COVID-19 Highlights the Need for Automation in Shareholding Disclosure

4 May 2020

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Shareholding disclosure, the requirement to report holdings in publicly traded companies to regulatory agencies, has been a regulatory obligation for decades. But like most regulatory obligations, firms try to manage the burden with manpower first. So, between OMS reports and excel spreadsheets, compliance officers try their best to determine what needs to be reported to the regulators in the countries where they are investing. As you can imagine, the reporting regulations can vary from country to county; having a reliable regulatory resource that provides insight to the local regulations is critical in determining reporting obligations. From there, local outside counsel may be called upon to create the actual disclosure filing to submit to the regulator. Although this is fraught with human error, firms, for the most part, have been able to manage this process with some success until now.

Just like in 2008, after the market downturn, when we saw changes to substantial shareholding reporting obligations, we are now seeing a global event that is driving regulators to implement stricter trading regulations. Across Europe, countries (such as Austria, Belgium, France, Greece, Italy, Spain, Turkey) are implementing temporary bans on short selling. In Asia, South Korea has done the same and the Philippines had suspended trading and has only now reopened its market under a shortened trading day. And Italy, one of the hardest hit by COVID-19, has lowered its reporting threshold and has implemented an additional disclosure obligation. All of this and others not mentioned, have led to an increased demand for complete end to end automation of the substantial shareholding disclosure workflow. Financial institutions, of all sizes, are seeking ways to automate their process to ensure timely, reliable and accurate reporting.

Whether you are a mid-size asset management company or a global bank, it's times like this that underscore a firm's vulnerability when it relies on manual processes to meet shareholding disclosure obligations. This vulnerability is magnified when workflow participants are working remotely and need to coordinate work output; especially when it is time sensitive as is the case with shareholding disclosure. And while this has been a back-burner project for many firms, we've already seen more enforcements this year than last year and we're only in the 2nd quarter. All of this may lead to one of those times when compliance gets some of the technology and resources it needs to do their job more efficiently and reliably.

About Solutions Atlantic: Solutions Atlantic is the market leading provider of shareholding disclosure solutions to the global financial services industry. For nearly 20 years, its Regulatory Reporting System (RRS) has been at the forefront of global shareholding disclosure obligations and currently supports a client base having over $7.5 trillion in aggregated assets under management. With regulatory rules for over 100 jurisdictions, RRS leads the way in complete workflow automation including monitoring, alerting, and generating submission-ready disclosures reports. Solutions Atlantic serves a global customer base and is headquartered in Boston, MA.