LSEG Trade Discovery

Providing data to help banks comply with the new Risk Factor Eligibility Test (RFET), introduced under the Fundamental Review of the Trading Book (FRTB) regulation.

Our mission

The Fundamental Review of the Trading Book (FRTB) is the latest incarnation of the global market risk prudential standards defined by the Basel Committee on Banking Supervision (BCBS), with which banks will have to comply. Those banks seeking to use their own models, i.e., applying for Internal Models Approach status, will need to assess the liquidity of the risk factors used in their models as defined under the RFET (Risk Factor Eligibility Test) requirements. Our mission is to help you source regulatory-compliant 'real' price observation data on a broad range of instruments in order to aid you in fulfilling this RFET compliance requirement.
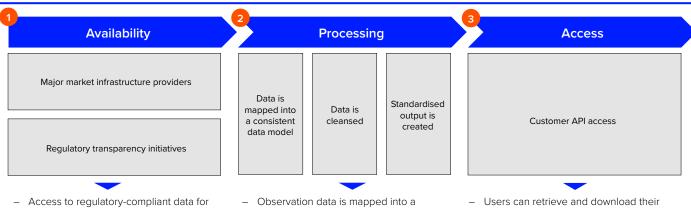
Our offering

LSEG Trade Discovery publishes records of executed trades on an end-of-day basis to help banks pass the RFET. LSEG is an LSEG business.

The solution provides coverage across many regulated and Over-The-Markets (OTC) markets and geographies. We leverage major regulatory transparency initiatives – including FINRA TRACE in the US and MiFID II in Europe – and partner with many of the world's most established market infrastructure providers such as the LCH, Tradeweb and Fenics Market Data to receive regulatory-compliant data for markets not subject to transparency initiatives. By partnering with the most established infrastructure providers, we minimise the need for banks like yours to make direct contributions to the service.

LSEG stores several years' of historical time-series and provides updated data at the end of each day. This allows you to continually monitor your existing risk factors and to easily introduce new ones. The data is stored in a normalised data model at instrument level, which aids consolidation across multiple sources and integration with your own internal data. We conduct consistency checks and process it to support ease of use. Adjustments are made for cancellations and deferred publication. We also provide a single observation for any instrument on a given day. Sensitive information is removed to minimise any adverse impact on the market structure of less liquid instruments.
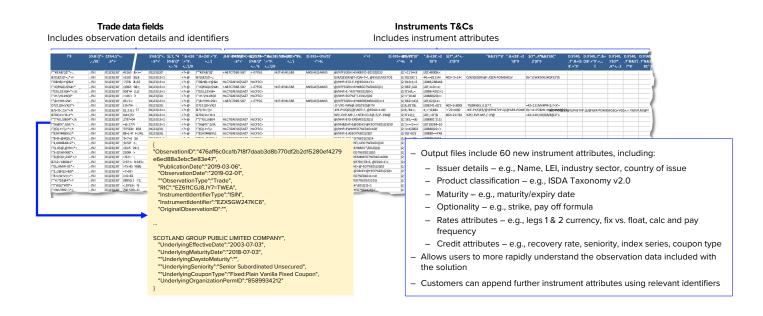
You can access data from LSEG Trade Discovery using our REST API which provides end-of-day data sets stored in JSON format. The modular nature of data access provides you with the flexibility to subscribe only to those data sets you require for completing your RFET assessment.

1 Availability	**2** Processing	**3** Access
Major market infrastructure providers	Data is mapped into a consistent data model / Data is cleansed / Standardised output is created	Customer API access
Regulatory transparency initiatives		

- – Access to regulatory-compliant data for the Risk Factor Eligibility Test (RFET)
- – Content is packaged by market to make consumption simpler

- – Observation data is mapped into a consistent data model
- – For any given instrument, only one observation per day is available
- – A standard file is created for each data package and posted into the LSEG Client File Store (CFS)

- – Users can retrieve and download their subscribed data via REST APIs

Fenics MarketData

LSEG DATA & ANALYTICS

Trade data fields
Includes observation details and identifiers

Instruments T&Cs
Includes instrument attributes

{
"ObservationID":"476aff6c0ca1b718f7daab3d8b770df2b2d15280ef4279e6ed88a3ebc5e83e47",
"PublicationDate":"2019-03-06",
"ObservationDate":"2019-02-01",
"ObservationType":"Trade",
"RIC":"EZ611CGJ8JY7=TWEA",
"InstrumentIdentifierType":"ISIN",
"InstrumentIdentifier":"EZXSGW247KC6",
"OriginalObservationID":"",

…

SCOTLAND GROUP PUBLIC LIMITED COMPANY",
"UnderlyingEffectiveDate":"2003-07-03",
"UnderlyingMaturityDate":"2018-07-03",
""UnderlyingDaystoMaturity":"",
""UnderlyingSeniority":"Senior Subordinated Unsecured",
""UnderlyingCouponType":"Fixed:Plain Vanilla Fixed Coupon",
"UnderlyingOrganizationPermID":"8589934212"
}

– Output files include 60 new instrument attributes, including:
  – Issuer details – e.g., Name, LEI, industry sector, country of issue
  – Product classification – e.g., ISDA Taxonomy v2.0
  – Maturity – e.g., maturity/expiry date
  – Optionality – e.g., strike, pay off formula
  – Rates attributes – e.g., legs 1 & 2 currency, fix vs. float, calc and pay frequency
  – Credit attributes – e.g., recovery rate, seniority, index series, coupon type
– Allows users to more rapidly understand the observation data included with the solution
– Customers can append further instrument attributes using relevant identifiers

Benefits to you

Cross-asset class coverage

LSEG Trade Discovery leverages contributions from many of the world's largest market infrastructure providers to achieve cross-asset class and cross-region instrument coverage for both transparent and opaque OTC markets.

No need to contribute data

Partnering with major infrastructure providers that own trading and post-trade services, LSEG captures executed trade and committed quote information in the most efficient means possible. This means you don't need to make direct contributions to LSEG Trade Discovery, which can reduce your operational complexity and RFET implementation costs.

Freedom to use your own methodology

LSEG stores all information at instrument level using standardised hierarchies, industry identifiers and a number of instrument Terms and Conditions attributes. This gives you with full flexibility and freedom to map observations to risk factors based on your own internal methodology.

Easy to use

All data available through the system has been normalised and processed to facilitate consumption. For example, our standardised data model aids consolidation and aggregation of data across each of our partners as well as with your internal data. Deduplication (i.e., providing only a single observation for any instrument on a given day), cancellations and deferred publication processing ensure that you receive only the information you need to pass RFET and cuts through the noise of significant excess trade and quote data on more liquid instruments.

AsiaRisk Awards 2023 Winner | FRTB management solution of the year — LSEG Data & Analytics

Fenics MarketData | LSEG DATA & ANALYTICS