



## SOLUTION BRIEF

# Is Your Network Ready For MiFID II

### THE MIFID II IMPERATIVE

The Market in Financial Instruments Directive version II, commonly referred to as MiFID II, expands existing European Union (EU) financial regulation as a response to the financial crisis of 2008. Adopted by the European Parliament and the EU Council and published in the EU Official Journal on 12 June 2014, it will be applicable starting on 3 January 2018.

With extensive and expansive requirements to provide a comprehensive real-time and historical view of each trade context, MiFID II is placing intense pressure on the IT infrastructure to help collect, sort, and report complete and accurate information to regulatory authorities.

Ixia visibility solutions help capital market participants meet their MiFID II obligations by rapidly identifying and fixing trading traffic problems.

### BENEFITS

- Maintain complete visibility of your trading infrastructure, in your datacenter and private and public cloud
- Ensure high-fidelity traffic information to proactively prevent order flow congestion
- Provide brokers with the ability to equalize order routing latency to venues or clients
- Establish basis for “absolute truth” on trades between execution venues and trading partners

### A NEW ERA OF FINANCIAL SURVEILLANCE

MiFID II is ushering in a new era of financial surveillance. It requires stringent data collection, storage, and reporting of all communications across order processing, data exchanges, voice communications, text messages, and any interaction between actors of a financial transaction.

### Ixia Visibility Solutions Allow You To:

- View, filter, and aggregate all required data
- Process trading traffic at wire speed with zero packet loss for data accuracy
- Anticipate and resolve trading network problems
- Time stamp at one microsecond precision for reliable event tracking

### Solution Components:

- Ixia TradeVision
- Ixia CloudLens
- Ixia Network Emulator II
- Ixia Taps



For example, the European Securities and Markets Authority specified in its Q&A<sup>1</sup>, last updated on 10 November 2017, that “Internal telephone conversations and electronic communications that “are intended to result in transactions” or “relate to” the reception and transmission of orders, execution of orders on behalf of clients and dealing on own account are subject to the MiFID II Article 16(7) recording requirement.”

Starting on 3 January 2018, MiFID II will mandate the capture, storage, and reporting of all information pertaining to a trade in three temporal sequences:

- Pre-trade information and communications
- Real-time trade data
- Post-trade information and communications

To satisfy information management, and facilitate possible audits, it is imperative to ensure a high level of fidelity of the data. This means being able to both process latency-sensitive data in real time and record and report with extreme accuracy for event tracking and correlation.

Complexity often leads to lesser usage of even the best solution. Just ask anyone who must remember 20 different high-strength passwords. Similarly, the best market monitoring solution would gather dust if too complex to setup and operate daily. Choosing an easy-to-use solution should also be high in the list of selection criteria.

Ixia provides visibility solutions to anticipate and resolve problems that cause degradation in trading infrastructure, potentially risking a breach of your MiFID II obligations.

## IXIA VISIBILITY FOR MARKET DATA FEED MONITORING

It all starts with **Ixia taps**, giving you direct access to real-time traffic without introducing delays. Because of MiFID II, you need to monitor your infrastructure and traffic more closely than ever. Ixia high-performance taps support both copper and optical fiber at speeds of up to 100Gbps.

Ixia has built its trading monitoring solution around the **TradeVision** platform to help you monitor an increasing volume and velocity of market feed data and comply with MiFID II. TradeVision relies on Ixia’s years of proven expertise in offering hardware-accelerated packet processing that delivers maximum speed to conduct business at the speed of global markets.

TradeVision allows you to detect and fix quality issues in real-time data feeds. TradeVision identifies multicast gaps and lack of market data that can easily lead to brokers trading on incomplete information or additional latency or even providing incorrect data to their clients.

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<sup>1</sup> Questions and Answers On MiFID II and MiFIR investor protection and intermediaries topics - ESMA35-43-349 (European Securities and Markets Authority, November 11, 2017)



TradeVision's hardware time stamping of all packets and events using Precision Time Protocol (PTP)-based timing is accurate to 1 microsecond and allows for very precise event tracking.

With day-to-day operations in mind, Ixia has always strived to deliver easy-to-use solutions. TradeVision is no exception and can be managed through the Ixia Fabric Controller single pane of glass, facilitated by an intuitive Graphic User Interface (GUI)

As MiFID II requires you to store an incredible amount of information for possible future audit, chances are you may consider storing large data sets using a cloud service. To extend to the cloud the visibility you are accustomed to in your data center, Ixia offers **CloudLens**, the cloud visibility solution that supports all major private and public cloud platforms.

And finally, due to MiFID II's strict requirements on client order routing fairness, you need to understand the effect of network latency on trade execution. **Ixia Network Emulator II** helps adjust latency in trading networks down to the nano second. Verifying that all clients, brokers, and traders experience the same latency, regardless of their location, ensures that all trades arrive at execution venues at the same time.

## SUMMARY

As MiFID compliance enforcement rolls out in Europe in January 2018, trading financial companies are struggling with the size of the task at hand. Millions of transactions, data files, and communications need to be collected in a timely, accurate, and trackable manner without becoming an impediment to high-velocity business.

Ixia visibility solutions provide European market participants, like you, complete visibility into trading networks. This visibility gives you the confidence to fully comply with your MiFID II requirements while continuing to conduct your business at the speed this competitive market demands.



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