testing of existing solutions. With the own innovative RegTech-App 'etac', an innovative solution with Artificial Intelligence & Machine Learning for the digitalization and automation of the Investment Compliance process was developed, which is already in daily use at various customers.